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**HOUSE BILL 2959**

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**State of Washington 66th Legislature 2020 Regular Session**

**By** Representatives Riccelli, Robinson, and Pollet

AN ACT Relating to requiring the reporting of paid claims by covered entities to the office of the insurance commissioner; and adding a new section to chapter 48.43 RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 48.43 RCW to read as follows:

(1) A covered entity is required to report to the commissioner's office annually on claims paid during the preceding calendar year. The first report is due September 1, 2020, for all claims paid during calendar year 2019. Reports are due by May 1st each year thereafter.

(2) The report shall be in the manner and form required by the commissioner's office; however, it must include the number of individual claims for each type of claim, the total dollar value paid for each type of claim, the average dollar value paid for each type of claim, and other relevant information for the following types of claims:

(a) Claims paid for medical care in a hospital;

(b) Claims paid for medical care in a medical facility other than a hospital;

(c) Claims paid for dental care;

(d) Claims paid for pharmaceutical care;

(e) Claims paid for ancillary care, including ambulatory services and emergency and nonemergency transportation;

(f) Claims paid for services provided by any professional regulated under chapter 18.130 RCW, except for veterinarians, marriage and family therapists, athletic trainers, massage therapists, and mental health counselors; and

(g) Claims paid for behavioral health services, including mental health and substance use disorder treatment.

(3) Beginning December 1, 2020, and continuing annually thereafter, the commissioner's office must submit a report summarizing the claims paid by covered entities to the appropriate committees of the legislature.

(4) The definitions in this subsection apply throughout this section unless the context clearly requires otherwise.

(a) "Claims-related expenses" means:

(i) Cost containment expenses including payments for utilization review, care or case management, disease management, medication review management, risk assessment, and similar administrative services intended to reduce the claims paid for health and medical services rendered to covered individuals by attempting to ensure the needed services are delivered in the most efficacious manner possible or by helping those covered individuals maintain or improve their health;

(ii) Payments that are made to or by an organized group of health or medical service providers in accordance with managed care risk arrangements or network access agreements if the payments are unrelated to the provision of services to specific covered individuals; and

(iii) General administrative expenses.

(b) "Covered entity" means health carriers as defined in RCW 48.43.005, third-party administrators, and employers offering self-funded coverage.

(c) "Health and medical services" means:

(i) Services including furnishing medical care, dental care, pharmaceutical care, and care provided in a hospital or other medical facility;

(ii) Ancillary services, including ambulatory services and emergency and nonemergency transportation;

(iii) Services provided by any professional regulated under chapter 18.130 RCW, except for veterinarians, marriage and family therapists, athletic trainers, massage therapists, and mental health counselors; and

(iv) Behavioral health services, including mental health and substance use disorder treatment.

(d) "Paid claims" includes the net recovery of actual payments made on behalf of a Washington resident to a health and medical services provider or reimbursed to an individual by a covered entity. "Paid claims" does not include:

(i) Claims-related expenses;

(ii) Payments made to a qualifying provider under an incentive compensation arrangement if the payments are not reflected in the processing of claims submitted for services rendered to specific covered individuals;

(iii) Claims paid by covered entities for specified accident, accident-only coverage, credit, disability income, long-term care, health-related claims under automobile insurance, homeowners insurance, farm owners insurance, commercial multiple peril insurance, workers compensation, and coverage issued as a supplement to liability insurance;

(iv) Claims paid for services to a nonresident of Washington or for services provided outside of Washington;

(v) Claims paid under health coverage offered to federal employees;

(vi) Claims paid by a tribal government or a Taft-Hartley trust, or a third-party administrator acting on behalf of a tribal government or Taft-Hartley trust;

(vii) Claims paid under federal and state programs, including medicare, apple health, apple health for kids, tricare, and veterans administration coverage;

(viii) Reimbursement to an individual under a health reimbursement arrangement authorized under the federal internal revenue code, including a flexible spending arrangement, a health savings account, an Archer medical savings account, or a medicare advantage medical savings account;

(ix) Cost-sharing paid by an individual, including copayments, coinsurance, and deductibles;

(x) Claims paid by coverage offered under chapter 48.41 RCW.

(e) "Third-party administrators" means any person or entity who, on behalf of a health carrier or health care purchaser other than a tribal government or a Taft-Hartley trust, receives or collects charges or contributions for providers and facilities.

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