

---

ENGROSSED SUBSTITUTE HOUSE BILL 2331

---

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Backlund, Dyer, Hymes, Thompson, McMahan, Basich, D. Sommers and Sherstad)

Read first time 02/02/96.

1 AN ACT Relating to review of mandated health insurance benefits;  
2 amending RCW 48.42.060, 48.42.070, and 48.42.080; adding a new chapter  
3 to Title 48 RCW; and recodifying RCW 48.42.060, 48.42.070, and  
4 48.42.080.

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

6 **Sec. 1.** RCW 48.42.060 and 1984 c 56 s 1 are each amended to read  
7 as follows:

8 The legislature ~~((takes notice of the increasing number of~~  
9 ~~proposals for the))~~ finds that there is a continued interest in  
10 mandating ~~((of))~~ certain health coverages or offering of health  
11 coverages by ~~((insurance))~~ health carriers~~((, health care service~~  
12 ~~contractors, and health maintenance organizations as a component of~~  
13 ~~individual or group policies.))~~; and that improved access to these  
14 health care services to segments of the population which desire them  
15 can provide beneficial social and health consequences which may be in  
16 the public interest.

17 The legislature finds further, however, that the cost ramifications  
18 of expanding health coverages is ~~((resulting in a growing))~~ of  
19 continuing concern~~((The way that such coverages are structured and~~

1 ~~the steps taken to create incentives to provide cost effective services~~  
2 ~~or to take advantage of cost off setting features of services can~~  
3 ~~significantly influence the cost impact of mandating particular~~  
4 ~~coverages.); and that the merits of a particular ((coverage mandate))~~  
5 mandated benefit must be balanced against a variety of consequences  
6 which may go far beyond the immediate impact upon the cost of insurance  
7 coverage. The legislature hereby finds and declares that a systematic  
8 review of proposed mandated ((or mandatorily offered health coverage))  
9 benefits, which explores all the ramifications of such proposed  
10 legislation, will assist the legislature in determining whether  
11 mandating a particular coverage or offering is in the public interest.  
12 ((This chapter provides for a set of guidelines which should be  
13 addressed in the consideration of all such mandated coverage proposals  
14 coming before the legislature.)) The purpose of this chapter is to  
15 establish a procedure for the proposal, review, and determination of  
16 mandated benefit necessity.

17 NEW SECTION. Sec. 2. Unless otherwise specifically provided, the  
18 definitions in this section apply throughout this chapter.

19 (1) "Appropriate committees of the legislature" or "committees"  
20 means nonfiscal standing committees of the Washington state senate and  
21 house of representatives that have jurisdiction over statutes that  
22 regulate health carriers, health care facilities, health care  
23 providers, or health care services.

24 (2) "Department" means the Washington state department of health.

25 (3) "Health care facility" or "facility" means hospices licensed  
26 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,  
27 rural health care facilities as defined in RCW 70.175.020, psychiatric  
28 hospitals licensed under chapter 71.12 RCW, nursing homes licensed  
29 under chapter 18.51 RCW, community mental health centers licensed under  
30 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed  
31 under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical  
32 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment  
33 facilities licensed under chapter 70.96A RCW, and home health agencies  
34 licensed under chapter 70.127 RCW, and includes such facilities if  
35 owned and operated by a political subdivision or instrumentality of the  
36 state, and such other facilities as required by federal law and  
37 implementing regulations.

38 (4) "Health care provider" or "provider" means:

1 (a) A person regulated under Title 18 or chapter 70.127 RCW, to  
2 practice health or health-related services or otherwise practicing  
3 health care services in this state consistent with state law; or

4 (b) An employee or agent of a person described in (a) of this  
5 subsection, acting in the course and scope of his or her employment.

6 (5) "Health care service" or "service" means a service, drug, or  
7 medical equipment offered or provided by a health care facility and a  
8 health care provider relating to the prevention, cure, or treatment of  
9 illness, injury, or disease.

10 (6) "Health carrier" or "carrier" means a disability insurer  
11 regulated under chapter 48.20 or 48.21 RCW, a health care service  
12 contractor as defined in RCW 48.44.010, a health maintenance  
13 organization as defined in RCW 48.46.020, plans operating under the  
14 state health care authority under chapter 41.05 RCW, the state health  
15 insurance pool operating under chapter 48.41 RCW, and insuring entities  
16 regulated in chapter 48.43 RCW.

17 (7) "Mandated health insurance benefit" or "mandated benefit" means  
18 coverage or offering required by law to be provided by a health carrier  
19 to: (a) Cover a specific health care service or services, or (b)  
20 contract, pay, or reimburse specific categories of health care  
21 providers for specific services.

