
SENATE BILL 5803

State of Washington

54th Legislature

1995 Regular Session

By Senators Quigley and Moyer

Read first time 02/07/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to patient care; amending RCW 48.43.170 and
2 43.72.310; adding a new section to chapter 43.72 RCW; adding a new
3 section to chapter 70.43 RCW; adding new chapters to Title 70 RCW;
4 adding a new chapter to Title 48 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** LEGISLATIVE FINDINGS. (1) The legislature
7 finds that the pace of health care reforms initiated by both the public
8 and private sectors can result in unforeseen consequences in the
9 delivery system unless safeguards are put in place. These undesired
10 consequences can include negative effects on the quality of patient
11 care, reducing the options open to patients to receive the kind of care
12 they desire, regulation that decreases the competition in the delivery
13 system, concentration in the marketplace the effect of which is to
14 achieve market power in relation to consumers and to disrupt
15 established and historically useful relationships in the delivery
16 system.

17 (2) Preserving the best of what already exists in the delivery
18 system, while providing for sufficient flexibility so the system can

1 evolve into a more cost-effective one, requires careful balancing among
2 competing objectives.

3 NEW SECTION. **Sec. 2. QUALIFICATIONS DISCLOSURE.** (1) All health
4 care payers subject to the jurisdiction of the state of Washington must
5 disclose to their enrollees the qualifications and training of the
6 types of practitioners who provide services under their plans and
7 programs.

8 (2) The health services commission shall adopt by rule the contents
9 of such disclosure and shall contain, at a minimum, the length and
10 source of formal training of the practitioner, including posttraining
11 experience.

12 NEW SECTION. **Sec. 3. SUPERVISION OF PHYSICIANS BY NONPHYSICIANS.**

13 (1) For purposes of this section, the following definitions apply:

14 (a) "Physician" means those persons licensed pursuant to chapters
15 18.57 and 18.71 RCW.

16 (b) "Supervision" means having the right to tell physicians how to
17 practice medicine because of the nature of the relationship with the
18 physician or by contract irrespective of whether the right is exercised
19 or whether the right is obtained indirectly by, for example, refusing
20 to pay the physician for care delivered because of a disagreement
21 regarding its medical necessity or quality.

22 (2) No entity supervising physicians may impose on a physician
23 adverse consequences of any kind because of referring patients for care
24 to facilities or practitioners other than those approved by the
25 supervising entity where the physician in good faith believes that
26 there is a substantial patient care justification for doing so and that
27 the care was otherwise unavailable.

28 (3) No entity supervising physicians shall interfere directly or
29 indirectly with the physicians selecting the malpractice carrier of
30 their choice.

31 (4) No public or private health care payer subject to the
32 jurisdiction of the state of Washington shall propose, issue, sign, or
33 renew a provider agreement or enrollee service agreement that contains
34 a clause whose effect, in any way, is to disclaim liability for the
35 care delivered or not delivered to an enrollee because of a decision of
36 the payer as to whether the care was a covered service, medically
37 necessary, economically provided, medically appropriate or similar

1 consideration. Similarly, no clause shall attempt to shift liability
2 for harm caused by such payer decisions to providers and/or enrollees
3 by claiming that the decision as to whether care should be delivered,
4 as opposed to paid for, is between the provider and patient alone as if
5 the fact of whether or not care is paid for played little or no role in
6 a patient's decision to obtain care. Nothing in this subsection shall
7 be inferred to result in liability to anyone for a payer's payment
8 decisions that are consistent with the language of the applicable
9 service agreement or consistent with the cost-effective delivery of
10 health care. The intent of this section is only to prevent payers from
11 shifting their liability for payment decisions to providers and/or
12 enrollees.

13 (5) In the case of hospitals supervising physicians, hospitals may
14 not take any disciplinary action of any kind against such a physician
15 regarding quality of care or utilization review unless the physician
16 was afforded the same procedural rights as physicians not supervised by
17 the hospital under the hospital's medical staff bylaws. This
18 protection extends to clinical performance standards, economic
19 performance standards whether formally stated or not, and terminations
20 or limitations relating to clinical or economic performance.

21 (6) All physicians shall be protected from reprisals for making
22 reports regarding the practices and standards of supervising entities
23 subject to the jurisdiction of the state of Washington to federal or
24 state government authorities to the same extent as government employees
25 are protected for reporting to the state auditor under chapter 42.40
26 RCW. This protection shall extend to reprisals of any kind initiated
27 by a plan against a reporting provider.

