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HOUSE BILL 1944

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State of Washington

56th Legislature

1999 Regular Session

By Representatives Parlette, Cody and Ogden

Read first time 02/11/1999. Referred to Committee on Health Care.

1 AN ACT Relating to health plan medical director licensure and  
2 accountability; and adding a new chapter to Title 18 RCW.

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that cost  
5 containment measures in the delivery of health care often involve  
6 third-party payors reviewing the care delivered by physicians or  
7 physician assistants for coverage under the terms of the patient's  
8 insurance policy, including medical efficacy, cost-effectiveness,  
9 quality assurance, utilization review, and similar provisions.

10 (2) The utilization of persons to make operation decisions  
11 requiring evaluation of medical review who are not licensed to provide  
12 the medical services being reviewed in the state of Washington creates  
13 an undue risk of harm to patients because of uncertainties regarding  
14 their training and lack of accountability to the same authority that  
15 treating practitioners are accountable. Having treating and reviewing  
16 physicians similarly accountable to the public and held to the same  
17 standard of performance and ethics is in the public interest.

18 (3) While reviewing physicians do not actually deliver care they  
19 make financial and related decisions which often determine and always

1 influence whether care will be delivered and under what financial  
2 arrangements. Therefore, the reviewing decision has a material effect  
3 on the delivery of health care in the state of Washington.

4 NEW SECTION. **Sec. 2.** The definitions in this section apply  
5 throughout this chapter unless the context clearly requires otherwise.

6 (1) "Full contractual coverage" means full coverage in accordance  
7 with the terms of the insured's contract with the third-party payor  
8 except for the effect of the decision regarding medical necessity or  
9 the equivalent.

10 (2) "Medical necessity or the equivalent" means whether a health  
11 service or item:

12 (a) Is a clinically appropriate choice;

13 (b) Has a reasonable probability of achieving the intended clinical  
14 outcome, particularly in consideration of expected enrollee compliance  
15 with treatment requirements; and

16 (c) Is consistent with recognized professional standards of the  
17 physician or physician assistant providing or prescribing the health  
18 care service or item.

19 (3) "Operational decision" means a decision that does not require  
20 further approval within a third-party payor to be effective for any  
21 purpose relevant to full contractual coverage. The fact that such a  
22 decision is subject to appeal does not mean that it is not operational.

23 (4) "Third-party payor" means any third-party insuring entity,  
24 public or private, fully insured or self-insured doing business in the  
25 state of Washington and specifically includes, but is not limited to,  
26 any insuring entity regulated under chapter 48.20, 48.21, 48.44, or  
27 48.46 RCW.

28 NEW SECTION. **Sec. 3.** Each third-party payor that makes coverage  
29 decisions described in section 4 of this act shall designate a medical  
30 director, who is licensed under chapter 18.57 or 18.71 RCW, to make the  
31 operational decision or assume full responsibility for those decisions.  
32 Each third-party payor will be responsible for ensuring that  
33 organizations acting on its behalf or at its direction will comply with  
34 this chapter.

35 NEW SECTION. **Sec. 4.** No person may make an operational decision  
36 failing to provide a third-party payor's full contractual coverage of

1 a health care service or item based on the medical necessity or the  
2 equivalent of the service or item provided or prescribed by a physician  
3 or physician assistant licensed under chapter 18.57, 18.57A, 18.71, or  
4 18.71A RCW for care delivered in the state of Washington unless that  
5 person is licensed in the state of Washington under chapter 18.57 or  
6 18.71 RCW.

7 NEW SECTION. **Sec. 5.** The medical quality assurance commission and  
8 the state board of osteopathic medicine and surgery may jointly adopt  
9 rules to implement this chapter.

10 NEW SECTION. **Sec. 6.** Nothing in this chapter affects the  
11 practitioner-patient relationship under which health care is delivered.  
12 This chapter applies to the relationship between the third-party payor  
13 and the patient.

14 NEW SECTION. **Sec. 7.** If any provision of this act or its  
15 application to any person or circumstance is held invalid, the  
16 remainder of the act or the application of the provision to other  
17 persons or circumstances is not affected.

18 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act constitute  
19 a new chapter in Title 18 RCW.

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