

SSB 5436 - H AMD 896

By Representative Cody

ADOPTED 04/24/2009

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 48.150.010 and 2007 c 267 s 3 are each amended to
4 read as follows:

5 The definitions in this section apply throughout this chapter
6 unless the context clearly requires otherwise.

7 (1) "Direct patient-provider primary care practice" and "direct
8 practice" means a provider, group, or entity that meets the following
9 criteria in (a), (b), (c), and (d) of this subsection:

10 (a)(i) A health care provider who furnishes primary care services
11 through a direct agreement;

12 (ii) A group of health care providers who furnish primary care
13 services through a direct agreement; or

14 (iii) An entity that sponsors, employs, or is otherwise affiliated
15 with a group of health care providers who furnish only primary care
16 services through a direct agreement, which entity is wholly owned by
17 the group of health care providers or is a nonprofit corporation exempt
18 from taxation under section 501(c)(3) of the internal revenue code, and
19 is not otherwise regulated as a health care service contractor, health
20 maintenance organization, or disability insurer under Title 48 RCW.
21 Such entity is not prohibited from sponsoring, employing, or being
22 otherwise affiliated with other types of health care providers not
23 engaged in a direct practice;

24 (b) Enters into direct agreements with direct patients or parents
25 or legal guardians of direct patients;

26 (c) Does not accept payment for health care services provided to
27 direct patients from any entity subject to regulation under Title 48
28 RCW(~~(7)~~) or plans administered under chapter 41.05, 70.47, or 70.47A
29 RCW(~~(7, or self-insured plans)~~); and

1 (d) Does not provide, in consideration for the direct fee,
2 services, procedures, or supplies such as prescription drugs,
3 hospitalization costs, major surgery, dialysis, high level radiology
4 (CT, MRI, PET scans or invasive radiology), rehabilitation services,
5 procedures requiring general anesthesia, or similar advanced
6 procedures, services, or supplies.

7 (2) "Direct patient" means a person who is party to a direct
8 agreement and is entitled to receive primary care services under the
9 direct agreement from the direct practice.

10 (3) "Direct fee" means a fee charged by a direct practice as
11 consideration for being available to provide and providing primary care
12 services as specified in a direct agreement.

13 (4) "Direct agreement" means a written agreement entered into
14 between a direct practice and an individual direct patient, or the
15 parent or legal guardian of the direct patient or a family of direct
16 patients, whereby the direct practice charges a direct fee as
17 consideration for being available to provide and providing primary care
18 services to the individual direct patient. A direct agreement must (a)
19 describe the specific health care services the direct practice will
20 provide; and (b) be terminable at will upon written notice by the
21 direct patient.

22 (5) "Health care provider" or "provider" means a person regulated
23 under Title 18 RCW or chapter 70.127 RCW to practice health or health-
24 related services or otherwise practicing health care services in this
25 state consistent with state law.

26 (6) "Health carrier" or "carrier" has the same meaning as in RCW
27 48.43.005.

28 (7) "Primary care" means routine health care services, including
29 screening, assessment, diagnosis, and treatment for the purpose of
30 promotion of health, and detection and management of disease or injury.

31 (8) "Network" means the group of participating providers and
32 facilities providing health care services to a particular health
33 carrier's health plan or to plans administered under chapter 41.05,
34 70.47, or 70.47A RCW.

35 **Sec. 2.** RCW 48.150.040 and 2007 c 267 s 6 are each amended to read
36 as follows:

37 (1) Direct practices may not:

1 (a) Enter into a participating provider contract as defined in RCW
2 48.44.010 or 48.46.020 with any carrier or with any carrier's
3 contractor or subcontractor, or plans administered under chapter 41.05,
4 70.47, or 70.47A RCW, to provide health care services through a direct
5 agreement except as set forth in subsection (2) of this section;

6 (b) Submit a claim for payment to any carrier or any carrier's
7 contractor or subcontractor, or plans administered under chapter 41.05,
8 70.47, or 70.47A RCW, for health care services provided to direct
9 patients as covered by their agreement;

10 (c) With respect to services provided through a direct agreement,
11 be identified by a carrier or any carrier's contractor or
12 subcontractor, or plans administered under chapter 41.05, 70.47, or
13 70.47A RCW, as a participant in the carrier's or any carrier's
14 contractor or subcontractor network for purposes of determining network
15 adequacy or being available for selection by an enrollee under a
16 carrier's benefit plan; or

17 (d) Pay for health care services covered by a direct agreement
18 rendered to direct patients by providers other than the providers in
19 the direct practice or their employees, except as described in
20 subsection (2)(b) of this section.

