

SENATE BILL REPORT

ESHB 1790

As Reported by Senate Committee On:
Ways & Means, March 31, 2011

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: House Committee on Ways & Means (originally sponsored by Representatives Dammeier, Sullivan, Hinkle, Green and Ormsby).

Brief History: Passed House: 3/04/11, 97-0.

Committee Activity: Ways & Means: 3/10/11, 3/31/11 [DPA].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pridemore, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

Background: Under Chapter 257, Laws of 2007 (E2SSB 5958) the Legislature created a statutory framework for direct patient-provider primary health care practices. Direct practices, which are specifically exempt from the definition of health care service contractors in insurance law, furnish primary care services in exchange for a direct fee from a patient. Services are limited to 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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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 Bill (Recommended Amendments): Direct 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 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.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): The striking amendment replaces the expression "direct practice agreements" with "direct agreements", which is the term used in the statutes governing direct patient-provider primary health care.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Substitute House Bill: PRO: We're concerned about impact that the rising cost of benefits is having on school districts and school employees. This bill provides a great option for school districts to reduce some of these costs. Qliance offers this kind of direct practice. We have relationships with patients directly, and through employers. Our system delivers quality care in a cost effective manner and reduces emergency room visits, hospitalization, and specialist referrals. We achieve these savings even though many of our patients are heavy users of services. A direct practice can be used in combination with a wraparound insurance product to provide complete coverage at lower cost. This bill would be improved if direct practices were included in the basic benefits category rather than the optional benefits, as state dollars could then be used to pay for our services.

OTHER: We support the bill as it left the House, but are very concerned about the proposal to move direct practices into the basic benefits category. This could end up leaving some employees with inadequate insurance coverage and will increase the administrative burden associated with managing employee insurance pools substantially. Additionally, because basic benefits must be funded before optional benefits are paid for or funds returned to the pool for cost-sharing purposes, this may end up eroding the subsidy provided for family coverage.

Persons Testifying: PRO: Representative Dammeier, prime sponsor, Lisa Thatcher, Qliance.

OTHER: Doug Nelson, Public School Employees; Randy Parr, Washington Education Association; David Westberg, Joint Council of Stationary Engineers.