FINAL BILL REPORT
ESSB 5927

C 9 L 11 E 1
Synopsis as Enacted

Brief Description: Limiting payments for health care services provided to low-income enrollees in state purchased health care programs.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Keiser and Pflug; by request of Health Care Authority and Department of Social and Health Services).

Senate Committee on Ways & Means
House Committee on Ways & Means

Background: The state contracts with health insurance systems to deliver medical care services under the state Medicaid, Disability Lifeline, and Basic Health Plan programs. These systems contract with individual health care practitioners, group practices, clinics, hospitals, pharmacies, and other entities to participate in their network of providers. Persons enrolled in the managed care plan must typically obtain their medical care services from providers who participate in their plan's network in order for the service to be covered.

When they receive services at an in-network facility, managed care enrollees sometimes receive services from health care providers who have not contracted to participate in their managed care plan's network. For example, an enrollee may have surgery at a hospital that has contracted to participate in their managed care plans' network but receive anesthesia from a practitioner who has not.

Disputes have arisen about how much the managed care plan should pay the health care practitioner in such instances. A Snohomish County Superior Court judge has ruled that in such instances the managed care organizations should pay the non-contracted practitioner the full amount billed by the practitioner. Managed care organizations, the Department of Social and Health Services, and the Health Care Authority have expressed concern this will increase the cost of services delivered under state-purchased plans.

Summary: A nonparticipating provider is defined as a health care practitioner or facility that does not have a written contract to participate in a managed health care system's provider network. When a nonparticipating provider delivers services to an enrollee covered by a state-contracted managed care plan, the plan must pay the nonparticipating provider no more than the lowest amount paid for that service under the managed health care system's contracts with similar providers in the state. The nonparticipating provider must accept the payment as

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payment in full and may not balance bill the patient except for any deductible, copayment, or coinsurance.

State-contracted managed care plans must maintain a network of contracted providers sufficient to provide access to all services covered by the contract, including hospital-based physician services. The department must monitor and must report to the Legislature by January 1 of each year on the proportion of services provided by contracted providers and nonparticipating providers, by county, for each state-contracted managed care system to ensure that the systems are meeting network adequacy requirements.

Except for the definition of a nonparticipating provider, the provisions of the act expire July 1, 2016.

Votes on Final Passage:

First Special Session

Senate	34	9	
House	94	2	(House amended)
Senate	34	11	(Senate concurred)

Effective: August 24, 2011.