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HOUSE BILL 1826

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State of Washington

60th Legislature

2007 Regular Session

By Representatives Seagquist, Hinkle, Morrell, Moeller and Ormsby; by request of Department of Social and Health Services

Read first time 01/30/2007. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to medical benefits; amending RCW 74.09A.005,  
2 74.09A.010, and 74.09A.020; and adding a new section to chapter 74.09A  
3 RCW.

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

5 **Sec. 1.** RCW 74.09A.005 and 1993 c 10 s 1 are each amended to read  
6 as follows:

7 The legislature finds that:

8 (1) Simplification in the administration of payment of health  
9 benefits is important for the state, providers, and ((private)) health  
10 insurers;

11 (2) The state, providers, and ((private)) health insurers should  
12 take advantage of all opportunities to streamline operations through  
13 automation and the use of common computer standards; ((and))

14 (3) It is in the best interests of the state, providers, and  
15 ((private)) health insurers to identify all third parties that are  
16 obligated to cover the cost of health care coverage of joint  
17 beneficiaries; and

18 (4) Health insurers, including private insurers, group health  
19 plans, service benefit plans, managed care organizations, pharmacy

1 benefit managers, or other parties that are, by statute, contract, or  
2 agreement, legally responsible for payment of a claim for a health care  
3 item or service, as a condition of doing business in Washington, must  
4 increase their effort to share information with the department and  
5 accept the department's timely claims consistent with 42 U.S.C.  
6 1396a(a)(25).

7 Therefore, the legislature declares that to improve the  
8 coordination of benefits between the department of social and health  
9 services and ((private)) health insurers to ensure that medical  
10 insurance benefits are properly utilized, a transfer of ((uniform  
11 information from the department of social and health services to  
12 Washington state private insurers should be instituted)) information  
13 between the department of social and health services and health  
14 insurers should be instituted, and the process for submitting requests  
15 for information and claims should be simplified.

16 **Sec. 2.** RCW 74.09A.010 and 1993 c 10 s 2 are each amended to read  
17 as follows:

18 For the purposes of this chapter:

19 (1) "Health insurance coverage" includes any coverage under which  
20 medical services are provided by ((an employer or a union whether that  
21 coverage is provided through a self insurance program, under the  
22 employee retirement income security act of 1974, a commercial insurer  
23 pursuant to chapters 48.20 and 48.21 RCW, a health care service  
24 contractor pursuant to chapter 48.44 RCW, or a health maintenance  
25 organization pursuant to chapter 48.46 RCW,)) health insurers and the  
26 medical assistance administration under chapter 74.09 RCW((, and the  
27 state through this chapter)).

28 (2) "Health insurer" means a commercial insurance company providing  
29 disability insurance under chapter 48.20 or 48.21 RCW, a health care  
30 service contractor providing health care coverage under chapter 48.44  
31 RCW, a health maintenance organization providing comprehensive health  
32 care services under chapter 48.46 RCW, and shall also include any  
33 employer or union that is providing health insurance coverage on a  
34 self-insured basis, as well as any private insurers, group health  
35 plans, service benefit plans, managed care organizations, pharmacy  
36 benefit managers, or other parties that are, by statute, contract, or

1 agreement, legally responsible for payment of a claim for a health care  
2 item or service.

3 (3) "Medical assistance administration" means the division within  
4 the department of social and health services authorized under chapter  
5 74.09 RCW.

6 (4) "Computerized" means on-line or batch processing with  
7 standardized format via magnetic tape output.

8 (5) (~~("Insurance coverage" means subscriber and beneficiary~~  
9 ~~eligibility and benefit coverage data.~~

10 ~~(6))~~) "Joint beneficiary" is (~~(a resident of Washington state))~~ an  
11 individual who has (~~(private))~~ health insurance coverage and is a  
12 recipient of public assistance benefits under chapter 74.09 RCW.

