package carried on foot without first having obtained a license therefor from
the board of county commissioners of the county in which such goods are
sold or bartered, he shall be guilty of a misdemeanor, and upon conviction
shall be fined not less than five nor more than fifty dollars, and shall stand
committed to the county jail of the county in which the conviction is had
until such fine and cost of prosecution are paid, or discharged by due course
of law: PROVIDED, That this section shall not be construed as to apply to
any seagoing craft or to administrators or executors selling property of de-
ceased persons, or to private individuals selling their household property, or
furniture, or farming tools, implements, or livestock, or any produce grown
or raised by them, either at public auction or private sale.

(2) Notwithstanding subsection (1) of this section, counties shall not
license auctioneers that are licensed by the state under chapter 18.11 RCW.

Passed the Senate March 2, 1984.
Approved by the Governor March 15, 1984.
Filed in Office of Secretary of State March 15, 1984.

CHAPTER 190
[Substitute House Bill No. 1564]
HEALTH CARE INSURANCE—COVERAGE TERMINATION—
CONTINUATION OR CONVERSION TO BE OFFERED

AN ACT Relating to health care benefits; adding new sections to chapter 48.21 RCW;
adding new sections to chapter 48.44 RCW; adding new sections to chapter 48.46 RCW; cre-
ating new sections; repealing section 2, chapter 10, Laws of 1980 and RCW 48.21.210; repea-
ting section 3, chapter 10, Laws of 1980 and RCW 48.44.280; and repealing section 4, chapter
10, Laws of 1980 and RCW 48.46.065.

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

NEW SECTION. Sec. 1. The legislature recognizes that when people
covered by a group health insurance policy lose their group insurance bene-
fits because they are no longer eligible, they need time to obtain a suitable
form of replacement coverage or time to complete a reasonable course of
medical treatment for a health condition that existed when the group bene-
fits ended.

Spouses and dependents can lose their group insurance and may not
have any other health insurance when one spouse covered under a group
policy dies, obtains a divorce, or becomes unemployed. Often the cost of an
individual policy prevents these persons from obtaining any other health
insurance.

The intent of this act is to require insurers, health care service con-
tractors, and health maintenance organizations to:
Offer to the contract holder the option to continue health and medical benefits for employees, members, spouses, or dependents whose eligibility for coverage under a group policy, contract, or agreement is terminated; and

(2) Provide a conversion policy, contract, or agreement to employees, members, spouses, or dependents whose eligibility for coverage under a group policy, contract, or agreement is terminated.

NEW SECTION. Sec. 2. There is added to chapter 48.21 RCW a new section to read as follows:

Every insurer that issues policies providing group coverage for hospital or medical expense shall offer the policyholder an option to include a policy provision granting a person who becomes ineligible for coverage under the group policy, the right to continue the group benefits for a period of time and at a rate agreed upon. The policy provision shall provide that when such coverage terminates, the covered person may convert to a policy as provided in section 3 of this act.

NEW SECTION. Sec. 3. There is added to chapter 48.21 RCW a new section to read as follows:

(1) Except as otherwise provided by this section, any group disability insurance policy issued, renewed, or amended on or after January 1, 1985, that provides benefits for hospital or medical expenses shall contain a provision granting a person covered by the group policy the right to obtain a conversion policy from the insurer upon termination of the person's eligibility for coverage under the group policy.

(2) An insurer need not offer a conversion policy to:

(a) A person whose coverage under the group policy ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal Medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion policy, a person must submit a written application and the first premium payment for the conversion policy not later than thirty-one days after the date the person's group coverage terminates. The conversion policy shall become effective, without lapse of coverage, immediately following termination of coverage under the group policy.

(4) If an insurer or group policyholder does not renew, cancels, or otherwise terminates the group policy, the insurer shall offer a conversion policy to any person who was covered under the terminated policy unless the
person is eligible to obtain group hospital or medical expense coverage within thirty-one days after such nonrenewal, cancellation, or termination of the group policy.

(5) The insurer shall determine the premium for the conversion policy in accordance with the insurer's table of premium rates applicable to the age and class of risk of each person to be covered under the policy and the type and amount of benefits provided.

NEW SECTION. Sec. 4. There is added to chapter 48.21 RCW a new section to read as follows:

(1) An insurer shall not require proof of insurability as a condition for issuance of the conversion policy.