28 (7) No payer, subject to the jurisdiction of the state of
29 Washington, may take any adverse action against a provider for
30 criticizing the practices or standards of the payer on the grounds of
31 quality and necessity of care to the enrollees of a plan or the person
32 or entity paying the premiums of the enrollees.

33 (8) Nothing in this section shall apply to entities who supervise
34 physicians that are in full compliance with chapter 18.100 RCW or
35 equivalent provisions relating to the corporate practice of medicine.

36 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.72 RCW
37 to read as follows:

1 The health services commission, after consultation with the
2 insurance commissioner shall adopt rules establishing the sufficiency
3 of the number of practitioners under contract with a health care plan
4 to meet the needs of the health care plan's enrollees. For purposes of
5 this section, the rules adopted shall apply also to medicaid, the
6 department of labor and industries, or any other private or public
7 payer subject to the jurisdiction of the state of Washington.

8 **Sec. 5.** RCW 48.43.170 and 1993 c 492 s 431 are each amended to
9 read as follows:

10 (1) Balancing the need for health care reform and the need to
11 protect health care providers, as a class and as individual providers,
12 from improper exclusion presents a problem that can be satisfied with
13 the creation of a process to ensure fair consideration of the inclusion
14 of health care providers in managed care systems operated by certified
15 health plans. It is therefore the intent of the legislature that the
16 health services commission in developing rules in accordance with this
17 section and the attorney general in monitoring the level of competition
18 in the various geographic markets, balance the need for cost-effective
19 and quality delivery of health services with the need for inclusion of
20 both individual health care providers and categories of health care
21 providers in managed care programs developed by certified health plans.

22 (2) All licensed health care providers licensed by the state,
23 irrespective of the type or kind of practice, should be afforded the
24 opportunity for inclusion in certified health plans consistent with the
25 goals of health care reform.

26 The health services commission shall adopt rules requiring
27 certified health plans to publish general criteria for the plan's
28 selection or termination of health care providers. Such rules shall
29 not require the disclosure of criteria deemed by the plan to be of a
30 proprietary or competitive nature that would hurt the plan's ability to
31 compete or to manage health services. Disclosure of criteria is
32 proprietary or anticompetitive if revealing the criteria would have the
33 tendency to cause health care providers to alter their practice pattern
34 in a manner that would harm efforts to contain health care costs and is
35 proprietary if revealing the criteria would cause the plan's
36 competitors to obtain valuable business information.

37 If a certified health plan uses unpublished criteria to judge the
38 quality and cost-effectiveness of a health care provider's practice

1 under any specific program within the plan, the plan may not reject or
2 terminate the provider participating in that program based upon such
3 criteria until the provider has been informed of the criteria that his
4 or her practice fails to meet and is given a reasonable opportunity to
5 conform to such criteria.

6 (3)(a) Whenever a determination is made under (b) of this
7 subsection that a plan's share of the market reaches a point where the
8 plan's exclusion of health care providers from a program of the plan
9 would result in the substantial inability of providers to continue
10 their practice thereby unreasonably restricting consumer access to
11 needed health services, the certified health plan must allow all
12 providers within the affected market to participate in the programs of
13 the certified health plan. All such providers must meet the published
14 criteria and requirements of the programs.

15 (b) The attorney general with the assistance of the insurance
16 commissioner shall periodically analyze the market power of certified
17 health plans to determine when the market share of any program of a
18 certified health plan reaches a point where the plan's exclusion of
19 health service providers from a program of the plan would result in the
20 substantial inability of providers to continue their practice thereby
21 unreasonably restricting consumer access to needed health services. In
22 analyzing the market power of a certified health plan, the attorney
23 general shall consider:

24 (i) The ease with which providers may obtain contracts with other
25 plans;

26 (ii) The amount of the private pay and government employer business
27 that is controlled by the certified health plan taking into account the
28 selling of its provider network to self-insured employer plans;

29 (iii) The difficulty in establishing new competing plans in the
30 relevant geographic market; and

31 (iv) The sufficiency of the number or type of providers under
32 contract with the plan available to meet the needs of plan enrollees.

33 Notwithstanding the provisions of this subsection, if the certified
34 health plan demonstrates to the satisfaction of the attorney general
35 and the health services commission that health service utilization data
36 and similar information shows that the inclusion of additional health
37 service providers would substantially lessen the plan's ability to
38 control health care costs and that the plan's procedures for selection

1 of providers are not improperly exclusive of providers, the plan need
2 not include additional providers within the plan's program.

