

SENATE BILL REPORT

SB 5579

As Reported by Senate Committee On:
Health & Long-Term Care, February 21, 2025

Title: An act relating to prohibiting health carriers, facilities, and providers from making any public statements of any potential or planned contract terminations unless it satisfies a legal obligation.

Brief Description: Prohibiting health carriers, facilities, and providers from making any public statements of any potential or planned contract terminations unless it satisfies a legal obligation.

Sponsors: Senators Cleveland, Muzzall and Valdez.

Brief History:

Committee Activity: Health & Long-Term Care: 2/04/25, 2/21/25 [DPS, DNP].

Brief Summary of First Substitute Bill

- Prohibits health carriers or health care providers from making public statements regarding a possible contract termination, except under certain circumstances.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5579 be substituted therefor, and the substitute bill do pass.

Signed by Senators Cleveland, Chair; Orwall, Vice Chair; Muzzall, Ranking Member; Bateman, Chapman, Harris, Holy, Riccelli, Robinson and Slatter.

Minority Report: Do not pass.

Signed by Senator Christian.

Staff: Greg Attanasio (786-7410)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: Health carriers must file all provider contracts and provider compensation agreements with the Office of the Insurance Commissioner (OIC) 30 calendar days before use. When a carrier and provider negotiate an agreement that deviates from a filed agreement, the specific contract must be filed 30 days prior to use. Any provider compensation agreements not affirmatively disapproved by OIC are deemed approved, except OIC may extend the approval date an additional 15 days with notice before the initial 30-day period expires. Changes to the previously filed agreements that modify the compensation or related terms must be filed and are deemed approved upon filing if no other changes are made to the previously approved agreement. OIC may not base a disapproval of the agreement on the amount of the compensation or other financial arrangements between the carrier and provider, unless the compensation amount causes the underlying health benefit plan to be in violation of state or federal law.

A health carrier and contracting health care provider must provide at least 60 days' written notice to each other before terminating the contract without cause. Whether the termination was for cause, or without cause, the carrier must make a good faith effort to ensure written notice of a termination is provided at least 30 days before the effective date of the termination, or immediately for a termination for cause that results in less than 30 days notice, to all enrollees who are patients seen on a regular basis by a specialist, by a provider for whom they have a standing referral; or by a primary care provider. OIC must approve the notices sent by carriers to enrollees.

Summary of Bill (First Substitute): When a contract between a health carrier and a health care provider is expiring by its own terms or for which one party has given notice to the other party of an intended termination without cause in accordance with the terms of the contract, neither the provider, nor the carrier may make or cause to be made public statements, including by directly communicating with impacted individuals, including enrollees and patients, regarding such expiration or termination until 45 days before the termination date, unless:

- such disclosure is to satisfy a legal obligation; or
- the expiration or termination has already been disclosed publicly because of a legal obligation.

OIC, in consultation with health carriers, health care providers, health care facilities, and consumers, must develop standard template language for the such notices. The language in the templates, at a minimum, make reference to the specific facility or facilities by name that would be affected by the potential contract termination and an indication of whether the potential termination would apply to hospital-based providers, provide direction to enrollees related to appointments that are scheduled past the date of the potential contract termination date, and provide information concerning the enrollee's continuity of care rights pursuant to the federal No Surprises Act. OIC must approve each notice before it is used for any purpose.

OIC may enforce the provisions of this act, and may, when appropriate, refer potential

violations by health care providers or health care facilities to the Department of Health.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (First Substitute):

- Prohibits a carrier, provider, or facility from sending notice to enrollees or patients of a potential contract termination until 45 days before the termination date, unless to satisfy a legal obligation.
- Requires OIC to develop template language for the notices and requires OIC to approve notices before being sent out.
- Provides enforcement authority to OIC and DOH.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Patients receive a lot of communications about potential contract terminations that can be confusing and raise concerns about losing access to care. The bill is meant to remove the patient from the middle of contract negotiations. The bill creates a quiet period to allow for contract negotiations to take place in good faith. Almost all negotiations result in agreement. Early communication should not be used as a negotiation tactic.

CON: Hospitals must have transparency with the community and must be able to provide notice of potential terminations. Status of contracts are sometimes discussed in public meets for public hospital districts, which could violate this bill. Patients should be aware of potential disruptions. Carriers should not always be reaching out first. The approach of this bill is not balanced. Carriers do not notify all enrollees under current law so this could cause more problems.

OTHER: There are not currently regulation on provider communications. The bill should be limited to without cause situations. OIC could create language templates for carriers and providers. Notice requirements should be included in contracts.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Christine Brewer, Premera Blue Cross; Denise Corcoran, Regence BlueShield.

CON: Sean Graham, Washington State Medical Association (WSMA); Lisa Thatcher, Washington State Hospital Association; Alex Town, Samaritan Health Care.

OTHER: Jane Beyer, WA Office of the Insurance Commissioner.

Persons Signed In To Testify But Not Testifying: No one.