

HOUSE BILL REPORT

HB 1790

As Reported by House Committee On: Ways & Means

Title: An act relating to school district contracts with direct practice health providers.

Brief Description: Addressing school district contracts with direct practice health providers.

Sponsors: Representatives Dammeier, Sullivan, Hinkle, Green and Ormsby.

Brief History:

Committee Activity:

Ways & Means: 2/15/11, 2/23/11 [DPS].

Brief Summary of Substitute Bill

- Permits school districts to make direct practice agreements available to employees within the "optional benefits" determined through collective bargaining agreements along with medical, dental, vision, life, and long-term disability insurance coverage.

HOUSE COMMITTEE ON WAYS & MEANS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Hunter, Chair; Darneille, Vice Chair; Hasegawa, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Dammeier, Assistant Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Carlyle, Chandler, Cody, Dickerson, Haigh, Haler, Hudgins, Hunt, Kagi, Kenney, Ormsby, Parker, Pettigrew, Ross, Schmick, Seaquist, Springer and Wilcox.

Staff: David Pringle (786-7310).

Background:

Legislation passed in 2007 created a new chapter in Title 48 for direct patient-provider primary health care practices. The direct practices were explicitly exempted from the definition of health care service contractors in insurance law. Direct practices furnish primary care services in exchange for a direct fee from a patient. Services are limited to

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primary care, including screening, assessment, diagnosis, and treatment for the purpose of promotion of health, and detection and management of disease or injury. Direct practices are also allowed to pay for charges associated with routine lab and imaging services. Direct practices are prevented from accepting payments for services provided to direct care patients from regulated insurance carriers, all insurance programs administered by the Washington State Health Care Authority (Authority), or self-insured plans. Direct practices may accept payment of direct fees directly or indirectly from non-employer third parties, but are prevented from selling their direct practice agreements directly to employer groups.

School districts and educational service districts may bargain with their employees over "basic benefits," a limited group of benefits defined as including medical, dental, vision, group term life, and group long-term disability benefits. The benefits may be provided through contracts with private carriers, contracts with the Authority, self-insurance, or other self-funded mechanisms.

Summary of Substitute Bill:

Direct practice agreements are added to the definition of "optional benefits" for school and educational service district employees that may be determined through collective bargaining. School and educational service district boards are authorized to make direct practice agreements available to employees among the other employee benefits offered to employees through contracts with private carriers, the Authority, or through self-insurance or self-funding.

Substitute Bill Compared to Original Bill:

The substitute bill moves the addition of direct practice agreements from the list of "basic benefits" determined through collective bargaining between school districts and employee groups to the list of "optional benefits" determined through bargaining.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Qliance offers this kind of direct practice. We have relationships with patients directly, and through employers. By eliminating insurance costs, we can deliver quality care more affordably. We propose considering a cost-effective comprehensive solution by combining direct care with a Health Savings Account/High Deductible Health Plan. Our system reduces emergency room visits, hospitalization, and specialist referrals. What we

would like to do is make this an option for school district employees, especially for those that do not get a full benefit allocation. We are supportive of making additional adjustments to the bill as may be necessary to gain the support of the committee.

(In support with concerns) We have a technical amendment that will insure application of a chapter of insurance law that specifies that these would continue to be non-regulated direct practices.

(Opposed) These changes are placed in the section of law that requires benefits to be purchased before other benefits, so please move the new language into the optional benefits section. Such a change would allow us to not oppose the bill.

Persons Testifying: (In support) Representative Dammeier, prime sponsor; and Norm Wu and Lisa Thatcher, Qliance.

(In support with concerns) Drew Bouton, Office of the Insurance Commissioner.

(Opposed) Randy Parr, Washington Education Association; and David Westberg, Joint Council of Stationary Engineers.

Persons Signed In To Testify But Not Testifying: None.