3 (4) The health services commission shall adopt rules for the
4 resolution of disputes between providers and certified health plans or
5 other health care plan or payer subject to the jurisdiction of the
6 state of Washington. This shall include the adoption of a rule
7 establishing a uniform credentialing and recredentialing system for
8 health care practitioners providing services to a health care plan,
9 including disputes regarding the decision of a plan not to include the
10 services of a provider.

11 (5) Nothing contained in this section shall be construed to require
12 a plan to allow or continue the participation of a provider if the plan
13 is a federally qualified health maintenance organization and the
14 participation of the provider or providers would prevent the health
15 maintenance organization from operating as a health maintenance
16 organization in accordance with 42 U.S.C. Sec. 300e.

17 **Sec. 6.** RCW 43.72.310 and 1993 c 492 s 448 are each amended to
18 read as follows:

19 (1) A certified health plan, health care facility, health care
20 provider, or other person involved in the development, delivery, or
21 marketing of health care or certified health plans may request, in
22 writing, that the commission obtain an informal opinion from the
23 attorney general as to whether particular conduct is authorized by
24 chapter 492, Laws of 1993. The attorney general shall issue such
25 opinion within thirty days of receipt of a written request for an
26 opinion or within thirty days of receipt of any additional information
27 requested by the attorney general necessary for rendering an opinion
28 unless extended by the attorney general for good cause shown. If the
29 attorney general concludes that such conduct is not authorized by
30 chapter 492, Laws of 1993, the person or organization making the
31 request may petition the commission for review and approval of such
32 conduct in accordance with subsection (3) of this section.

33 (2) After obtaining the written opinion of the attorney general and
34 consistent with such opinion, the health services commission:

35 (a) May authorize conduct by a certified health plan, health care
36 facility, health care provider, or any other person that could tend to
37 lessen competition in the relevant market upon a strong showing that

1 the conduct is likely to achieve the policy goals of chapter 492, Laws
2 of 1993 and a more competitive alternative is impractical;

3 (b) Shall adopt rules governing conduct among providers, health
4 care facilities, and certified health plans including rules governing
5 provider and facility contracts with certified health plans, rules
6 governing the use of "most favored nation" clauses and exclusive
7 dealing clauses in such contracts, and rules providing that certified
8 health plans in rural areas contract with a sufficient number and type
9 of health care providers and facilities to ensure consumer access to
10 local health care services;

11 (c) Shall adopt rules permitting health care providers within the
12 service area of a plan to collectively negotiate the terms and
13 conditions of contracts with a certified health plan or other health
14 care plan subject to state jurisdiction including the ability of
15 providers to meet and communicate for the purposes of these
16 negotiations; and

17 (d) Shall adopt rules governing cooperative activities among health
18 care facilities and providers.

19 (3) A certified health plan, health care facility, health care
20 provider, or any other person involved in the development, delivery,
21 and marketing of health services or certified health plans may file a
22 written petition with the commission requesting approval of conduct
23 that could tend to lessen competition in the relevant market. Such
24 petition shall be filed in a form and manner prescribed by rule of the
25 commission.

26 The commission shall issue a written decision approving or denying
27 a petition filed under this section within ninety days of receipt of a
28 properly completed written petition unless extended by the commission
29 for good cause shown. The decision shall set forth findings as to
30 benefits and disadvantages and conclusions as to whether the benefits
31 outweigh the disadvantages.

32 (4) In authorizing conduct and adopting rules of conduct under this
33 section, the commission with the advice of the attorney general, shall
34 consider the benefits of such conduct in furthering the goals of health
35 care reform including but not limited to:

36 (a) Enhancement of the quality of health services to consumers;

37 (b) Gains in cost efficiency of health services;

38 (c) Improvements in utilization of health services and equipment;

39 (d) Avoidance of duplication of health services resources; or

1 (e) And as to (b) and (c) of this subsection: (i) Facilitates the
2 exchange of information relating to performance expectations; (ii)
3 simplifies the negotiation of delivery arrangements and relationships;
4 and (iii) reduces the transactions costs on the part of certified
5 health plans and providers in negotiating more cost-effective delivery
6 arrangements.

