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**SUBSTITUTE HOUSE BILL 1352**

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**State of Washington**

**53rd Legislature**

**1993 Regular Session**

**By** House Committee on Commerce & Labor (originally sponsored by Representatives Veloria, G. Cole and Franklin; by request of Department of Labor & Industries)

Read first time 02/17/93.

1 AN ACT Relating to fee schedules for industrial insurance medical  
2 aid; and amending RCW 51.04.030, 51.36.080, and 51.36.085.

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

4 **Sec. 1.** RCW 51.04.030 and 1989 c 189 s 1 are each amended to read  
5 as follows:

6 The director shall, through the division of industrial insurance,  
7 supervise the providing of prompt and efficient care and treatment,  
8 including care provided by physician(~~s~~) assistants governed by the  
9 provisions of chapters 18.57A and 18.71A RCW, acting under a  
10 supervising physician to workers injured during the course of their  
11 employment at the least cost consistent with promptness and efficiency,  
12 without discrimination or favoritism, and with as great uniformity as  
13 the various and diverse surrounding circumstances and locations of  
14 industries will permit and to that end shall, from time to time,  
15 establish and promulgate and supervise the administration of printed  
16 forms, rules, regulations, and practices for the furnishing of such  
17 care and treatment: PROVIDED, That, the department may recommend to an  
18 injured worker particular health care services and providers where  
19 specialized treatment is indicated or where cost effective payment

1 levels or rates are obtained by the department: AND PROVIDED FURTHER,  
2 That the department may enter into contracts for goods and services  
3 including, but not limited to, durable medical equipment so long as  
4 state-wide access to quality service is maintained for injured workers.

5 The director shall ~~((make))~~, in consultation with interested  
6 persons, establish and, ~~((from time to time,))~~ in his or her  
7 discretion, periodically change as may be necessary, and ~~((promulgate))~~  
8 make available a fee ~~((bill))~~ schedule of the maximum charges to be  
9 made by any physician, surgeon, hospital, druggist, physicians'  
10 assistants as defined in chapters 18.57A and 18.71A RCW, acting under  
11 a supervising physician or other agency or person rendering services to  
12 injured workers. The department shall coordinate with other state  
13 purchasers of health care services to establish as much consistency and  
14 uniformity in billing and coding practices as possible, taking into  
15 account the unique requirements and differences between programs. No  
16 service covered under this title shall be charged or paid at a rate or  
17 rates exceeding those specified in such fee ~~((bill))~~ schedule, and no  
18 contract providing for greater fees shall be valid as to the excess.  
19 The establishment of such a schedule, exclusive of conversion factors,  
20 does not constitute "agency action" as used in RCW 34.05.010(3), nor  
21 does such a fee schedule constitute a "rule" as used in RCW  
22 34.05.010(15).

23 The director or self-insurer, as the case may be, shall make a  
24 record of the commencement of every disability and the termination  
25 thereof and, when bills are rendered for the care and treatment of  
26 injured workers, shall approve and pay those which conform to the  
27 promulgated rules, regulations, established fee schedules, and  
28 practices of the director and may reject any bill or item thereof  
29 incurred in violation of the principles laid down in this section or  
30 the rules ~~((and))~~, regulations, or the established fee schedules and  
31 rules and regulations promulgated under it.

32 **Sec. 2.** RCW 51.36.080 and 1987 c 470 s 1 are each amended to read  
33 as follows:

34 (1) All fees and medical charges under this title shall conform to  
35 ~~((regulations promulgated))~~ the fee schedule established by the  
36 director and shall be paid within sixty days of receipt by the  
37 department of a proper billing in the form prescribed by department  
38 rule or sixty days after the claim is allowed by final order or

1 judgment, if an otherwise proper billing is received by the department  
2 prior to final adjudication of claim allowance. The department shall  
3 pay interest at the rate of one percent per month, but at least one  
4 dollar per month, whenever the payment period exceeds the applicable  
5 sixty-day period on all proper fees and medical charges.

6 Beginning in fiscal year 1987, interest payments under this  
7 subsection may be paid only from funds appropriated to the department  
8 for administrative purposes. A record of payments made under this  
9 subsection shall be submitted twice yearly to the commerce and labor  
10 committees of the senate and the house of representatives and to the  
11 ways and means committees of the senate and the house of  
12 representatives.

13 Nothing in this section may be construed to require the payment of  
14 interest on any billing, fee, or charge if the industrial insurance  
15 claim on which the billing, fee, or charge is predicated is ultimately  
16 rejected or the billing, fee, or charge is otherwise not allowable.

17 In establishing fees for medical and other health care services,  
18 the director shall consider the director's duty to purchase health care  
19 in a prudent, cost-effective manner without unduly restricting access  
20 to necessary care by persons entitled to the care. With respect to  
21 workers admitted as hospital inpatients on or after July 1, 1987, the  
22 director shall pay for inpatient hospital services on the basis of  
23 diagnosis-related groups, contracting for services, or other prudent,  
24 cost-effective payment method, which the director shall establish by  
25 rules adopted in accordance with chapter 34.05 RCW.

26 (2) The director may establish procedures for selectively or  
27 randomly auditing the accuracy of fees and medical billings submitted  
28 to the department under this title.

29 **Sec. 3.** RCW 51.36.085 and 1987 c 316 s 4 are each amended to read  
30 as follows:

31 All fees and medical charges under this title shall conform to  
32 regulations promulgated, and the fee schedule established by the  
33 director and shall be paid within sixty days of receipt by the self-  
34 insured of a proper billing in the form prescribed by department rule  
35 or sixty days after the claim is allowed by final order or judgment, if  
36 an otherwise proper billing is received by the self-insured prior to  
37 final adjudication of claim allowance. The self-insured shall pay  
38 interest at the rate of one percent per month, but at least one dollar

1 per month, whenever the payment period exceeds the applicable sixty-day  
2 period on all proper fees and medical charges.

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