

HOUSE BILL REPORT

HB 1827

As Reported By House Committee On:
Health Care

Title: An act relating to conflicts of interest among health care providers, facilities, and third-party payers.

Brief Description: Regulating conflicts of interest among health care providers, facilities, and third-party payers.

Sponsors: Representatives Dyer, Dellwo, Morris and Jacobsen; by request of Health Services Commission.

Brief History:

Committee Activity:

Health Care: 2/24/95, 2/28/95 [DPS].

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Dyer, Chairman; Dellwo, Ranking Minority Member; Cody, Assistant Ranking Minority Member; Conway; Kessler; Morris and Skinner.

Minority Report: Do not pass. Signed by 6 members: Representatives Backlund, Vice Chairman; Hymes, Vice Chairman; Campbell; Casada; Crouse and Sherstad.

Staff: Charlie Gavigan (786-7340).

Background: Current law prohibits health care practitioners from providing rebates or other consideration to other health care practitioners for patient referrals. A practitioner who owns a financial interest in a clinical laboratory or other facility that provides medical services is not prohibited from referring a patient to the clinic or facility if: (1) the referring practitioner discloses the financial interest to the patient in writing; and (2) the referring practitioner provides the patient with a list of alternative facilities. A person who violates this law is guilty of a misdemeanor and may have his or her license revoked or suspended.

Summary of Substitute Bill: Current law prohibiting rebates for patient referrals between health care practitioners is repealed and replaced with provisions addressing

conflicts of interest for health care providers and facilities. The Department of Health is authorized to adopt rules that prohibit inappropriate financial gain for health care providers or facilities. In adopting these rules, the department must consider, among other things: (1) protecting patients from over-utilization or under-utilization of health services; (2) avoiding unnecessary health care expenditures; (3) maintaining public confidence in the integrity of the health care system; (4) promoting formation of financial networks; and (5) encouraging competition.

The Department of Health may issue advisory opinions on whether specific circumstances or arrangements are permitted.

Disciplinary action may be taken against providers and facilities that violate conflict of interest provisions. A violation of this act is also a violation of the Consumer Protection Act, although no private action is allowed. In addition, the attorney general may issue a cease and desist order to prevent or stop a practice that violates these conflict of interest provisions.

Substitute Bill Compared to Original Bill: The substitute gives responsibility for making rules and issuing advisory opinions to the Department of Health rather than the Health Services Commission. Clarifications and technical corrections are also made by the substitute bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill contains several effective dates. Please refer to the bill.

Testimony For: The current law in this area is not working. The bill enables the Health Services Commission to address conflicts of interest more effectually through rules and advisory opinions.

Testimony Against: None.

Testified: Don Brennan, Andy Dolan, Sean Bleck, and Greg Vigdor, Health Services Commission (pro).