7 These benefits must outweigh disadvantages including and not
8 limited to:

9 (i) Reduced competition among certified health plans, health care
10 providers, or health care facilities;

11 (ii) Adverse impact on quality, availability, or price of health
12 care services to consumers; or

13 (iii) The availability of arrangements less restrictive to
14 competition that achieve the same benefits.

15 (5) Conduct authorized by the commission shall be deemed taken
16 pursuant to state statute and in the furtherance of the public purposes
17 of the state of Washington.

18 (6) With the assistance of the attorney general's office, the
19 commission shall actively supervise any conduct authorized under this
20 section to determine whether such conduct or rules permitting certain
21 conduct should be continued and whether a more competitive alternative
22 is practical. The commission shall periodically review petitioned
23 conduct through, at least, annual progress reports from petitioners,
24 annual or more frequent reviews by the commission that evaluate whether
25 the conduct is consistent with the petition, and whether the benefits
26 continue to outweigh any disadvantages. If the commission determines
27 that the likely benefits of any conduct approved through rule,
28 petition, or otherwise by the commission no longer outweigh the
29 disadvantages attributable to potential reduction in competition, the
30 commission shall order a modification or discontinuance of such
31 conduct. Conduct ordered discontinued by the commission shall no
32 longer be deemed to be taken pursuant to state statute and in the
33 furtherance of the public purposes of the state of Washington.

34 (7) Nothing contained in chapter 492, Laws of 1993 is intended to
35 in any way limit the ability of rural hospital districts to enter into
36 cooperative agreements and contracts pursuant to RCW 70.44.450 and
37 chapter 39.34 RCW.

1 NEW SECTION. **Sec. 7.** DEFINITIONS. For purposes of this chapter,
2 unless the context clearly indicates otherwise, the following words
3 have the following meanings:

4 (1) "Utilization review program" means a system of reviewing the
5 medical necessity, appropriateness, or quality of health care services
6 and supplies provided under a health care payer and includes
7 nonprovider programs that contract with health care payers. Such a
8 system may include preadmission certification, the application of
9 practice guidelines, continued stay review, discharge planning,
10 preauthorization of ambulatory procedures, and retrospective review.
11 However, the term does not include the internal programs of health care
12 providers regulated pursuant to Title 18 or 70 RCW or networks of
13 providers owned, operated, and controlled by such providers when
14 performing utilization review functions for the health services they
15 deliver under health care service contracts with payers.

16 (2) "Managed care plan" means a health care payer subject to the
17 jurisdiction of the state of Washington that provides for the financing
18 and delivery of health care services to persons enrolled in such plan
19 through:

20 (a) Arrangements with providers selected by the health care plan to
21 furnish health care services;

22 (b) Organizational arrangements for ongoing quality assurance,
23 utilization review programs, or dispute resolution; or

24 (c) Financial incentives for persons enrolled in the plan to use
25 the participating providers and procedures provided for by the managed
26 care plan.

27 (3) "Commissioner" means the insurance commissioner.

28 NEW SECTION. **Sec. 8.** CERTIFICATION REQUIRED. No person shall
29 operate a managed care plan or utilization review program subject to
30 the jurisdiction of the state of Washington unless it has been
31 certified by the commissioner in compliance with this chapter.

32 NEW SECTION. **Sec. 9.** CERTIFICATION PROCESS--MANAGED CARE PLANS
33 AND UTILIZATION REVIEW PROGRAMS. (1) The commissioner shall establish
34 a process for certification, recertification, and decertification of
35 managed care plans meeting the requirements of section 10 of this act
36 and of utilization review programs meeting the requirements of section
37 11 of this act. No managed care plan or utilization review program

1 shall be decertified unless it has first had an adjudicatory hearing
2 consistent with chapter 34.05 RCW.

3 (2) The commissioner shall establish procedures for the periodic
4 review and recertification of qualified managed care plans and
5 qualified utilization review programs.

6 (3)(a) If, upon application, the commissioner finds that a national
7 accreditation body establishes a requirement or requirements for
8 accreditation of a managed care plan or utilization review program that
9 are substantially equivalent to requirements established under sections
10 10 and 11 of this act, the commissioner shall treat a managed care plan
11 or utilization review program thus accredited as meeting the
12 requirements of sections 10 and 11 of this act.

13 (b) National accreditation bodies may apply directly to the
14 commissioner for such a finding. Denials of such a finding shall be
15 subject to an adjudicatory hearing pursuant to chapter 34.05 RCW.

