
HOUSE BILL 2903

State of Washington

55th Legislature

1998 Regular Session

By Representatives Murray, Cody, Costa, Ogden, Ballasiotes, Anderson and Dickerson

Read first time 01/21/98. Referred to Committee on Health Care.

1 AN ACT Relating to the prohibition of certain financial incentives
2 given to health providers in order to promote the denial of medical
3 care in health carriers; adding new sections to chapter 48.43 RCW; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that health carriers
7 employ various payment schemes designed to provide consumers with
8 access to preventative care and other medically appropriate health
9 care. The legislature finds, however, that certain financial payment
10 schemes or incentives may deny, withhold, delay, or limit consumer
11 access to medically appropriate health care. Consumers must be
12 guaranteed access to covered, medically appropriate services by
13 eliminating inappropriate financial incentives.

14 NEW SECTION. **Sec. 2.** No health carrier nor provider network or
15 organization shall use payment methodologies, such as bonuses,
16 incentives, or withholding of financial compensation, that directly or
17 indirectly encourage any physician, nurse, or other licensed or
18 certified provider or caregiver to overtreat patients, or deny, delay,

1 or limit medically appropriate care to which enrollees or patients are
2 entitled. This section does not prohibit a health carrier from using
3 capitated rates.

4 NEW SECTION. **Sec. 3.** Where capitation is used for an individual
5 provider, it shall only apply to services directly provided by that
6 provider. The contracting health carrier shall ensure that appropriate
7 safeguards, such as reinsurance or stop-loss coverage, are used when
8 individual providers or provider groups are capitated or when providers
9 are placed at substantial financial risk.

10 NEW SECTION. **Sec. 4.** No health carrier shall discharge, demote,
11 terminate a contract with, deny privileges to, or otherwise sanction a
12 physician, nurse, or other licensed or certified caregiver, for
13 reporting a violation of section 2 of this act.

14 NEW SECTION. **Sec. 5.** The office of the insurance commissioner is
15 empowered to issue civil and administrative penalties, seek injunctive
16 relief, or bring an action to revoke or suspend the license of a health
17 carrier found in violation of section 2 of this act. Individual
18 policyholders or subscribers may bring an action in superior court to
19 require their health care service contractor or health maintenance
20 organization comply with the provisions of chapter . . . , Laws of 1998
21 (this act).

22 NEW SECTION. **Sec. 6.** Sections 2 through 5 of this act are each
23 added to chapter 48.43 RCW.

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