

2SSB 5215 - S AMD 201

By Senators Becker, Keiser

ADOPTED 03/12/2013

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

3 "NEW SECTION. **Sec. 1.** The legislature finds that Washington state
4 is a provider friendly state within which to practice medicine. As
5 part of health care reform, Washington state endeavors to establish and
6 operate a state-based health benefits exchange wherein insurance
7 products will be offered for sale and add potentially three hundred
8 thousand patients to commercial insurance, and to expand access to
9 medicaid for potentially three hundred thousand new enrollees. Such a
10 successful and new insurance market in Washington state will require
11 the willing participation of all categories of health care providers.
12 The legislature further finds that principles of fair contracting apply
13 to all contracts between health care providers and health insurance
14 carriers offering insurance within Washington state and that fair
15 dealings and transparency in expectations should be present in
16 interactions between all third-party payors and health care providers.

17 NEW SECTION. **Sec. 2.** The definitions in this section apply
18 throughout this chapter unless the context clearly requires otherwise.

19 (1) "Health care provider" or "provider" has the same meaning as in
20 RCW 48.43.005 and, for the purposes of this chapter, includes
21 facilities licensed under chapter 70.41 RCW.

22 (2) "Payor" or "third-party payor" means carriers licensed under
23 chapters 48.20, 48.21, 48.44, and 48.46 RCW, and managed health care
24 systems as defined in RCW 74.09.522.

25 (3) "Material amendment" means an amendment to a contract between
26 a payor and health care provider that would result in requiring a
27 health care provider to participate in a health plan, product, or line
28 of business with a lower fee schedule in order to continue to

1 participate in a health plan, product, or line of business with a
2 higher fee schedule. A material amendment does not include any of the
3 following:

4 (a) A decrease in payment or compensation resulting from a change
5 in a fee schedule published by the payor upon which the payment or
6 compensation is based and the date of applicability is clearly
7 identified in the contract, compensation addendum, or fee schedule
8 notice;

9 (b) A decrease in payment or compensation that was anticipated
10 under the terms of the contract, if the amount and date of
11 applicability of the decrease is clearly identified in the contract; or

12 (c) Changes unrelated to compensation so long as reasonable notice
13 of not less than sixty days is provided.

14 NEW SECTION. **Sec. 3.** (1) A third-party payor shall provide no
15 less than sixty days' notice to the health care provider of any
16 proposed material amendments to a health care provider's contract with
17 the third-party payor.

18 (2) Any material amendment to a contract must be clearly defined in
19 a notice to the provider from the third-party payor as being a material
20 change to the contract before the provider's notice period begins. The
21 notice must also inform the providers that they may choose to reject
22 the terms of the proposed material amendment through written or
23 electronic means at any time during the notice period and that such
24 rejection may not affect the terms of the health care provider's
25 existing contract with the third-party payor.

26 (3) A health care provider's rejection of the material amendment
27 does not affect the terms of the health care provider's existing
28 contract with the third-party payor.

29 (4) A failure to comply with the terms of subsections (1), (2), and
30 (3) of this section shall void the effectiveness of the material
31 amendment.

32 NEW SECTION. **Sec. 4.** A payor may not, without the express written
33 agreement of the health care provider, require a health care provider
34 to extend the payor's medicaid rates, or some percentage above the
35 payor's medicaid rates, that govern a health benefit program
36 administered by a public purchaser to a commercial plan or line of

1 business offered by a payor that is not administered by a public
2 purchaser. For the purposes of this section, "administered by a public
3 purchaser" does not include commercial coverage offered through the
4 Washington health benefit exchange.

5 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.130 RCW
6 to read as follows:

7 No licensee subject to this chapter may be required to participate
8 in any public or private third-party reimbursement program or any plans
9 or products offered by a payor as a condition of licensure.

10 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act constitute
11 a new chapter in Title 48 RCW."

EFFECT: Modifies the definition of payors by removing public
purchasers and local government insurance, while retaining medicaid
managed care plans. Removes the reference to the Department of Social
and Health Services, Health Care Authority, and Labor and Industries.

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