(2) A conversion policy may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group policy.

(3) An insurer must offer at least three policy benefit plans that comply with the following:
(a) A major medical plan with a five thousand dollar deductible and a lifetime benefit maximum of two hundred fifty thousand dollars per person;
(b) A comprehensive medical plan with a five hundred dollar deductible and a lifetime benefit maximum of five hundred thousand dollars per person; and
(c) A basic medical plan with a one thousand dollar deductible and a lifetime maximum of seventy-five thousand dollars per person.

(4) The insurance commissioner may revise the deductibles and lifetime benefit amounts in subsection (3) of this section from time to time to reflect changing health care costs.

(5) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion policies.

(6) The commissioner shall adopt rules to establish specific standards for conversion policy provisions. These rules may include but are not limited to:
(a) Terms of renewability;
(b) Nonduplication of coverage;
(c) Benefit limitations, exceptions, and reductions; and
(d) Definitions of terms.

NEW SECTION. Sec. 5. There is added to chapter 48.44 RCW a new section to read as follows:

Every health care service contractor that issues group contracts providing group coverage for hospital or medical expense shall offer the contract holder an option to include a contract provision granting a person who becomes ineligible for coverage under the group contract, the right to continue the group benefits for a period of time and at a rate agreed upon. The contract provision shall provide that when such coverage terminates, the
NEW SECTION. Sec. 6. There is added to chapter 48.44 RCW a new section to read as follows:

(1) Except as otherwise provided by this section, any group health care service contract entered into or renewed on or after January 1, 1985, that provides benefits for hospital or medical expenses shall contain a provision granting a person covered by the group contract the right to obtain a conversion contract from the contractor upon termination of the person's eligibility for coverage under the group contract.

(2) A contractor need not offer a conversion contract to:

(a) A person whose coverage under the group contract ended when the person's employment or membership was terminated for misconduct; PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;

(b) A person who is eligible for federal Medicare coverage; or

(c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion contract, a person must submit a written application and the first premium payment for the conversion contract not later than thirty-one days after the date the person’s eligibility for group coverage terminates. The conversion contract shall become effective, without lapse of coverage, immediately following termination of coverage under the group contract.

(4) If a health care service contractor or group contract holder does not renew, cancels, or otherwise terminates the group contract, the health care service contractor shall offer a conversion contract to any person who was covered under the terminated contract unless the person is eligible to obtain group hospital or medical expense coverage within thirty-one days after such nonrenewal, cancellation, or termination of the group contract.

(5) The health care service contractor shall determine the premium for the conversion contract in accordance with the contractor's table of premium rates applicable to the age and class of risk of each person to be covered under the contract and the type and amount of benefits provided.

NEW SECTION. Sec. 7. There is added to chapter 48.44 RCW a new section to read as follows:

(1) A health care service contractor shall not require proof of insurability as a condition for issuance of the conversion contract.
(2) A conversion contract may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group contract.

(3) A health care service contractor must offer at least three contract benefit plans that comply with the following:

(a) A major medical plan with a five thousand dollar deductible and a lifetime benefit maximum of two hundred fifty thousand dollars per person;
(b) A comprehensive medical plan with a five hundred dollar deductible and a lifetime benefit maximum of five hundred thousand dollars per person; and
(c) A basic medical plan with a one thousand dollar deductible and a lifetime maximum of seventy-five thousand dollars per person.

(4) The insurance commissioner may revise the deductibles and lifetime benefit amounts in subsection (3) of this section from time to time to reflect changing health care costs.

(5) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion contracts.

(6) The commissioner shall adopt rules to establish specific standards for conversion contract provisions. These rules may include but are not limited to:

(a) Terms of renewability;
(b) Nonduplication of coverage;
(c) Benefit limitations, exceptions, and reductions; and
(d) Definitions of terms.

NEW SECTION. Sec. 8. There is added to chapter 48.46 RCW a new section to read as follows:

Every health maintenance organization that issues agreements providing group coverage for hospital or medical care shall offer the agreement holder an option to include an agreement provision granting a person who becomes ineligible for coverage under the group agreement, the right to continue the group benefits for a period of time and at a rate agreed upon. The agreement provision shall provide that when such coverage terminates the covered person may convert to an agreement as provided in section 9 of this act.