13 **Sec. 3.** RCW 74.09A.020 and 2005 c 274 s 350 are each amended to  
14 read as follows:

15 (1) The medical assistance administration shall provide routine and  
16 periodic computerized information to (~~(private))~~ health insurers  
17 regarding client eligibility and coverage information. (~~(Private))~~  
18 Health insurers shall use this information to identify joint  
19 beneficiaries. Identification of joint beneficiaries shall be  
20 transmitted to the medical assistance administration. The medical  
21 assistance administration shall use this information to improve  
22 accuracy and currency of health insurance coverage and promote improved  
23 coordination of benefits.

24 (2) To the maximum extent possible, necessary data elements and a  
25 compatible data base shall be developed by affected health insurers and  
26 the medical assistance administration. The medical assistance  
27 administration shall establish a representative group of insurers and  
28 state agency representatives to develop necessary technical and file  
29 specifications to promote a standardized data base. The data base  
30 shall include elements essential to the medical assistance  
31 administration and its population's insurance coverage information.

32 (3) If the state and (~~(private))~~ health insurers enter into other  
33 agreements regarding the use of common computer standards, the data  
34 base identified in this section shall be replaced by the new common  
35 computer standards.

36 (4) The information provided will be of sufficient detail to

1 promote reliable and accurate benefit coordination and identification  
2 of individuals who are also eligible for medical assistance  
3 administration programs.

4 (5) The frequency of updates will be mutually agreed to by each  
5 health insurer and the medical assistance administration based on  
6 frequency of change and operational limitations. In no event shall the  
7 computerized data be provided less than semiannually.

8 (6) The health insurers and the medical assistance administration  
9 shall safeguard and properly use the information to protect records as  
10 provided by law, including but not limited to chapters 42.48, 74.09,  
11 74.04, 70.02, and 42.56 RCW, and 42 U.S.C. Sec. 1396a and 42 C.F.R.  
12 Sec. 43 et seq. The purpose of this exchange of information is to  
13 improve coordination and administration of benefits and ensure that  
14 medical insurance benefits are properly utilized.

15 (7) The medical assistance administration shall target  
16 implementation of this ((chapter)) section to those ((private)) health  
17 insurers with the highest probability of joint beneficiaries.

18 NEW SECTION. Sec. 4. A new section is added to chapter 74.09A RCW  
19 to read as follows:

20 Health insurers, as a condition of doing business in Washington,  
21 must:

22 (1) Provide, with respect to individuals who are eligible for, or  
23 are provided, medical assistance under chapter 74.09 RCW, upon the  
24 request of the medical assistance administration, information to  
25 determine during what period the individual or their spouses or their  
26 dependants may be, or may have been, covered by a health insurer and  
27 the nature of coverage that is or was provided by the health insurer,  
28 including the name, address, and identifying number of the plan, in a  
29 manner prescribed by the medical assistance administration;

30 (2) Accept the medical assistance administration's right to  
31 recovery and the assignment to the medical assistance administration of  
32 any right of an individual or other entity to payment from the party  
33 for an item or service for which payment has been made under chapter  
34 74.09 RCW;

35 (3) Respond to any inquiry by the medical assistance administration  
36 regarding a claim for payment for any health care item or service that

1 is submitted not later than three years after the date of the provision  
2 of such health care item or service;

3 (4) Agree not to deny a claim submitted by the medical assistance  
4 administration on the basis of the date of submission of the claim, the  
5 type or format of the claim form, or a failure to present proper  
6 documentation at the point-of-sale that is the basis of the claim, if:

7 (a) The claim is submitted by the medical assistance administration  
8 within the three-year period beginning on the date the item or service  
9 was furnished; and

10 (b) Any action by the medical assistance administration to enforce  
11 its rights with respect to such claim is commenced within six years of  
12 the medical assistance administration's submission of such claim; and

13 (5) Agree that the prevailing party in any legal action to enforce  
14 these sections receives attorneys' fees as well as related collection  
15 fees and costs incurred in the enforcement of these sections.

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