

The provisions of any health care services contract contrary to provisions of this section are void and unenforceable after May 29, 1975.

Passed the Senate March 9, 1982.
Passed the House March 6, 1982.
Approved by the Governor April 1, 1982.
Filed in Office of Secretary of State April 1, 1982.

CHAPTER 150

[Senate Bill No. 4493]

JUSTICE COURTS—JURISDICTION

AN ACT Relating to justice court jurisdiction; and amending section 117, chapter 299, Laws of 1961 and RCW 3.66.060.

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

Section 1. Section 117, chapter 299, Laws of 1961 and RCW 3.66.060 are each amended to read as follows:

The justice court shall have jurisdiction: (1) Concurrent with the superior court of all misdemeanors and gross misdemeanors committed in their respective counties and of all violations of city ordinances: PROVIDED, That it shall in no event impose a greater punishment than a fine of (~~five hundred~~) one thousand dollars, or imprisonment for (~~six months~~) one year in the county or city jail as the case may be, or both such fine and imprisonment, unless otherwise expressly provided by statute; and it may suspend and revoke vehicle operator's licenses in the cases provided by law; (2) to sit as committing magistrates and conduct preliminary hearings in cases provided by law; (3) concurrent with the superior court of a proceeding to keep the peace in their respective counties.

Passed the Senate March 8, 1982.
Passed the House March 6, 1982.
Approved by the Governor April 1, 1982.
Filed in Office of Secretary of State April 1, 1982.

CHAPTER 151

[Engrossed Senate Bill No. 4701]

HEALTH MAINTENANCE ORGANIZATIONS—SURETY BOND, SECURITIES DEPOSIT, FUNDED RESERVE REQUIREMENTS

AN ACT Relating to health maintenance organizations; amending section 3, chapter 290, Laws of 1975 1st ex. sess. and RCW 48.46.020; adding new sections to chapter 48.46 RCW; and prescribing an effective date.

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

Section 1. Section 3, chapter 290, Laws of 1975 1st ex. sess. and RCW 48.46.020 are each amended to read as follows:

As used in this chapter, the terms defined in this section shall have the meanings indicated unless the context indicates otherwise.

(1) "Health maintenance organization" means any organization receiving a certificate of authority by the commissioner under this chapter which provides comprehensive health care services to enrolled participants of such organization on a group practice per capita prepayment basis or on a pre-paid individual practice plan, either directly or through contractual or other arrangements with other institutions, entities, or persons, and which qualifies as a health maintenance organization pursuant to RCW 48.46.030 and 48.46.040.

(2) "Comprehensive health care services" means basic consultative, diagnostic, and therapeutic services rendered by licensed health professionals together with emergency and preventive care, inpatient hospital, outpatient and physician care, at a minimum, and any additional health care services offered by the health maintenance organization.

(3) "Enrolled participant" means a person who or group of persons which has entered into a contractual arrangement or on whose behalf a contractual arrangement has been entered into with a health maintenance organization to receive health care services.

(4) "Health professionals" means practitioners who are licensed under the provisions of chapters 18.22, 18.25, 18.29, 18.32, 18.34, 18.53, 18.57, 18.57A, 18.64, 18.71, 18.71A, 18.74, 18.78, 18.83, or 18.88 RCW.

(5) "Health care service contractor" means any corporation, cooperative group, partnership, or association which is registered as a health care contractor pursuant to the provisions of chapter 48.44 RCW.

(6) "Health maintenance agreement" means an agreement for services between a health maintenance organization which is registered pursuant to the provisions of this chapter and enrolled participants of such organization which provides enrolled participants with comprehensive health services rendered to enrolled participants by health professionals, groups, facilities, and other personnel associated with the health maintenance organization.

(7) "Consumer" means any member, subscriber, enrollee, beneficiary, or other person entitled to health care services under terms of a health maintenance agreement, but not including health professionals, employees of health maintenance organizations, partners, or shareholders of stock corporations licensed as health maintenance organizations.

(8) "Meaningful role in policy making" means a procedure approved by the commissioner which provides consumers or elected representatives of consumers a means of submitting the views and recommendations of such consumers to the governing board of such organization coupled with reasonable assurance that the board will give regard to such views and recommendations.

