

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1826**

60th Legislature  
2007 Regular Session

Passed by the House March 10, 2007  
Yeas 97 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate April 10, 2007  
Yeas 48 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1826** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1826**

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Passed Legislature - 2007 Regular Session

**State of Washington                      60th Legislature                      2007 Regular Session**

**By** House Committee on Health Care & Wellness (originally sponsored by Representatives Seaquist, Hinkle, Morrell, Moeller and Ormsby; by request of Department of Social and Health Services)

READ FIRST TIME 02/28/07.

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

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, as a condition of doing business in

1 Washington, must increase their effort to share information with the  
2 department and accept the department's timely claims consistent with 42  
3 U.S.C. 1396a(a)(25).

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

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

15 For the purposes of this chapter:

16 (1) "Department" means the department of social and health  
17 services.

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

28 ~~((+2))~~ (3) "Health insurer" means any party that is, by statute,  
29 policy, contract, or agreement, legally responsible for payment of a  
30 claim for a health care item or service, including, but not limited to,  
31 a commercial insurance company providing disability insurance under  
32 chapter 48.20 or 48.21 RCW, a health care service contractor providing  
33 health care coverage under chapter 48.44 RCW, a health maintenance  
34 organization providing comprehensive health care services under chapter  
35 48.46 RCW, ~~((and shall also include any))~~ an employer or union ~~((that~~  
36 ~~is providing health insurance coverage on a))~~ self-insured ~~((basis))~~

1 plan, any private insurer, a group health plan, a service benefit plan,  
2 a managed care organization, a pharmacy benefit manager, and a third  
3 party administrator.

4 ~~((3) "Medical assistance administration" means the division within~~  
5 ~~the department of social and health services authorized under chapter~~  
6 ~~74.09 RCW.))~~

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

9 ~~((("Insurance coverage" means subscriber and beneficiary~~  
10 ~~eligibility and benefit coverage data.~~

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

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

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

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

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

1 (4) The information provided will be of sufficient detail to  
2 promote reliable and accurate benefit coordination and identification  
3 of individuals who are also eligible for ((~~medical—assistance~~  
4 ~~administration~~)) department programs.

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

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

17 (7) The ((~~medical—assistance—administration~~)) department shall  
18 target implementation of this ((~~chapter~~)) section to those ((~~private~~))  
19 health insurers with the highest probability of joint beneficiaries.

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

22 Health insurers, as a condition of doing business in Washington,  
23 must:

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

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

36 (3) Respond to any inquiry by the department regarding a claim for

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

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

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

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

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

16 NEW SECTION. **Sec. 5.** This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of the  
18 state government and its existing public institutions, and takes effect  
19 July 1, 2007.

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