16 NEW SECTION. **Sec. 10.** REQUIREMENTS FOR CERTIFICATION--MANAGED
17 CARE PLANS. A managed care plan shall be certified by the commissioner
18 if it meets the following requirements:

19 (1) Prospective enrollees in managed care plans must be provided
20 information as to the terms and conditions of the plan so that they can
21 make informed decisions about enrolling. All written plan descriptions
22 must be in a readable and understandable format, consistent with
23 standards developed for supplemental insurance coverage under Title
24 XVIII of the social security act. This format must be standardized so
25 that customers can compare the attributes of the plans. Specific items
26 that must be included are:

27 (a) Coverage provisions, benefits, and any exclusions by category
28 of service, provider, and if applicable, by specific service;

29 (b) Any and all prior authorization or other review requirements
30 including preauthorization review, concurrent review, postservice
31 review, postpayment review, and any procedures that may lead the
32 patient to be denied coverage for or not be provided a particular
33 service;

34 (c) Financial arrangements or contractual provisions with
35 hospitals, review companies, providers of health care services that
36 would limit the services offered, restrict referral or treatment
37 options, or negatively affect the providers' fiduciary responsibility

1 to their patients, including but not limited to financial incentives
2 not to provide medical or other services;

3 (d) Explanation of how plan limitations impact enrollees, including
4 information on enrollee financial responsibility for payment for
5 coinsurance or other noncovered or out-of-plan services;

6 (e) Loss ratios for the previous three years of the plan identified
7 by program; and

8 (f) Enrollee satisfaction statistics, including percent
9 reenrollment and reasons for leaving plan and program.

10 (2) Plans must demonstrate that they have adequate access to
11 providers, so that all covered health care services will be provided in
12 a timely fashion as defined in rule by the health services commission.
13 This requirement cannot be waived and must be met in all areas where
14 the plan has enrollees, including rural areas.

15 (3) All plans shall be required to establish a mechanism, with
16 defined rights, under which providers participating in the plan provide
17 input into the plan's medical policy including coverage of new
18 technology and procedures, utilization review criteria and procedures,
19 quality and credentialing criteria, and medical management procedures.

20 (4) All plans shall have a practitioner-credentialing process that
21 includes the following characteristics:

22 (a) The process shall begin upon application of a provider to the
23 plan for inclusion.

24 (b) Each application shall be reviewed by a credentialing committee
25 with appropriate representation of the applicant's clinical specialty.

26 (c) Credentialing shall be based on objective standards of quality
27 with input from physicians credentialed in the plan and such standards
28 shall be available to applicants and enrollees. When economic
29 considerations are part of the decision, objective criteria must be
30 used and must be available to applicants, participating physicians, and
31 enrollees. Any economic profiling of physicians must be adjusted to
32 recognize case mix, severity of illness, age of patients, and other
33 features of a physician's practice that may account for higher or lower
34 than expected costs. Profiles must be made available to those so
35 profiled.

36 (d) All decisions shall be made on the record, and the applicant
37 shall be provided with all reasons used if the application is denied or
38 the contract not renewed.

1 (e) Plans shall not be allowed to include clauses in physician or
2 other provider contracts that allow for the plan to terminate the
3 contract "without cause."

4 (f) There shall be a due process appeal from all adverse decisions
5 consistent with RCW 48.43.170(4) and rules adopted thereunder. A plan
6 may also use the appeals set forth in the health care quality
7 improvement act of 1986, 42 U.S.C. Sec. 11101-11152.

8 (g) The same standards and procedures used for an application for
9 credentials shall also be used in those cases where the plan seeks to
10 reduce or withdraw such credentials. Prior to initiation of a
11 proceeding leading to termination of a contract for cause, the
12 physician shall be provided notice, an opportunity for discussion, and
13 an opportunity to enter into and complete a corrective action plan,
14 except in cases where there is imminent harm to patient health or an
15 action by the provider's regulatory authority or other government
16 agency that effectively impairs the physician's ability to provide
17 services within the state of Washington.

18 NEW SECTION. **Sec. 11.** REQUIREMENTS FOR CERTIFICATION--UTILIZATION
19 REVIEW PROGRAMS. A utilization review program shall be certified by
20 the commissioner if it meets the following requirements:

21 (1) All programs must have a medical director responsible for all
22 clinical decisions by the plan and provide assurances that the medical
23 review or utilization practices they use, and the medical review or
24 utilization practices of payers or reviewers with whom they contract,
25 comply with the requirements of subsection (2) of this section.

