
ENGROSSED SUBSTITUTE HOUSE BILL 1337

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Dyer, Backlund and Sherstad)

Read first time 03/05/97.

1 AN ACT Relating to authorizing providers and provider groups to
2 offer health care coverage; and adding a new section to chapter 48.43
3 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.43 RCW
6 to read as follows:

7 (1) It is the intent of the legislature to clarify the regulatory
8 requirements of a health care provider, health care facility, or a
9 provider network contracting with a third-party payer to provide health
10 care services on a capitation, prepaid, or other at-risk basis.
11 Further, it is the intent of the legislature to encourage innovation in
12 the delivering and financing of health care services so long as a
13 lawful third-party payer remains ultimately financially responsible for
14 the provision of the health care services for which the public has paid
15 premiums.

16 (2) Notwithstanding any other provision of this title, a health
17 care provider, health care facility, or provider network is not
18 engaging in the business of insurance or otherwise subject to the
19 jurisdiction of this title when compensated by a third-party payer on

1 a capitation, prepaid, or other at-risk basis so long as a lawful
2 third-party payer is ultimately financially responsible to the patient
3 for the provision of the health care services contracted, regardless of
4 whether or not the provider or provider network accepts compensation,
5 which, in turn, is used to pay other types of health care providers or
6 health care facilities for health care services.

7 (3) For purposes of this section, "lawful third-party payer" means
8 a health carrier regulated by this title.

9 (4) The commissioner's authority to regulate a health care
10 provider, a health care facility, or a provider network is preempted by
11 federal law when the provider, facility, or network is contracting with
12 a third-party payer governed by the federal Employee Retirement Income
13 Security Act of 1974 (ERISA), as amended, or the federal Labor
14 Management Relations (Taft-Hartley) Act of 1947, as amended.

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