

HOUSE BILL REPORT

HB 1190

As Passed House:
February 14, 2011

Title: An act relating to billing for anatomic pathology services.

Brief Description: Concerning billing for anatomic pathology services.

Sponsors: Representatives Hinkle, Kelley, Van De Wege, Liias and Stanford.

Brief History:

Committee Activity:

Health Care & Wellness: 1/26/11, 2/3/11 [DP].

Floor Activity:

Passed House: 2/14/11, 93-0.

Brief Summary of Bill

- Specifies that clinical laboratories and physicians that provide anatomic pathology services may only charge patients, insurers, or other identified entities.
- Prohibits a health care provider from charging for anatomic pathology services unless they were performed by the provider or under the provider's direct supervision.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 11 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Hinkle, Assistant Ranking Minority Member; Bailey, Clibborn, Green, Harris, Kelley, Moeller and Van De Wege.

Staff: Chris Blake (786-7392).

Background:

Licensed physicians, osteopathic physicians, dentists, and pharmacists are prohibited from receiving a payment, such as a rebate, refund, or commission, if that payment is received in connection with the referral of patients or the furnishing of health care treatment or

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diagnosis. The stated intent of the prohibition is to prevent licensed health care providers from receiving compensation for services that they did not perform. The prohibition does not apply to a licensed health provider who charges for the health care services rendered by an employee who is licensed to provide the services.

In 2005 the Washington State Attorney General issued a formal opinion related to the application of the referral prohibitions to pathology services. The opinion concluded that a physician could only charge for professional services that are actually rendered, such as taking samples for a biopsy, preparing the sample, and other associated costs. In addition, a physician may charge for services related to reviewing the pathologist's diagnosis or consulting with the patient about the diagnosis. The opinion also specified that if the pathologist indirectly bills the patient through the referring physician, that physician could not, in turn, receive compensation beyond what the pathologist charges.

Summary of Bill:

Clinical laboratories and physicians that provide anatomic pathology services must submit any claims for payment for pathology services to either: (1) the patient; (2) the responsible insurer; (3) the hospital or clinic that ordered the services; (4) the referring laboratory, unless that laboratory is from a physician's office or group practice that does not perform the professional component of the anatomic pathology service; or (5) governmental agencies acting on the behalf of the recipient of the services.

Licensed health care practitioners are prohibited from charging for anatomic pathology services unless the services were personally delivered by the practitioner or under the direct supervision of the practitioner. Laboratories that refer to another physician or laboratory for consultation or histologic processing are exempt from the personal delivery and direct supervision requirements, unless the laboratory that makes the referral does not perform the professional component of the service.

Violations of the billing practices regarding anatomic pathology services are governed by the Uniform Disciplinary Act.

The term "anatomic pathology services" is defined to include histopathology or surgical pathology, cytopathology, hematology, subcellular pathology or molecular pathology, and blood-banking services performed by pathologists.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) National companies are increasingly doing business in Washington and without this bill there is a risk that they will mark up their bills. Mark-ups for health care services

escalate the costs of care. This bill promotes cost-efficiency by requiring direct billing. This bill is consistent with a 2005 Attorney General opinion regarding mark-ups for pathology services. This bill adds transparency for patients, payers, and law enforcement. Sixteen other states have similar legislation.

(Opposed) None.

Persons Testifying: Representative Hinkle, prime sponsor; and John Driscoll, David Corwin, and Joseph P. Rank, Washington State Society of Pathologists.

Persons Signed In To Testify But Not Testifying: None.