26 (2) Medical review or utilization practices shall comply with the
27 following:

28 (a) Screening criteria, weighing elements, and computer algorithms
29 utilized in the review process and their method of development, must be
30 released to providers and the public;

31 (b) Such criteria must be based on sound scientific principles and
32 developed in cooperation with practitioners;

33 (c) Any person who recommends denial of coverage or payment, or
34 determines that a service should not be provided, based on medical
35 necessity standards, must permit that decision to be reviewed by
36 another practitioner of the same medical specialty within forty-eight
37 hours of that decision, the latter's decision to prevail over the
38 former if inconsistent;

1 (d) Each claimant, or provider upon assignment of a claimant, who
2 has had a claim denied as not medically necessary must be provided an
3 opportunity for a due process appeal to a medical consultant or peer
4 review group not involved in the organization that performed the
5 initial review;

6 (e) Any individual making a negative judgment or recommendation
7 about the necessity or appropriateness of services or the site of
8 service must be a physician licensed to practice medicine in this
9 state;

10 (f) Upon request, practitioners and patients will be provided the
11 names and credentials of all individuals conducting medical necessity
12 or appropriateness review;

13 (g) Prior authorization is not required for emergency care, and
14 patient or practitioner requests for prior authorization of a
15 nonemergency service must be answered within two business days, and
16 qualified personnel must be available for same-day telephone responses
17 to inquiries about medical necessity, including certification of
18 continued length of stay;

19 (h) Plans must ensure that enrollees, in plans where prior
20 authorization is a condition to coverage of a service, are required to
21 sign medical information release consent forms upon enrollment for use
22 where services requiring prior authorization are recommended or
23 proposed by their physician;

24 (i) When prior approval for a service or other covered item is
25 obtained, it shall be considered approval for all purposes, and the
26 service shall be considered to be covered unless there was fraud or
27 incorrect information provided at the time such prior approval was
28 obtained;

29 (j) No payer subject to the jurisdiction of the state of Washington
30 shall retroactively disapprove a procedure or site of a procedure as
31 medically necessary after having previously approved or failed to
32 object to the procedure or site of procedure.

33 NEW SECTION. **Sec. 12.** PATIENT AND PROVIDER MANAGED CARE OPT-OUT
34 PROVISION. Notwithstanding any other provision of law, no health care
35 plan shall prohibit directly or indirectly its enrollees from freely
36 contracting to obtain or provide, respectively, any health care
37 services outside the health care plan on any terms or conditions they
38 choose.

1 NEW SECTION. **Sec. 13.** PLAN COMPETITION. Any entity functioning
2 as a joint purchaser of health care plan services for more than one
3 purchaser shall offer all health care plans doing business in its
4 catchment area that are regulated pursuant to Title 48 RCW.

5 NEW SECTION. **Sec. 14.** PROVIDER INCLUSION IN LARGE HEALTH CARE
6 PLANS. Any health care plan with a market penetration as defined in
7 this section of thirty percent or more shall permit any provider to
8 contract to provide services thereunder that agrees to comply with the
9 provider contract and possesses the credentials otherwise required of
10 that kind of provider by the health care plan. For purposes of this
11 section, market penetration for health care plans shall be measured by
12 gross premium revenues or number of enrollees, whichever measure
13 produces the higher penetration. Health care markets shall be the
14 counties of the state of Washington. However, the attorney general may
15 identify additional local markets that are part of counties or are on
16 both sides of a county border where that will lead to a more accurate
17 assessment of a payer's market penetration for these purposes.

18 NEW SECTION. **Sec. 15.** PLAIN PLAN LANGUAGE. The health services
19 commission shall adopt rules implementing a plain language requirement
20 in the services agreements of all health care payers subject to the
21 jurisdiction of the state of Washington. The commission shall identify
22 the responsible enforcement agency for each type of payer. For
23 purposes of this section the plain language requirement means payers
24 adopting style of prose in drafting their service agreements that, to
25 the maximum extent consistent with precision of expression, is
26 understandable to a person with an average comprehension of the
27 relevant language.

28 NEW SECTION. **Sec. 16.** CHOICE REQUIREMENTS FOR POINT-OF-SERVICE
29 PLANS. (1) Notwithstanding any other provision of law, nothing shall
30 prohibit a health care payer subject to the jurisdiction of the state
31 of Washington from offering to all eligible enrollees the opportunity
32 to enroll for coverage that permits the enrollee to obtain coverage
33 from nonparticipating providers a point-of-service plan as that term is
34 customarily understood.

35 (2) As to health maintenance organizations or certified health
36 plans, licensed pursuant to chapters 48.43 and 48.46 RCW, respectively,

1 the commissioner shall apply the terms of RCW 48.44.030 to the services
2 provided by nonparticipating providers under a point-of-service plan.

3 (3) All payers subject to the state of Washington shall advise
4 prospective enrollees in their marketing information and all enrollees
5 in some conspicuous manner as to the availability of a point-of-service
6 plan from the payer in connection with the coverage they are
7 considering purchasing or have purchased.

8 NEW SECTION. **Sec. 17.** LEGISLATIVE FINDINGS. In addition to the
9 findings in section 1 of this act, the legislature finds that:

10 (1) Health care is a personal and intimate relationship between
11 patients and providers of health care services. There are contending
12 points of view as to appropriate therapeutic approaches, medically safe
13 sites for care, and appropriate training of health care practitioners.

14 (2) Hospitals are under considerable pressure to fill beds and are
15 turning to giving clinical privileges to nonphysicians. However,
16 physicians are being asked to risk antitrust and malpractice exposure
17 by being involved with the credentialing, supervision, peer review, and
18 backup of nonphysicians with whom they have no voluntary relationship.

19 (3) This chapter seeks to ensure the patient's freedom of choice
20 consistent with the freedom of various practitioners to compete for
21 patients and the freedom of practitioners to be free from being
22 unfairly exposed to liability because of needing to intervene in care
23 that was managed by another type of practitioner.

24 (4) This chapter also seeks to guarantee the freedom of hospitals
25 and health care payers to engage in the provision or payment of care
26 only that they believe is safe and cost-effective.

27 (5) The purpose of this chapter is for the state to regulate
28 competition in this area by mandating that more information be made
29 available in the marketplace in a way that creates real therapeutic
30 choices for patients and also places some, but not all, of the
31 responsibility for those choices on the patient making them.

32 NEW SECTION. **Sec. 18.** BACKUP RELATIONSHIPS AMONG PRACTITIONERS.
33 Practitioners who must render care to patients with whom they have no
34 care agreement or no backup relationship with the patient's
35 practitioner and are not members of such practitioner's hospital staff
36 will have any malpractice action brought against them arising out of
37 such care adjudicated by a new standard of care imposing liability only

1 where there is intentional or reckless disregard of the standard of
2 care in the community proven by clear and convincing evidence. The
3 secretary of health may exempt by rule from this subsection
4 unforeseeable health care rendered to persons in different geographic
5 localities from their place of residence.

6 NEW SECTION. **Sec. 19.** HOSPITAL OBLIGATIONS TO GRANT STAFF
7 MEMBERSHIP AND ADMITTING PRIVILEGES. (1) Hospitals shall not combine
8 practitioners of different licensure into the same hospital staffs
9 without the consent of such practitioners. However, the medical staff
10 shall contain practitioners licensed pursuant to chapters 18.32, 18.57,
11 and 18.71 RCW, but shall not contain other practitioners except on such
12 terms and conditions as the medical staff, as so constituted, by a two-
13 thirds vote accepts.

14 (2) Subject to subsection (1) of this section, hospitals may create
15 as many staffs as they choose.

16 (3) No hospital shall require practitioners of another licensure
17 staff to comment on the application, credentials, or conduct of
18 practitioners outside of their staff.

19 (4) A hospital may require physicians to provide emergency care to
20 patients of practitioners not on the medical staff, but such care will
21 be judged in malpractice actions under the standard contained in
22 section 18 of this act.

23 NEW SECTION. **Sec. 20.** A new section is added to chapter 70.43 RCW
24 to read as follows:

25 Nothing contained in this chapter shall be construed to require
26 anything inconsistent with sections 17 through 19 of this act.

27 NEW SECTION. **Sec. 21.** CAPTIONS. Captions as used in this act
28 constitute no part of the law.

29 NEW SECTION. **Sec. 22.** CODIFICATION. (1) Sections 1 through 3 of
30 this act shall constitute a new chapter in Title 70 RCW.

31 (2) Sections 7 through 16 of this act shall constitute a new
32 chapter in Title 48 RCW.

1 (3) Sections 17 through 19 of this act shall constitute a new
2 chapter in Title 70 RCW.

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