

# FINAL BILL REPORT

## E2SSB 5215

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Synopsis as Enacted

**Brief Description:** Concerning health care professionals contracting with public and private payors.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Becker, Holmquist Newbry, Erickson, Dammeier, Honeyford and Schlicher).

**Senate Committee on Health Care**  
**Senate Committee on Ways & Means**  
**House Committee on Health Care & Wellness**

**Background:** The contractual agreements between health care providers and insurance carriers or third-party payors are privately negotiated contractual agreements. The Office of the Insurance Commissioner (OIC) requires insurance carriers to report their master list of participating providers to review network adequacy, but OIC does not have regulatory authority over the terms of the agreement in other cases. Public programs contract with insurance carriers in some cases, and directly with providers with their own contract terms and reimbursement agreements. Providers are not required by law to sign contracts as participating providers with insurance carriers or public programs. Some contracts include provisions that require providers to accept changes and may require providers to contract with all products offered by the third-party payor.

**Summary:** Third-party payors must provide no less than 60 days' notice to health care providers of any material amendments to the health care provider's contract. Any material amendment must be clearly defined in a notice to the provider, and the notice must inform the providers that they may choose to reject the amendment through written or electronic means and that the rejection of the amendment does not affect the terms of the existing contract.

A material amendment is an amendment to a contract between a payor and health care provider that would result in requiring a provider to participate in a health plan, product, or line of business with a lower fee schedule in order to continue to participate in a plan, product, or line of business with a higher fee schedule. A material amendment does not include the following:

- a decrease in payment or compensation resulting solely from a change in a published fee schedule with the date of applicability clearly identified in the contract;

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- a decrease in payment or compensation that was anticipated under the terms of the contract, if the amount and date of applicability of the decrease is clearly identified in the contract; or
- changes unrelated to compensation so long as reasonable notice of not less than 60 days is provided.

A payor may require a provider to extend the payor's Medicaid rates, or some percentage above the payor's Medicaid rates, to a commercial plan or line of business offered by the payor that is not administered by a public purchaser only if the health care provider expressly agrees to the extension in writing. Commercial coverage offered through the Health Benefit Exchange may not be included in the definition of a public purchase. Nothing prohibits a payor from using Medicaid rates, or some percentage above Medicaid rates, as a base when negotiating payment rates with a health care provider.

Licensed health professionals are not required to participate in any public or private third-party payor arrangement as a condition of licensure.

Health care providers include all health professionals regulated under Title 18, home health and hospice providers regulated under Chapter 70.126 RCW, and hospitals licensed under Chapter 70.41 RCW. Payor or third-party payor means all licensed health insurance carriers or Medicaid-managed care plans.

**Votes on Final Passage:**

Senate	49	0	
House	97	0	(House amended)
Senate	48	0	(Senate concurred)

**Effective:** July 28, 2013.