

damages and on contractual modification of remedy (RCW 62A.2-718 and RCW 62A.2-719).

Passed the Senate March 9, 1982.

Passed the House March 8, 1982.

Approved by the Governor April 3, 1982.

Filed in Office of Secretary of State April 3, 1982.

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## CHAPTER 200

[Substitute House Bill No. 891]

### MEDICARE SUPPLEMENTAL HEALTH INSURANCE—STANDARDS

AN ACT Relating to medicare supplemental health insurance; amending section 10, chapter 153, Laws of 1981 and RCW 48.66.100; amending section 12, chapter 153, Laws of 1981 and RCW 48.66.120; adding a new section to chapter 48.66 RCW; repealing section 3, chapter 153, Laws of 1981 and RCW 48.66.030; repealing section 4, chapter 153, Laws of 1981 and RCW 48.66.040; repealing section 14, chapter 153, Laws of 1981 and RCW 48.66.140; and declaring an emergency.

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

**NEW SECTION.** Section 1. There is added to chapter 48.66 RCW a new section to read as follows:

(1) The insurance commissioner shall adopt rules to establish minimum standards for benefits in medicare supplement insurance policies.

(2) The commissioner shall adopt rules to establish specific standards for medicare supplement insurance 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.

(3) The insurance commissioner may adopt rules that establish disclosure standards for replacement of policies or certificates by persons eligible for medicare by reason of age.

(4) The insurance commissioner may by rule prescribe that an informational brochure, designed to improve the buyer's understanding of medicare and ability to select the most appropriate coverage, be provided to persons eligible for medicare by reason of age. The commissioner may require that the brochure be provided to applicants concurrently with delivery of the outline of coverage, except with respect to direct response insurance, when the brochure may be provided upon request but no later than the delivery of the policy.

(5) In the case of a state or federally qualified health maintenance organization, the commissioner may waive compliance with one or all provisions of this section until January 1, 1983.

Sec. 2. Section 10, chapter 153, Laws of 1981 and RCW 48.66.100 are each amended to read as follows:

(1) Commencing with reports for the accounting periods beginning on or after January 1, 1982, medicare supplement insurance policies shall be expected to return to policyholders in the form of aggregate loss ratio under the policy:

(a) At least seventy-five percent of the earned premiums in the case of group policies; and

(b) At least sixty percent of the earned premiums in the case of individual policies.

(2) For the purpose of this section, medicare supplement insurance policies issued as a result of solicitation of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

(3) By January 1, 1982, the insurance commissioner shall adopt rules sufficient to accomplish the provisions of this section and may, by such rules, impose more stringent or appropriate loss ratio requirements when it is ~~((found that sales practices exist which warrant those requirements))~~ necessary for the protection of the public interest.

Sec. 3. Section 12, chapter 153, Laws of 1981 and RCW 48.66.120 are each amended to read as follows:

Every individual medicare supplement insurance policy issued after January 1, 1982, and every certificate issued pursuant to a group medicare supplement policy after January 1, 1982, shall have prominently displayed on the first page of the policy form or certificate a notice stating in substance that the person to whom the policy or certificate is issued shall be permitted to return the policy or certificate within thirty days of its delivery to the purchaser and to have the premium refunded if, after examination of the policy or certificate, the purchaser is not satisfied with it for any reason. If a policyholder or purchaser, pursuant to such notice, returns the policy or certificate to the insurer at its home or branch office or to the agent through whom it was purchased, it shall be void from the beginning and the parties shall be in the same position as if no policy or certificate had been issued.

**\*NEW SECTION.** Sec. 4. The following acts or parts of acts are each repealed:

(1) *Section 3, chapter 153, Laws of 1981 and RCW 48.66.030;*

(2) *Section 4, chapter 153, Laws of 1981 and RCW 48.66.040; and*

(3) *Section 14, chapter 153, Laws of 1981 and RCW 48.66.140.*

**\*Sec. 4. was partially vetoed, see message at end of chapter.**

**NEW SECTION.** Sec. 5. This act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state

government and its existing public institutions, and shall take effect immediately.

Passed the House March 9, 1982.

Passed the Senate March 8, 1982.

Approved by the Governor April 3, 1982 with the exception of subsections (1) and (3) of Section 4, which are vetoed.

Filed in Office of Secretary of State April 3, 1982.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to subsections (1) and (3) of Section 4 of Substitute House Bill No. 891 entitled:

"AN ACT Relating to medicare supplemental health insurance".

I have signed into law the main body of the bill. However, subsections (1) and (3) of Section 4 would repeal two current statutes which I feel should remain law. These are RCW 48.66.030 and RCW 48.66.140, both of which contain important consumer protections."

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## CHAPTER 201

[Engrossed Substitute Senate Bill No. 4418]

### SOCIAL AND HEALTH SERVICES—FINANCIAL RESPONSIBILITY

AN ACT Relating to financial responsibility for all services and licensing activities of the department of social and health services; amending section 5, chapter 253, Laws of 1957 as amended by section 1, chapter 247, Laws of 1971 ex. sess. and RCW 18.20.050; amending section 4, chapter 168, Laws of 1951 and RCW 18.46.030; amending section 5, chapter 168, Laws of 1951 and RCW 18.46.040; amending section 183, chapter 35, Laws of 1945 and RCW 50.40.020; amending section 1, chapter 30, Laws of 1974 ex. sess. as last amended by section 11, chapter 171, Laws of 1979 ex. sess. and RCW 51.32.040; amending section 10, chapter 267, Laws of 1955 and RCW 70.41.100; amending section 3, chapter 239, Laws of 1971 ex. sess. and RCW 70.62.220; amending section 4, chapter 239, Laws of 1971 ex. sess. and RCW 70.62.230; amending section 11, chapter 267, Laws of 1955 as amended by section 3, chapter 247, Laws of 1971 ex. sess. and RCW 70.41.110; amending section 10, chapter 99, Laws of 1977 ex. sess. and RCW 70.119.100; amending section 71.12.470, chapter 25, Laws of 1959 and RCW 71.12.470; amending section 71.12.490, chapter 25, Laws of 1959 as amended by section 4, chapter 247, Laws of 1971 ex. sess. and RCW 71.12.490; amending section 74.04.300, chapter 26, Laws of 1959 as last amended by section 2, chapter 84, Laws of 1980 and RCW 74.04.300; amending section 1, chapter 102, Laws of 1973 1st ex. sess. and RCW 74.04.530; amending section 1, chapter 163, Laws of 1981 and RCW 74.04.700; amending section 5, chapter 322, Laws of 1959 as last amended by section 1, chapter 183, Laws of 1973 1st ex. sess. and RCW 74.20.040; amending section 9, chapter 164, Laws of 1971 ex. sess. as last amended by section 10, chapter 171, Laws of 1979 ex. sess. and RCW 74.20A.090; adding a new section to chapter 10.82 RCW; adding a new section to chapter 43.20A RCW; adding a new section to chapter 50.40 RCW; adding a new section to chapter 74.09 RCW; creating a new section; repealing section 1, chapter 91, Laws of 1965 ex. sess., section 307, chapter 141, Laws of 1979 and RCW 74.04.305; prescribing penalties; and declaring an emergency.

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

NEW SECTION. Section 1. There is added to chapter 10.82 RCW a new section to read as follows: