

HOUSE BILL REPORT

SSB 5434

As Reported by House Committee On: Health Care & Wellness

Title: An act relating to the filing and public disclosure of health care provider compensation.

Brief Description: Addressing the filing and public disclosure of health care provider compensation.

Sponsors: Senate Committee on Health Care (originally sponsored by Senators Becker, Dammeier, Keiser, Harper and Conway).

Brief History:

Committee Activity:

Health Care & Wellness: 3/14/13, 3/26/13 [DPA].

Brief Summary of Substitute Bill (As Amended by Committee)

- Requires health carriers to file all provider contracts and compensation agreements with the Insurance Commissioner.
- Protects provider contracts and compensation agreements from public disclosure.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 16 members: Representatives Cody, Chair; Jinkins, Vice Chair; Schmick, Ranking Minority Member; Angel, Clibborn, Green, Harris, Manweller, Moeller, Morrell, Riccelli, Rodne, Ross, Short, Tharinger and Van De Wege.

Staff: Jim Morishima (786-7191).

Background:

A health service contractor or a health maintenance organization must file its provider contract forms with the Insurance Commissioner (Commissioner). Any contract form not affirmatively disapproved by the Commissioner within 15 days is deemed to be approved,

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except that the Commissioner may extend the review period for an additional 15 days. The Commissioner may approve the contract form for immediate use at any time and may withdraw his or her approval for cause. If the Commissioner disapproves of a contract form, the health service contractor or health maintenance organization has a right to an administrative hearing on the issue.

Summary of Amended Bill:

A health carrier (including a health maintenance organization and a health service contractor) must file all provider contracts and provider compensation agreements with the Commissioner 30 days before use. If a carrier and a provider negotiate a contract or compensation agreement that deviates from a previously filed contract or agreement, it must also file the contract or agreement 30 days before use.

A provider contract and its related provider compensation agreements not affirmatively disapproved by the Commissioner during the 30-day period are deemed to be approved, except that the Commissioner may extend the review period for an additional 15 days. Changes made to previously filed and approved compensation agreements must also be filed and are automatically approved upon filing if they make no changes other than to the compensation amount (and related terms that help determine the compensation amount).

The Commissioner may not base a disapproval of a provider compensation agreement on the amount of compensation or other financial arrangements, unless the compensation amount causes the underlying health benefit plan to violate state or federal law. The Commissioner does not have the authority to regulate provider reimbursement amounts.

The Commissioner may withdraw approval of a provider contract or compensation agreement at any time for cause.

Provider compensation agreements are confidential and not subject to public inspection and copying if filed through the system for electronic rate and form filings and the Commissioner's general filing instructions. If the filing fails to comply with the confidentiality filing instructions, and if the carrier indicates that the compensation agreement is to be withheld from public inspection, the Commissioner must reject the filing and notify the carrier to amend its filing to comply with the instructions.

If the Commissioner disapproves of a contract or compensation agreement, the carrier has a right to an administrative hearing on the issue.

The requirement that health service contractors and health maintenance organizations file provider contract forms with the Commissioner is eliminated.

Amended Bill Compared to Substitute Bill:

The amended bill amends the Public Records Act to clarify that provider compensation agreements are not subject to public disclosure.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) The federal Patient Protection and Affordable Care Act (PPACA) requires more information to be filed with the Office of the Insurance Commissioner (OIC). This bill ensures that the OIC will continue to receive this information while protecting the proprietary information of health carriers. Contract forms are currently filed with the OIC, but the proprietary information is omitted. The OIC should have this information under its role as a regulator, but the information should remain confidential.

(Opposed) The current compensation forms filed with the OIC are not particularly valuable. The PPACA does not require that this information required by this bill be collected. None of this information is a trade secret; providers and consumers already have access to it. If these agreements are to be filed with the OIC, people should have access to them so they can make informed decisions. Similar to the competitive bidding process, having this information available will foster competition.

Persons Testifying: (In support) Senator Becker, prime sponsor; Sydney Smith Zavara, Association of Washington Healthcare Plans; Mel Sorensen, America's Health Insurance Plans; Amber Ulvenes, Group Health Cooperative; Katie Kolan, Washington State Medical Association; Davor Gjurasic, Molina Healthcare; and Carrie Tellefsen, Regence.

(Opposed) Rowland Thompson, Allied Daily Newspapers.

Persons Signed In To Testify But Not Testifying: None.