

HOUSE BILL REPORT

ESSB 5813

As Reported By House Committee On:
Health Care

Title: An act relating to health plan medical director licensure and accountability.

Brief Description: Requiring third-party payors to designate a licensed medical director for its coverage decisions.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Thibaudeau, Deccio, Costa and Winsley).

Brief History:

Committee Activity:

Health Care: 3/30/99, 4/1/99 [DPA].

Brief Summary of Engrossed Substitute Bill
(As Amended by House Committee)

- Requires health carrier medical directors to be physicians licensed in Washington.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: Do pass as amended. Signed by 7 members: Representatives Cody, Democratic Co-Chair; Parlette, Republican Co-Chair; Pflug, Republican Vice Chair; Alexander; Campbell; Conway and Edmonds.

Staff: Bill Hagens (786-7131).

Background:

The term "utilization review" is often used to describe a range of managed care cost containment strategies including monitoring a provider's pattern of treatment, determining the medical necessity of certain types or levels of treatment, and evaluating the efficacy, appropriateness or efficiency of certain treatments for certain health conditions. Concerns regarding the qualifications and accountability of those

who are performing these sorts of activities have increased as managed care financing arrangements have come to dominate health insurance.

Although relevant standards with which insurers may voluntarily comply have been developed by national accrediting organizations, the issue is not currently addressed under state law.

Summary of Amended Bill:

The following are required to designate a medical director who is licensed in Washington as an allopathic or osteopathic physician: (1) any health carrier that offers a health plan; (2) any self-insured health plan subject to the jurisdiction of Washington; (3) the director of the Department of Labor and Industries for purposes of workers' compensation; (4) any self-insured workers' compensation plan; (5) the Secretary of the Department of Social and Health Services for purposes of Medicaid; and (6) the Administrator of the Health Care Authority.

Amended Bill Compared to Engrossed Substitute Bill: Adds reference to naturopaths and deletes requirement for self-funded workers' compensation plan.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This bill does not regulate who within an insurance entity makes denial decisions based on medical necessity, but does identify who will be responsible for those decisions and holds those people administratively accountable. The bill imposes no liability beyond administrative sanctions. Those who are responsible for denial decisions based on medical necessity should be held accountable to their professional licensing board in the same way that their counterparts are accountable when making clinical decisions.

Testimony Against: None.

Testified: (in support) Mark Adams, Washington State Medical Association; Rick Wickman, Blue Cross; and Jim Halstrom, Health Care Purchasers Association and Association of Washington Business.

(support with amendment) Jeff Larsen, Washington Osteopathic Medical Association and Washington Association of Naturopathic Physicians; and Kathleen Collins, Washington Self Insurers Association.