NEW SECTION. Sec. 9. There is added to chapter 48.46 RCW a new section to read as follows:

(1) Except as otherwise provided by this section, any group health maintenance agreement entered into or renewed on or after January 1, 1985, that provides benefits for hospital or medical care shall contain a provision granting a person covered by the group agreement the right to obtain a conversion agreement from the health maintenance organization upon termination of the person's eligibility for coverage under the group agreement.
(2) A health maintenance organization need not offer a conversion agreement to:
   (a) A person whose coverage under the group agreement ended when the person's employment or membership was terminated for misconduct: PROVIDED, That when a person's employment or membership is terminated for misconduct, a conversion policy shall be offered to the spouse and/or dependents of the terminated employee or member. The policy shall include in the conversion provisions the same conversion rights and conditions which are available to employees or members and their spouses and/or dependents who are terminated for reasons other than misconduct;
   (b) A person who is eligible for federal Medicare coverage; or
   (c) A person who is covered under another group plan, policy, contract, or agreement providing benefits for hospital or medical care.

(3) To obtain the conversion agreement, a person must submit a written application and the first premium payment for the conversion agreement not later than thirty–one days after the date the person's eligibility for group coverage terminates. The conversion agreement shall become effective without lapse of coverage, immediately following termination of coverage under the group agreement.

(4) If a health maintenance organization or group agreement holder does not renew, cancels, or otherwise terminates the group agreement, the health maintenance organization shall offer a conversion agreement to any person who was covered under the terminated agreement unless the person is eligible to obtain group benefits for hospital or medical care within thirty–one days after such nonrenewal, cancellation, or termination of the group agreement.

(5) The health maintenance organization shall determine the premium for the conversion agreement in accordance with the organization's table of premium rates applicable to the age and class of risk of each person to be covered under the agreement and the type and amount of benefits provided.

NEW SECTION. Sec. 10. There is added to chapter 48.46 RCW a new section to read as follows:

(1) A health maintenance organization must offer a conversion agreement for comprehensive health care services and shall not require proof of insurability as a condition for issuance of the conversion agreement.

(2) A conversion agreement may not contain an exclusion for preexisting conditions except to the extent that a waiting period for a preexisting condition has not been satisfied under the group agreement.

(3) A conversion agreement need not provide benefits identical to those provided under the group agreement. The conversion agreement may contain provisions requiring the person covered by the conversion agreement to pay reasonable deductibles and copayments.

(4) The insurance commissioner shall adopt rules to establish minimum benefit standards for conversion agreements.
(5) The commissioner shall adopt rules to establish specific standards for conversion agreement provisions. These rules may include but are not limited to:
(a) Terms of renewability;
(b) Nonduplication of coverage;
(c) Benefit limitations, exceptions, and reductions; and
(d) Definitions of terms.

NEW SECTION. Sec. 11. The following acts or parts of acts are each repealed:
(1) Section 2, chapter 10, Laws of 1980 and RCW 48.21.210;
(2) Section 3, chapter 10, Laws of 1980 and RCW 48.44.280; and
(3) Section 4, chapter 10, Laws of 1980 and RCW 48.46.065.

NEW SECTION. Sec. 12. Sections 2, 5, and 8 of this act shall apply to any policy, contract, or agreement issued, renewed, or amended on or after January 1, 1985.

NEW SECTION. Sec. 13. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

Passed the House March 1, 1984.
Passed the Senate February 22, 1984.
Approved by the Governor March 15, 1984.
Filed in Office of Secretary of State March 15, 1984.

CHAPTER 191
[House Bill No. 1649]
APPEARANCE OF FAIRNESS DOCTRINE

AN ACT Relating to the appearance of fairness doctrine; and amending section 6, chapter 229, Laws of 1982 and RCW 42.36.060.

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

Sec. 1. Section 6, chapter 229, Laws of 1982 and RCW 42.36.060 are each amended to read as follows:

During the pendency of any quasi-judicial proceeding, no member of a decision-making body may engage in ex parte communications with opponents or proponents with respect to the proposal which is the subject of the proceeding unless that person:

(1) Places on the record the substance of any written or oral ex parte communications concerning the decision of action; and
(2) Provides that a public announcement of the content of the communication and of the parties' rights to rebut the substance of the communication shall be made at each hearing where action is considered or taken on the subject to which the communication related. This prohibition does not