22 **Sec. 3.** RCW 48.42.070 and 1989 1st ex.s. c 9 s 221 are each  
23 amended to read as follows:

24 Mandated health insurance benefits shall be established as follows:

25 (1) Every person ~~who,~~ or organization ((which)) ~~that,~~ seeks  
26 ((sponsorship of a legislative proposal which would mandate a health  
27 coverage or offering of a health coverage by an insurance carrier,  
28 health care service contractor, or health maintenance organization as  
29 a component of individual or group policies, shall submit a report to  
30 the legislative committees having jurisdiction, assessing both the  
31 social and financial impacts of such coverage, including the efficacy  
32 of the treatment or service proposed, according to the guidelines  
33 enumerated in RCW 48.42.080. Copies of the report shall be sent to the  
34 state department of health for review and comment. The state  
35 department of health shall make recommendations based on the report to  
36 the extent requested by the legislative committees)) to establish a  
37 mandated benefit shall, at least ninety days prior to a regular  
38 legislative session, submit a mandated benefit proposal to the

1 appropriate committees of the legislature, assessing the social impact,  
2 financial impact, and evidence of health care service efficacy of the  
3 benefit in strict adherence to the criteria enumerated in RCW 48.42.080  
4 (as recodified by this act).

5 (2) The chair of a committee may request that the department  
6 examine the proposal using the criteria set forth in RCW 48.42.080 (as  
7 recodified by this act), however, such request must be made no later  
8 than nine months prior to a subsequent regular legislative session.

9 (3) To the extent that funds are appropriated for this purpose, the  
10 department shall report to the appropriate committees of the  
11 legislature on the appropriateness of adoption no later than thirty  
12 days prior to the legislative session during which the proposal is to  
13 be considered.

14 (4) Mandated benefits must be authorized by law.

15 **Sec. 4.** RCW 48.42.080 and 1984 c 56 s 3 are each amended to read  
16 as follows:

17 ~~((Guidelines for assessing the impact of proposed mandated or~~  
18 ~~mandatorily offered health coverage to the extent that information is~~  
19 ~~available, shall include, but not be limited to, the following:))~~

20 (1) Based on the availability of relevant information, the  
21 following criteria shall be used to assess the impact of proposed  
22 mandated benefits:

23 (a) The social impact: ~~((+a))~~ (i) To what extent is the  
24 ~~((treatment or service))~~ benefit generally utilized by a significant  
25 portion of the population? ~~((+b))~~ (ii) To what extent is the  
26 ~~((insurance coverage))~~ benefit already generally available? ~~((+c))~~  
27 (iii) If ~~((coverage))~~ the benefit is not generally available, to what  
28 extent ~~((does the lack of coverage result in persons avoiding necessary~~  
29 ~~health care treatments))~~ has its unavailability resulted in persons not  
30 receiving needed services? ~~((+d))~~ (iv) If the ~~((coverage))~~ benefit is  
31 not generally available, to what extent ~~((does the lack of coverage~~  
32 result)) has its unavailability resulted in unreasonable financial  
33 hardship? ~~((+e))~~ (v) What is the level of public demand for the  
34 ~~((treatment or service))~~ benefit? ~~((+f) What is the level of public~~  
35 ~~demand for insurance coverage of treatment or service?-(g))~~ (vi) What  
36 is the level of interest of collective bargaining agents in negotiating  
37 privately for inclusion of this ~~((coverage))~~ benefit in group  
38 contracts?

1       ~~((2))~~ (b) The financial impact: ~~((a))~~ (i) To what extent will  
2 the ~~((coverage))~~ benefit increase or decrease the cost of treatment or  
3 service? ~~((b))~~ (ii) To what extent will the coverage increase the  
4 appropriate use of the ~~((treatment or service))~~ benefit? ~~((c))~~ (iii)  
5 To what extent will the ~~((mandated treatment or service))~~ benefit be a  
6 substitute for a more expensive ~~((treatment or service))~~ benefit?  
7 ~~((d))~~ (iv) To what extent will the ~~((coverage))~~ benefit increase or  
8 decrease the administrative expenses of ~~((insurance companies))~~ health  
9 carriers and the premium and administrative expenses of policyholders?  
10 ~~((e))~~ (v) What will be the impact of this ~~((coverage))~~ benefit on the  
11 total cost of health care services and on premiums for health  
12 insurance? (vi) What will be the impact of this benefit on costs for  
13 state-purchased health care?

14       (c) Evidence of health care service efficacy:

15       (i) If a mandatory benefit of a specific service is sought, to what  
16 extent has there been conducted professionally accepted controlled  
17 trials demonstrating the health consequences of that service compared  
18 to no service or an alternative service?

19       (ii) If a mandated benefit of a category of health care provider is  
20 sought, to what extent has there been conducted professionally accepted  
21 controlled trials demonstrating the health consequences achieved by the  
22 mandated benefit of this category of health care provider?

23       (iii) To what extent will the mandated benefit enhance the general  
24 health status of the state residents?

25       (2) The department may supplement these criteria, by rule, to  
26 reflect new relevant information or additional significant issues.

27       (3) The office of the insurance commissioner shall evaluate the  
28 reasonableness and actuarial accuracy of cost estimates associated with  
29 the proposed mandated benefit that are provided to the department by  
30 the proposer or other interested parties, and shall provide comment to  
31 the department.

32       NEW SECTION. Sec. 5. Section 2 of this act shall constitute a new  
33 chapter in Title 48 RCW.

34       NEW SECTION. Sec. 6. RCW 48.42.060, 48.42.070, and 48.42.080 are  
35 each recodified in the new chapter created in section 5 of this act.

1        NEW SECTION.    **Sec. 7.**    If any provision of this act or its  
2 application to any person or circumstance is held invalid, the  
3 remainder of the act or the application of the provision to other  
4 persons or circumstances is not affected.

--- END ---