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**SECOND SUBSTITUTE SENATE BILL 5083**

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**State of Washington 69th Legislature 2025 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Robinson, Harris, Liias, Nobles, Salomon, and Valdez; by request of Health Care Authority)

AN ACT Relating to ensuring access to primary care, behavioral health, and affordable hospital services; and adding a new section to chapter 41.05 RCW.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec.**  A new section is added to chapter 41.05 RCW to read as follows:

(1) For purposes of this section, "contractor" means a health carrier that provides medical insurance offered to public employees and their covered dependents under this chapter, or a third-party administrator contracted by the authority to provide medical coverage to public employees under this chapter.

(2) Upon a good faith offer from a contractor, a hospital licensed under chapter 70.41 RCW that receives payment for services through any program administered by the authority under chapter 74.09 RCW must contract with that contractor. This subsection does not apply to a hospital owned and operated by a health maintenance organization licensed under chapter 48.46 RCW.

(3) Each contractor, for its health plans that provide medical coverage offered to public employees and their covered dependents, must meet the following requirements:

(a) Beginning January 1, 2027:

(i) Except as provided in (a)(ii) of this subsection, reimbursement to any in-network provider or facility located in Washington for inpatient and outpatient hospital services may not exceed the lesser of billed charges, the contractor's contracted rate for the provider, or 200 percent of the total amount medicare would have reimbursed for the same or similar services;

(ii) Reimbursement to any in-network provider or facility located in Washington for inpatient and outpatient hospital services provided at a specialty hospital primarily engaged in the care and treatment of children may not exceed the lesser of billed charges, the contractor's contracted rate for the provider, or 350 percent of the total amount medicare would have reimbursed providers and facilities for the same or similar services;

(iii) Reimbursement for services provided by rural hospitals certified by the centers for medicare and medicaid services as critical access hospitals or sole community hospitals may not be less than 101 percent of allowable costs as defined by the United States centers for medicare and medicaid services for purposes of medicare cost reporting;

(iv) Reimbursement for in-network primary care services, as defined by the authority, may not be less than 150 percent of the amount that would have been reimbursed under the medicare program for the same or similar services; and

(v) Reimbursement for in-network nonfacility-based behavioral health services, as defined by the authority, may not be less than 150 percent of the amount that would have been reimbursed under the medicare program for the same or similar services.

(b) Beginning January 1, 2029:

(i) Except as provided in (b)(ii) of this subsection, reimbursement to any in-network provider or facility located in Washington for inpatient and outpatient hospital services may not exceed the lesser of billed charges, the contractor's contracted rate for the provider, or 190 percent of the total amount medicare would have reimbursed providers and facilities for the same or similar services; and

(ii) Reimbursement to any in-network provider or facility located in Washington for inpatient and outpatient hospital services provided at a specialty hospital primarily engaged in the care and treatment of children may not exceed the lesser of billed charges, the contractor's contracted rate for the provider, or 300 percent of the total amount medicare would have reimbursed the providers and facilities for the same or similar services.

(4) This section does not apply to:

(a) Rural hospitals certified by the centers for medicare and medicaid services as critical access hospitals or sole community hospitals except for hospitals that are owned or operated by a health system that owns or operates more than two acute care hospitals licensed under chapter 70.41 RCW;

(b) Hospitals located on an island operating within a public hospital district in Skagit county; or

(c) Hospitals that are not currently designated as a critical access hospital, do not meet current federal eligibility requirements for designation as a critical access hospital, have combined medicaid and medicare inpatient days greater than 60 percent of all hospital inpatient days, and are located on the land of a federally recognized Indian tribe.

(5) Nothing in this section prohibits a contractor from reimbursing a hospital through a nonfee-for-service payment methodology, so long as the payments incentivize higher quality or improved health outcomes and the contractor continues to comply with the reimbursement requirements in this section.

(6) Premiums must take into account changes in reimbursement for hospital, primary care, and behavioral health services anticipated to result from the application of this section.

(7) At the request of the authority for monitoring, enforcement, or program and quality improvement activities, a contractor must provide cost and quality of care information and data to the authority and may not enter into an agreement with a provider or third party that would restrict the contractor from providing this information or data.

(8)(a) By December 31, 2030, the authority, in consultation with the office of the insurance commissioner, shall provide a report to the governor's office and relevant committees of the legislature analyzing the initial impacts of this section on network access, enrollee premiums and cost sharing, and state expenditures for medical coverage offered to public employees under this chapter. The report may include recommendations for legislative changes to the policy established in this section.

(b) By December 31, 2034, the authority, in consultation with the office of the insurance commissioner, shall provide a second report to the governor's office and relevant committees of the legislature providing an updated analysis on the impacts of this section on network access, enrollee premiums and cost sharing, and state expenditures for medical coverage offered to public employees under this chapter. The report may include recommendations for legislative changes to the policy established in this section.

(9) For the purposes of this section, reimbursement for inpatient and outpatient services does not include charges for professional services.

(10) The authority may adopt rules to implement this section, including rules for levying fines and taking other contract actions it deems necessary to enforce compliance with this section.

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