21 (2) Direct practices and providers may:

22 (a) Enter into a participating provider contract as defined by RCW
23 48.44.010 and 48.46.020 or plans administered under chapter 41.05,
24 70.47, or 70.47A RCW for purposes other than payment of claims for
25 services provided to direct patients through a direct agreement. Such
26 providers shall be subject to all other provisions of the participating
27 provider contract applicable to participating providers including but
28 not limited to the right to:

29 (i) Make referrals to other participating providers;

30 (ii) Admit the carrier's members to participating hospitals and
31 other health care facilities;

32 (iii) Prescribe prescription drugs; and

33 (iv) Implement other customary provisions of the contract not
34 dealing with reimbursement of services;

35 (b) Pay for charges associated with the provision of routine lab
36 and imaging services (~~(provided in connection with wellness physical~~
37 ~~examinations)). In aggregate such payments per year per direct patient~~
38 are not to exceed fifteen percent of the total annual direct fee

1 charged that direct patient. Exceptions to this limitation may occur
2 in the event of short-term equipment failure if such failure prevents
3 the provision of care that should not be delayed; and

4 (c) Charge an additional fee to direct patients for supplies,
5 medications, and specific vaccines provided to direct patients that are
6 specifically excluded under the agreement, provided the direct practice
7 notifies the direct patient of the additional charge, prior to their
8 administration or delivery.

9 **Sec. 3.** RCW 48.150.050 and 2007 c 267 s 7 are each amended to read
10 as follows:

11 (1) Direct practices may not decline to accept new direct patients
12 or discontinue care to existing patients solely because of the
13 patient's health status. A direct practice may decline to accept a
14 patient if the practice has reached its maximum capacity, or if the
15 patient's medical condition is such that the provider is unable to
16 provide the appropriate level and type of health care services in the
17 direct practice. So long as the direct practice provides the patient
18 notice and opportunity to obtain care from another physician, the
19 direct practice may discontinue care for direct patients if: (a) The
20 patient fails to pay the direct fee under the terms required by the
21 direct agreement; (b) the patient has performed an act that constitutes
22 fraud; (c) the patient repeatedly fails to comply with the recommended
23 treatment plan; (d) the patient is abusive and presents an emotional or
24 physical danger to the staff or other patients of the direct practice;
25 or (e) the direct practice discontinues operation as a direct practice.

26 (2) Subject to the restrictions established in this chapter, direct
27 practices may accept payment of direct fees directly or indirectly from
28 ((nonemployer)) third parties. A direct practice may accept a direct
29 fee paid by an employer on behalf of an employee who is a direct
30 patient. However, a direct practice shall not enter into a contract
31 with an employer relating to direct practice agreements between the
32 direct practice and employees of that employer, other than to establish
33 the timing and method of the payment of the direct fee by the employer.

34 **Sec. 4.** RCW 48.41.030 and 2004 c 260 s 25 are each amended to read
35 as follows:

1 The definitions in this section apply throughout this chapter
2 unless the context clearly requires otherwise.

3 (1) "Accounting year" means a twelve-month period determined by the
4 board for purposes of record-keeping and accounting. The first
5 accounting year may be more or less than twelve months and, from time
6 to time in subsequent years, the board may order an accounting year of
7 other than twelve months as may be required for orderly management and
8 accounting of the pool.

9 (2) "Administrator" means the entity chosen by the board to
10 administer the pool under RCW 48.41.080.

11 (3) "Board" means the board of directors of the pool.

12 (4) "Commissioner" means the insurance commissioner.

13 (5) "Covered person" means any individual resident of this state
14 who is eligible to receive benefits from any member, or other health
15 plan.

16 (6) "Health care facility" has the same meaning as in RCW
17 70.38.025.

18 (7) "Health care provider" means any physician, facility, or health
19 care professional, who is licensed in Washington state and entitled to
20 reimbursement for health care services.

21 (8) "Health care services" means services for the purpose of
22 preventing, alleviating, curing, or healing human illness or injury.

23 (9) "Health carrier" or "carrier" has the same meaning as in RCW
24 48.43.005.

