

Any taxing district shall have the right by vote of its governing body to refund any general obligation bonds of said district issued for capital purposes only, and to provide for the interest thereon and amortization thereof by annual levies in excess of the tax limitations provided for in RCW 84.52.050 to 84.52.056, inclusive and RCW 84.52.043.

NEW SECTION. Sec. 2. This act shall take effect December 5, 1985, if the proposed amendment to Article VII, section 2 of the state Constitution on voting requirements (HJR 22) is validly submitted to and is approved and ratified by the voters at a general election held in November 1985. If the proposed amendment is not so approved and ratified, this act shall be null and void in its entirety.

Passed the House April 22, 1985.

Passed the Senate April 15, 1985.

Approved by the Governor May 13, 1985.

Filed in Office of Secretary of State May 13, 1985.

CHAPTER 283

[Substitute House Bill No. 1046]

HEALTH SERVICE CONTRACTS—HEALTH MAINTENANCE AGREEMENTS—INSURANCE COMMISSIONER DISAPPROVAL AUTHORITY

AN ACT Relating to health care; and amending RCW 48.44.020 and 48.46.060.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 2, chapter 268, Laws of 1947 as last amended by section 4, chapter 286, Laws of 1983 and RCW 48.44.020 are each amended to read as follows:

(1) Any health care service contractor may enter into agreements with or for the benefit of persons or groups of persons which require prepayment for health care services by or for such persons in consideration of such health care service contractor providing one or more health care services to such persons and such activity shall not be subject to the laws relating to insurance if the health care services are rendered by the health care service contractor or by a participant.

(2) The commissioner may require the submission of contract forms for his examination and may on examination, subject to the right of the health care service contractor to demand and receive a hearing under chapters 48.04 and 34.04 RCW, disapprove any contract form for any of the following grounds:

(a) If it contains or incorporates by reference any inconsistent, ambiguous or misleading clauses, or exceptions and conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the contract; or

(b) If it has any title, heading or other indication of its provisions which is misleading; or

(c) If purchase of health care services thereunder is being solicited by deceptive advertising; or

(d) If, the benefits provided therein are unreasonable in relation to the amount charged for the contract;

(e) If it contains unreasonable restrictions on the treatment of patients;

(f) If it violates any provision of this chapter; ((or))

(g) If it fails to conform to minimum provisions or standards required by regulation made by the commissioner pursuant to chapter 34.04 RCW; or

(h) If any contract for health care services with any state agency, division, subdivision, board or commission or with any political subdivision, municipal corporation, or quasi-municipal corporation fails to comply with state law.

Sec. 2. Section 7, chapter 290, Laws of 1975 1st ex. sess. as amended by section 4, chapter 106, Laws of 1983 and RCW 48.46.060 are each amended to read as follows:

(1) Any health maintenance organization may enter into agreements with or for the benefit of persons or groups of persons, which require prepayment for health care services by or for such persons in consideration of the health maintenance organization providing health care services to such persons. Such activity is not subject to the laws relating to insurance if the health care services are rendered directly by the health maintenance organization or by any provider which has a contract or other arrangement with the health maintenance organization to render health services to enrolled participants.

(2) All forms of health maintenance agreements issued by the organization to enrolled participants or other marketing documents purporting to describe the organization's comprehensive health care services shall comply with such minimum standards as the commissioner deems reasonable and necessary in order to carry out the purposes and provisions of this chapter, and which fully inform enrolled participants of the health care services to which they are entitled, including any limitations or exclusions thereof, and such other rights, responsibilities and duties required of the contracting health maintenance organization.

(3) Subject to the right of the health maintenance organization to demand and receive a hearing under chapters 48.04 and 34.04 RCW, the commissioner may disapprove a contract form for any of the following grounds:

(a) If it contains or incorporates by reference any inconsistent, ambiguous, or misleading clauses, or exceptions or conditions which unreasonably or deceptively affect the risk purported to be assumed in the general coverage of the contract;

- (b) If it has any title, heading, or other indication which is misleading;
- (c) If purchase of health care services thereunder is being solicited by deceptive advertising;
- (d) If the benefits provided therein are unreasonable in relation to the amount charged for the contract;
- (e) If it contains unreasonable restrictions on the treatment of patients;
- ((or))
- (f) If it fails to conform to minimum provisions or standards required by the commissioner by rule under chapter 34.04 RCW; or
- (g) If any contract for health care services with any state agency, division, subdivision, board or commission or with any political subdivision, municipal corporation, or quasi-municipal corporation fails to comply with state law.

(4) No health maintenance organization authorized under this chapter shall cancel or fail to renew the enrollment on any basis of an enrolled participant or refuse to transfer an enrolled participant from a group to an individual basis for reasons relating solely to age, sex, race, or health status: PROVIDED HOWEVER, That nothing contained herein shall prevent cancellation of a contract with enrolled participants (a) who violate any published policies of the organization which have been approved by the commissioner, or (b) who are entitled to become eligible for medicare benefits and fail to enroll for a medicare supplement plan offered by the health maintenance organization and approved by the commissioner, or (c) for failure of such enrolled participant to pay the approved charge, including cost-sharing, required under such contract, or (d) for a material breach of the health maintenance agreement.

(5) No contract form or amendment to an approved contract form shall be used unless it is first filed with the commissioner.

Passed the House April 22, 1985.

Passed the Senate April 12, 1985.

Approved by the Governor May 13, 1985.

Filed in Office of Secretary of State May 13, 1985.

CHAPTER 284

[Engrossed Substitute Senate Bill No. 3262]

NURSING HOMES

AN ACT Relating to licensing of nursing homes; amending RCW 74.42.380, 18.51.050, 18.52A.020, and 18.52A.030; adding a new section to chapter 18.51 RCW; and adding a new section to chapter 74.42 RCW.

Be it enacted by the Legislature of the State of Washington:

NEW SECTION. Sec. 1. A new section is added to chapter 18.51 RCW to read as follows: