

# HOUSE BILL REPORT

## HB 2227

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### As Reported By House Committee On:

Commerce & Labor

**Title:** An act relating to health services providers under industrial insurance.

**Brief Description:** Establishing requirements for health services providers under industrial insurance.

**Sponsors:** Representatives Clements and McMorris.

### Brief History:

#### Committee Activity:

Commerce & Labor: 3/3/97 [DPS].

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### HOUSE COMMITTEE ON COMMERCE & LABOR

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives McMorris, Chairman; Honeyford, Vice Chairman; Conway, Ranking Minority Member; Wood, Assistant Ranking Minority Member; Boldt; Clements; Cole; Hatfield and Lisk.

**Staff:** Chris Cordes (786-7103).

**Background:** To treat injured workers under the industrial insurance system, a health services provider must qualify as an approved provider. The Department of Labor and Industries approves providers and issues provider numbers. The department may deny an application or terminate or suspend a provider's eligibility to participate as a provider for injured workers.

Under the Uniform Disciplinary Act, covered health services providers are subject to discipline for using advertising that is false, fraudulent, or misleading. Some professional licensing statutes also make it unethical conduct for providers to use false, misleading, or deceptive advertisements.

The industrial insurance law imposes a class C felony on any person or entity that solicits or receives, or offers or pays, a kickback, bribe, or rebate in return for referring a claimant for industrial insurance services or for purchasing or recommending goods or services covered by industrial insurance. This penalty does not apply to properly disclosed discounts. The law does not address payments that

may be made to a provider for acting as the claimant's authorized representative to procure services.

**Summary of Substitute Bill:** A health service provider who provides health care service to an injured worker while acting as the worker's representative to obtain authorization for the services and who charges a percentage of the benefits or other fee for acting as the worker's representative is guilty of a class C felony.

The Department of Labor and Industries may deny applications of health care providers to participate as a provider of services to injured workers, or terminate or suspend their eligibility to participate, if the provider uses false, misleading, or deceptive advertising regarding the industrial insurance system or benefits for injured workers.

**Substitute Bill Compared to Original Bill:** The substitute bill clarifies that a health services provider is subject to a class C felony for charging any type of fee for acting as an injured worker's representative to obtain authorization for health care services.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** (related bill) In recent years, some providers of hearing loss services have been using questionable marketing practices in soliciting business related to industrial insurance. The Department of Labor and Industries needs more tools to eliminate these practices, particularly with regard to prohibiting providers from charging workers a percent of their benefits to act as their representative to obtain services. The bill needs to include several other elements, such as a clear penalty for violations and a prohibition against providers charging any fee for representing workers. There are also other issues that should be addressed, including establishing a limited time period for injured workers to bring hearing loss claims.

**Testimony Against:** None.

**Testified:** (related bill) Linda Murphy, Department of Labor and Industries; Wayne Lieb, Washington State Trial Lawyers Association (with concerns); and Kathleen Collins, Washington Self-Insurers Association.