25 (10) "Health coverage" means any group or individual disability
26 insurance policy, health care service contract, and health maintenance
27 agreement, except those contracts entered into for the provision of
28 health care services pursuant to Title XVIII of the Social Security
29 Act, 42 U.S.C. Sec. 1395 et seq. The term does not include short-term
30 care, long-term care, dental, vision, accident, fixed indemnity,
31 disability income contracts, limited benefit or credit insurance,
32 coverage issued as a supplement to liability insurance, insurance
33 arising out of the worker's compensation or similar law, automobile
34 medical payment insurance, or insurance under which benefits are
35 payable with or without regard to fault and which is statutorily
36 required to be contained in any liability insurance policy or
37 equivalent self-insurance.

1 (11) "Health plan" means any arrangement by which persons,
2 including dependents or spouses, covered or making application to be
3 covered under this pool, have access to hospital and medical benefits
4 or reimbursement including any group or individual disability insurance
5 policy; health care service contract; health maintenance agreement;
6 uninsured arrangements of group or group-type contracts including
7 employer self-insured, cost-plus, or other benefit methodologies not
8 involving insurance or not governed by Title 48 RCW; coverage under
9 group-type contracts which are not available to the general public and
10 can be obtained only because of connection with a particular
11 organization or group; and coverage by medicare or other governmental
12 benefits. This term includes coverage through "health coverage" as
13 defined under this section, and specifically excludes those types of
14 programs excluded under the definition of "health coverage" in
15 subsection (10) of this section.

16 (12) "Medical assistance" means coverage under Title XIX of the
17 federal Social Security Act (42 U.S.C., Sec. 1396 et seq.) and chapter
18 74.09 RCW.

19 (13) "Medicare" means coverage under Title XVIII of the Social
20 Security Act, (42 U.S.C. Sec. 1395 et seq., as amended).

21 (14) "Member" means any commercial insurer which provides
22 disability insurance or stop loss insurance, any health care service
23 contractor, any health maintenance organization licensed under Title 48
24 RCW, and any self-funded multiple employer welfare arrangement as
25 defined in RCW 48.125.010. "Member" also means the Washington state
26 health care authority as issuer of the state uniform medical plan.
27 "Member" shall also mean, as soon as authorized by federal law,
28 employers and other entities, including a self-funding entity and
29 employee welfare benefit plans that provide health plan benefits in
30 this state on or after May 18, 1987. "Member" also means a direct
31 practice as defined in RCW 48.150.010. "Member" does not include any
32 insurer, health care service contractor, or health maintenance
33 organization whose products are exclusively dental products or those
34 products excluded from the definition of "health coverage" set forth in
35 subsection (10) of this section.

36 (15) "Network provider" means a health care provider who has
37 contracted in writing with the pool administrator or a health carrier

1 contracting with the pool administrator to offer pool coverage to
2 accept payment from and to look solely to the pool or health carrier
3 according to the terms of the pool health plans.

4 (16) "Plan of operation" means the pool, including articles, by-
5 laws, and operating rules, adopted by the board pursuant to RCW
6 48.41.050.

7 (17) "Point of service plan" means a benefit plan offered by the
8 pool under which a covered person may elect to receive covered services
9 from network providers, or nonnetwork providers at a reduced rate of
10 benefits.

11 (18) "Pool" means the Washington state health insurance pool as
12 created in RCW 48.41.040.

13 **Sec. 5.** RCW 48.150.110 and 2007 c 267 s 13 are each amended to
14 read as follows:

15 (1) A direct agreement must include the following disclaimer:
16 "This agreement does not provide comprehensive health insurance
17 coverage. It provides only the health care services specifically
18 described." The direct agreement may not be sold to a group and may
19 not be entered with a group of subscribers. It must be an agreement
20 between a direct practice and an individual direct patient. Nothing
21 prohibits the presentation of marketing materials to groups of
22 potential subscribers or their representatives. All marketing
23 materials must be filed for approval with the commissioner prior to
24 use. All advertising and marketing materials must be filed with the
25 commissioner at least thirty days prior to use.

26 (2) A comprehensive disclosure statement shall be distributed to
27 all direct patients with their participation forms. Such disclosure
28 must inform the direct patients of their financial rights and
29 responsibilities to the direct practice as provided for in this
30 chapter, encourage that direct patients obtain and maintain insurance
31 for services not provided by the direct practice, and state that the
32 direct practice will not bill a carrier for services covered under the
33 direct agreement. The disclosure statement shall include contact
34 information for the office of the insurance commissioner."

35 Correct the title.

EFFECT: Allows direct practices to receive a direct payment from

an employer on behalf of a patient. Allows a direct practice to accept payment for health care services for patients covered by self-insured plans. Includes direct practices as a member of the Washington state health insurance pool for purposes of supporting the operation of the pool.

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