(9) "Meaningful grievance procedure" means a procedure for investigation of consumer grievances in a timely manner aimed at mutual agreement

for settlement according to procedures approved by the commissioner, and which may include arbitration procedures.

(10) "Provider" means any health professional, hospital, or other institution, organization, or person that furnishes any health care services and is licensed or otherwise authorized to furnish such services.

(11) "Department" means the state department of social and health services.

(12) "Commissioner" means the insurance commissioner.

(13) "Group practice" means a partnership, association, corporation, or other group of health professionals:

(a) The members of which may be individual health professionals, clinics, or both individuals and clinics who engage in the coordinated practice of their profession; and

(b) The members of which are compensated by a prearranged salary, or by capitation payment or drawing account that is based on the number of enrolled participants.

(14) "Individual practice health care plan" means an association of health professionals in private practice who associate for the purpose of providing prepaid comprehensive health care services on a fee-for-service or capitation basis.

(15) "Uncovered expenditures" means the costs of health care services that are covered by a health maintenance organization for which an enrolled participant would also be liable in the event of the health maintenance organization's insolvency.

NEW SECTION. Sec. 2. (1) Each health maintenance organization, as a requirement for receiving a certificate of registration by the commissioner under this chapter, shall provide a surety bond acceptable to the commissioner, or shall deposit with the commissioner or with any organization/trustee acceptable to him, cash or securities eligible for investment by the health maintenance organizations pursuant to chapter 48.13 RCW, or any combination of these or other deposits that are acceptable to him, in the amount set forth in this section as a guarantee that the uncovered expenditure obligations of the health maintenance organization to the enrolled participants will be performed.

(2)(a) For a health maintenance organization that is beginning operation, the amount shall be the greatest of: (i) Five percent of its reasonably estimated expenditures for health care services for its first year of operation; (ii) three times its estimated average monthly uncovered expenditures for its first year of operation; or (iii) one hundred fifty thousand dollars.

(b) At the beginning of each succeeding year, unless not applicable, such a health maintenance organization shall deposit with the commissioner a surety bond acceptable to the commissioner, or cash or securities eligible for investment by the health maintenance organization pursuant to chapter 48.13 RCW, or any combination of these or other deposits acceptable to the

commissioner in an amount equal to four percent of its reasonably estimated annual uncovered expenditures for that year. Each year's estimate, after the first year of operation, shall reasonably reflect the prior year's operating experience and delivery arrangements.

(3)(a) For a health maintenance organization that is in operation on the effective date of this act, unless not applicable under subsection (4) of this section, the amount shall be the greater of (i) one percent of the preceding twelve months of uncovered expenditures, or (ii) one hundred fifty thousand dollars, on the first day of the first fiscal year beginning six months or more after the effective date of this act.

(b) In the second fiscal year, if applicable, the amount of the additional deposit shall be equal to two percent of its reasonably estimated annual uncovered expenditures. In the third fiscal year, if applicable, the additional deposit shall be equal to three percent of its reasonably estimated annual uncovered expenditures for that year, and in the fourth fiscal year and subsequent years, if applicable, the additional deposit shall be equal to an amount of four percent of its reasonably estimated annual uncovered expenditures for each year. Each year's estimate, after the first year of operation shall reasonably reflect the prior year's operating experience and delivery arrangements.

(4)(a) A health maintenance organization shall no longer be required to make additional deposits as set forth under subsections (2) and (3) of this section if the total amount of its surety bond or deposit with the commissioner of cash, securities, or any combination of these or other deposits is equal to twenty-five percent of the health maintenance organization's reasonably estimated annual uncovered expenditures for the next calendar year.

(b) The annual deposit requirements set forth under subsections (2) and (3) of this section shall not apply to a health maintenance organization which has achieved (i) a total net worth not including land, buildings, and equipment of at least one million dollars, or (ii) a total net worth including land, buildings, and equipment of at least five million dollars: PROVIDED, That the total net worth of at least five million dollars must at least be equal to twenty-five percent of the health maintenance organization's reasonably estimated annual uncovered expenditures for the next calendar year, and be equal to ten percent or more of its total assets.

