SENATE BILL REPORT

SSB 6122

As Passed Senate, February 10, 1996

Title: An act relating to the protection of patient choice in health care insurance and in the choice of health care providers.

Brief Description: Protecting patient choice in health care insurance and health care providers.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Quigley, Fairley, Kohl, Thibaudeau, Loveland, Sheldon, Franklin, Winsley, Pelz and McAuliffe).

Brief History:
Committee Activity: Health & Long-Term Care: 12/1/95; 1/16/96, 2/2/96 [DPS, DNP]. Passed Senate, 2/10/96, 42-6.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6122 be substituted therefor, and the substitute bill do pass.
Signed by Senators Quigley, Chair; Franklin, Thibaudeau, Winsley and Wood.

Minority Report: Do not pass.
Signed by Senators Fairley and Moyer.

Staff: Don Sloma (786-7319)

Background: Ever-increasing health care costs have precipitated the development of medical care delivery mechanisms intended to be more efficient and effective. One name given to a wide variety of such mechanisms is "managed care." Managed care refers to many strategies to integrate the delivery of medical care and sometimes other services in an effort to reduce duplication, reduce the delivery of unneeded care and promote improved health outcomes.

Major purchasers of medical care and medical care insurers have turned increasingly to managed care strategies in recent years, offering a variety of price and service incentives to employees or plan enrollees who opt for managed care coverage. The result has been a large increase in the share of the medical care market now in managed care. Estimates are that various managed care arrangements may constitute as much as 67 percent of the market nationally, and as much as 84 percent in our state.

Some consumers and providers of medical care services are concerned that some managed care practices employed by insurers may reduce the quality of medical services by reducing patient choice of providers or by effectively excluding some providers arbitrarily. In addition, there is concern that those health maintenance organizations which employ their own health care providers or which own medical care facilities may not be adequately

regulated to protect consumers from reductions in quality that may occur in an increasingly cost conscious medical care market.

Summary of Bill: The original bill is stricken and replaced by three requirements of every health carriers, with respect to every health plan delivered, issued for delivery or renewed after January 1, 1997. The first requirement is that a variety of managed care strategies, such as utilization review, gatekeepers and more, may only be used to the extent that they assure efficient and effective delivery of care. They may not discriminate against any type of provider included in the plan and must be applied uniformly.

The second requirement is that all carriers and plans must include licensed chiropractors to the extent that several named conditions are met. The third requirement is that licensed naturopaths must also be included in all plans and by all carriers to the extent the same set of named conditions are met.

Appropriation: None.

Fiscal Note: Requested on December 28, 1995.

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

Testimony For: This bill provides needed limits which will help to curb abuses related to managed care, promote choice and guarantee some increased level of access to chiropractors and naturopaths.

Testimony Against: This bill will increase costs by limiting the power of managed care strategies and by requiring use of some providers whose services may be unneeded. It will limit choices for those who want economical, closely managed care plans.

Testified: Diane Stollenwerk, Sisters of Providence Health System/Peace Health (con); Sharon Case, Advanced Practice Psychiatric Nurses (pro).