

PUBLIC BENEFIT HOSPITAL RISK POOL RULEMAKING FAQs

Who can self-insure under the new law? (RCW 48.190)

Public benefit hospitals from this and other states as permitted by law

Public and local government hospital districts

A nonprofit corporation that operates hospitals licensed for 360 beds or less

What can risk pools do under the new law?

Self-insure for property or liability risks

Purchase insurance/reinsurance

Contract for services (such as risk management, claims handling, financial services)

What are the operating requirements for risk pools formed under this chapter of the law?

Approval by the state risk manager prior to operation

Make no changes without written approval

Submission of annual report to state risk manager

- An online system is already in use for other types of risk pools to streamline the reporting process, and support is available from the state risk manager's office.

Compliance with rules established by state risk manager

Why are rules being established?

During the 2017 session, the legislature passed SB 5581, a bill permitting public hospital districts to participate in a joint self-insurance risk pool with certain nonprofit hospitals. The bill became law on July 23, 2017. The law also requires the state risk manager to adopt rules for these risk pools to follow. The rules are to include standards for solvency, management, operations, claims audits and actuarial studies.

What rules have been established by the state risk manager?

The state risk manager is the regulator for other local government and nonprofit risk pools formed under similar statutes. Rules have been established for these pools to ensure financial safety and soundness. Each set of rules differs slightly to accommodate for the unique characteristics of the members.

No rules have been adopted specifically for risk pools formed under RCW 48.190, the new law permitting public benefit hospital to jointly self-insure. The rules will likely be similar to the rules adopted for other risk pools regulated by the state risk manager.

DES is seeking input prior to establishing rules.