

# HOUSE BILL REPORT

## E2SSB 5958

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### As Passed House - Amended:

April 12, 2007

**Title:** An act relating to innovative primary health care delivery.

**Brief Description:** Creating innovative primary health care delivery.

**Sponsors:** By Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Parlette, Marr and Kohl-Welles).

### Brief History:

#### Committee Activity:

Health Care & Wellness: 3/19/07, 3/28/07 [DPA].

#### Floor Activity:

Passed House - Amended: 4/12/07, 90-5.

### Brief Summary of Engrossed Second Substitute Bill (As Amended by House)

- Regulates retainer health care through the Office of the Insurance Commissioner.

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## HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass as amended. Signed by 11 members: Representatives Cody, Chair; Morrell, Vice Chair; Hinkle, Ranking Minority Member; Barlow, Campbell, Condotta, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Alexander, Assistant Ranking Minority Member and Curtis.

**Staff:** Dave Knutson (786-7146).

### Background:

Retainer health care is an approach to medical practice where physicians charge their patients a fee or retainer in exchange for enhanced services or amenities. Retainer practices typically care for fewer patients than conventional practices and provide personalized health care

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services that may include same-day appointments, comprehensive annual physicals, home visits, immediate access to a physician via phone or pager, or other services.

A recent review by the U.S. Government Accountability Office indicates there are a small but growing number of retainer practices, and they are largely concentrated on the west and east coasts. A disproportionate number are in Washington, where the idea appears to have been initiated in 1996.

The Office of the Insurance Commissioner (Commissioner) has determined that health care providers engaged in direct patient billing or retainer health care are subject to current state law governing health care service contractors, but believes the full scope of regulation under this law is neither practical nor warranted.

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**Summary of Amended Bill:**

Direct patient-provider primary care practices are exempted from the definition of health care service contractors in insurance law. Direct practices are defined as providers or entities furnishing primary health care services, as outlined in a direct agreement, for a monthly fee. Primary care means routine health care services, including screening, assessment, diagnosis, and treatment for the promotion of health, and detection and management of disease or injury. Services covered under the direct fee may not include hospitalization, major surgery, dialysis, high level radiology, rehabilitation services, procedures requiring general anesthesia, or similar advanced procedures, services, or supplies.

The direct fee must represent the total amount for services specified in the agreement, and providers may charge additional fees for supplies, medications, and specific vaccines that are not covered by the direct agreement. All direct agreements will include a comprehensive disclosure statement indicating the agreement does not provide comprehensive health insurance coverage. Providers may sign participating provider contracts with insurance carriers to ensure patients have access to referrals to other participating providers, but direct practice providers may not submit claims for services provided to direct patients.

Standards describing the direct practices are placed in Title 48 insurance laws; however, the direct practices are not insurance carriers, and they may not sell their product to groups like an insurance carrier. Direct practices must register annually with the Commissioner, and contact information for the Commissioner will be made available to consumers. The Insurance Commissioner must submit a report by December 2012 on the extent to which direct practices impact the access to primary care services and the health insurance market place.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:**

(In support) This bill will simplify and improve the practice of primary care. It will lower costs, improve quality, and improve the relationship between doctor and patient. This bill is needed to ensure direct practices will not be regulated as health care service contractors.

(Opposed) If this bill passes it will be more difficult to find a primary health care provider. This will improve health care for wealthy people, and make it more difficult for low-income people to find a primary health care provider. There are very few consumer protections for consumers who purchase primary care through these arrangements. Direct care practices should meet the same standards as other health care service contractors.

**Persons Testifying:** (In support) Senator Keiser, prime sponsor; Senator Parlette; Erika Bliss, Lisa Thatcher, and Norm Wu, Bliss, Incorporated; Carolyn Logue, National Federation of Independent Business; Susie Tracy, Washington State Medical Association; and Mike Kreidler, Office of Insurance Commissioner.

(Opposed) Dr. Steve Tarnoff, Group Health Cooperative; Rich Maturi, Primera Blue Cross; Nancy Ellison, Regence Blue Shield; Allen Morrow, Senior Citizens' Lobby; Mel Sorensen, America's Health Insurance Plans; Sydney Zvara, Association of Washington Healthcare Plans; and Nancee Wildermuth, Aetna and PacifiCare.

**Persons Signed In To Testify But Not Testifying:** Ken Bertrand, Group Health Cooperative.