(c) For a health maintenance organization which has a guaranteeing organization, the annual deposit requirement set forth in subsections (2) and (3) of this section shall not apply if the guaranteeing organization has been in operation for at least five years and has achieved (i) a total net worth not including land, buildings, and equipment of at least one million dollars, or (ii) a total net worth including land, buildings, and equipment at least five million dollars: PROVIDED, That the total net worth of at least five million dollars must at least be equal to twenty-five percent of the

health maintenance organization's reasonably estimated annual uncovered expenditures for the next calendar year, and be equal to ten percent or more of the guaranteeing organization's total assets: PROVIDED FURTHER, That if the guaranteeing organization is sponsoring more than one health maintenance organization, the net worth requirement shall be increased by a multiple equal to the number of such health maintenance organizations.

(5) The commissioner may waive any of the deposit requirements set forth in subsections (2) and (3) of this section whenever satisfied that the health maintenance organization has sufficient net worth and an adequate history of generating net income to assure its financial viability for the next year, or its performance and obligations are guaranteed by an organization with sufficient net worth and an adequate history of generating net income, or the assets of the health maintenance organization or its contracts with insurers, providers, government, or other organizations are sufficient to reasonably assure the performance of its obligations.

(6) All income from securities on deposit with the commissioner shall belong to the depositing health maintenance organization and shall be paid to it as it becomes available.

(7) A health maintenance organization that has made a securities deposit with the commissioner may, at its option, withdraw the securities deposit or any part thereof after first having deposited or provided in lieu thereof a surety bond, a deposit of cash or securities, or any combination of these or other deposits of equal amount and value to that withdrawn. Any securities shall be subject to approval by the commissioner before being substituted.

(8) In any year in which, under subsection (4) of this section, an annual deposit is not required of a health maintenance organization, at its request, the commissioner shall lower the amount deposited by one hundred thousand dollars for each two hundred fifty thousand dollars of total net worth in excess of the amount that allows it not to make an annual deposit. If the total net worth of a health maintenance organization no longer supports a reduction of the amount it has deposited, it shall immediately redeposit one hundred thousand dollars for each two hundred fifty thousand dollars of reduction, so long as its total deposit does not exceed the maximum required under this section.

NEW SECTION. Sec. 3. (1) Each health maintenance organization obtaining a certificate of authority from the commissioner shall provide and maintain a funded reserve of one hundred fifty thousand dollars, which shall be in addition to any deposit or contingent reserve requirements set forth in section 2 of this act. The funded reserve shall be deposited with the commissioner or with any organization/trustee acceptable to him in the form of cash, securities eligible for investment by the health maintenance organization pursuant to chapter 48.13 RCW, or any combination of these or other measures that are acceptable to the commissioner, and must equal or exceed

one hundred fifty thousand dollars. The funded reserve shall be established as a guarantee that the uncovered expenditure obligations of the health maintenance organization to the enrolled participants will be performed.

(2) Any health maintenance organization that is in operation on the effective date of this act shall establish a funded reserve of one hundred thousand dollars within one year and accrue twenty-five thousand dollars on the first day of the second and third fiscal years following twelve months after the effective date of this act.

(3) Any health maintenance organization meeting the requirements of this section shall be exempt from the requirements of RCW 48.44.030.

NEW SECTION. Sec. 4. Sections 2 and 3 of this act shall each be added to chapter 48.46 RCW.

NEW SECTION. Sec. 5. This act shall take effect on January 1, 1983.

Passed the Senate February 16, 1982.

Passed the House March 6, 1982.

Approved by the Governor April 1, 1982.

Filed in Office of Secretary of State April 1, 1982.

CHAPTER 152

[Senate Bill No. 4466]

WILDLIFE AGENTS—INSPECTIONS

AN ACT Relating to wildlife agents; and amending section 22, chapter 78, Laws of 1980 and RCW 77.12.095.

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

Section 1. Section 22, chapter 78, Laws of 1980 and RCW 77.12.095 are each amended to read as follows:

Wildlife agents may inspect without warrant at reasonable times and in a reasonable manner the premises ~~((of a game farm licensed under RCW 77.32.211 and the records of the game farmer or a taxidermist or fur dealer licensed under RCW 77.32.211)),~~ wildlife, and records of any commercial enterprise operating under the authority of a license or permit issued by the department or any commercial business that sells, stores, transports, or possesses wildlife.

Passed the Senate February 12, 1982.

Passed the House March 6, 1982.

Approved by the Governor April 1, 1982.

Filed in Office of Secretary of State April 1, 1982.