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HOUSE BILL 2032

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State of Washington

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By Representatives Campbell, Schual-Berke, Parlette, Cody, Mulliken, Kessler, Murray, O'Brien, Romero, Clements, Ogden, Rockefeller, Lovick, Dunn, Kenney, Wolfe, Dunshee, Edmonds, Tokuda, Conway, Ruderman, McIntire, Hurst, Cooper, Wood, Constantine, Lantz, Santos, Miloscia and Keiser

Read first time 02/15/1999. Referred to Committee on Health Care.

1 AN ACT Relating to health care patient rights and protections;  
2 amending RCW 4.16.350; adding new sections to chapter 48.43 RCW; adding  
3 a new section to chapter 4.24 RCW; adding a new section to chapter 7.70  
4 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** PATIENT RIGHTS. It is the intent of the  
7 legislature that patients covered by health plans receive quality  
8 health care and that they: Have sufficient and timely access to  
9 appropriate health care services; have choice among providers; are  
10 assured that health care decisions are made by appropriate medical  
11 personnel; have access to information regarding their health plans;  
12 have access to a quick and impartial process for appealing plan  
13 denials; are protected from unnecessary invasions of health care  
14 privacy; are assured that personal health care information will be used  
15 appropriately; and are protected from unfair and deceptive practices.

16 NEW SECTION. **Sec. 2.** CHOICE OF HEALTH CARE PROVIDER. (1) Each  
17 enrollee in a health plan must have adequate choice among qualified  
18 health care providers.

1 (2) Each health plan must allow an enrollee to choose a primary  
2 care provider who is accepting new enrollees from a list of  
3 participating providers who share the enrolled population's varied  
4 characteristics.

5 (3) Each health plan must provide for appropriate and timely  
6 referral of enrollees to a choice of specialists within the plan if  
7 specialty care is warranted.

8 (4) Each health plan must provide, upon the request of an enrollee,  
9 access by the enrollee to a second opinion from a participating  
10 provider regarding any medical diagnosis or treatment plan.

11 (5) Each health carrier must have a process whereby an enrollee  
12 whose medical condition so warrants may be authorized to use a medical  
13 specialist as a primary care provider. This may include enrollees  
14 suffering from chronic diseases and those with other special needs.

15 (6) Each health plan must provide for continuity of care by:

16 (a) Assuring that primary care providers are responsible for at  
17 least:

18 (i) Supervision, coordination, and provision of health services to  
19 meet the needs of each enrollee; and

20 (ii) Initiation and coordination of referrals for specialty care;

21 (b) Allowing enrollees, already undergoing an active course of  
22 treatment that began while enrolled in the plan, to continue receiving  
23 services for a reasonable period from a participating provider who is  
24 not affiliated with the enrollee's primary care provider's network; and

25 (c) Educating enrollees about the carrier's process for assuring  
26 continuity of care.

27 (7) Each health plan offered by a carrier must provide a  
28 point-of-service option that allows an enrollee to choose to receive  
29 service from a nonparticipating health care provider or facility;  
30 however, enrollees must pay the full additional cost for choosing this  
31 option.

32 (8) To ensure enrollees' choice of provider and to meet the health  
33 care needs of enrollees for covered benefits without unreasonable  
34 delay, each health plan must include a sufficient number and type of  
35 health care providers and facilities throughout the plan's service  
36 area. Each health plan must provide enrollees with access to an  
37 adequate number of acute care hospital services, primary care  
38 providers, specialists and subspecialists, and specialty medical  
39 services, including chiropractic services, physical therapy,

1 occupational therapy, and rehabilitation services, within a reasonable  
2 distance or travel time.

3 (9) Each carrier must develop an access plan to meet the needs of  
4 vulnerable and underserved populations among its health plan enrollees.

5 (a) The plan must provide culturally appropriate services to the  
6 greatest extent possible.

7 (b) When a significant number of enrollees in the plan speak a  
8 first language other than English, the plan must provide access to  
9 personnel fluent in languages other than English, to the greatest  
10 extent possible.

11 (10) Each health carrier must communicate enrollee information  
12 required in this chapter by means that ensure that a substantial  
13 portion of the enrollee population can make use of this information.

14 (11) Each health carrier must have reasonable standards for waiting  
15 times for health plan enrollees to obtain appointments with  
16 participating providers. The standards must include appointment  
17 scheduling guidelines based upon the type of health care service,  
18 including: Preventive, nonsymptomatic care; routine, nonurgent  
19 symptomatic care; urgent care; and emergency care.

20 (12) Each health plan must, at the carrier's expense, allow  
21 enrollees to continue receiving services from a primary care provider  
22 whose contract with the plan or whose contract with a subcontractor is  
23 being terminated by the plan without cause under the terms of that  
24 contract, but must allow continued receipt of services for no longer  
25 than sixty days following notice of termination to the enrollees or, in  
26 group coverage arrangements involving periods of open enrollment, only  
27 until the end of the next open enrollment period. The provider's  
28 relationship with the health plan must be continued on the same terms  
29 and conditions as those of the contract the plan is terminating, except  
30 for any provision requiring that the health plan assign new enrollees  
31 to the terminated provider.

32 (13) Each health carrier must provide adequate telephone access by  
33 enrollees to facilities and providers for sufficient time during  
34 business and evening hours to ensure enrollee access to health services  
35 for covered health conditions.

36 (14) Each health plan must hold enrollees harmless against claims  
37 from participating providers for payment of costs of covered health  
38 services other than enrollees' cost-sharing obligations. A health

1 service that is the subject of an unresolved grievance is a covered  
2 service for the purposes of this section.

3 (15) Each carrier is accountable for and must oversee any  
4 activities required by this section that it delegates to any  
5 subcontractor. No carrier may delegate any activity required by this  
6 section unless the carrier has a written and fully operational  
7 delegation policy that ensures that the subcontractor fulfills the  
8 requirements of this chapter.

9 (16) No contract with a subcontractor executed by the health  
10 carrier may relieve the health carrier of its obligations to any  
11 enrollee for the provision of health care services or of its  
12 responsibility for compliance with statutes or rules.

13 (17) Every health carrier shall meet the standards set forth in  
14 this section and any rules adopted by the commissioner to implement  
15 this section. For the purposes of this section, the commissioner  
16 shall, when determining what is adequate and reasonable, consider  
17 relevant standards adopted by national managed care accreditation  
18 organizations and state agencies that purchase managed health care  
19 services.

20 NEW SECTION. **Sec. 3.** QUALITY HEALTH CARE. A carrier must have a  
21 fully operational, comprehensive, written, quality improvement program  
22 that addresses access, continuity, and quality of care for all health  
23 plan enrollees. The commissioner shall adopt, in rule, quality  
24 improvement program requirements after considering relevant standards  
25 adopted by national managed care accreditation organizations and the  
26 state agencies that purchase managed health care services.

27 NEW SECTION. **Sec. 4.** HEALTH INFORMATION PRIVACY. (1) Each health  
28 carrier shall develop and implement policies and procedures governing  
29 the collection, use, and disclosure of health information. These  
30 policies and procedures shall include methods for enrollees to access  
31 information and amend incorrect information, for enrollees to restrict  
32 the disclosure of sensitive information, and for enrollees to obtain  
33 information about the carrier's health information policies. In  
34 addition, these policies and procedures shall include methods for  
35 carrier oversight and enforcement of information policies, for carrier  
36 storage and disposal of health information, and for carrier conformance  
37 to state and federal laws governing the collection, use, and disclosure

1 of personally identifiable health information. Each carrier shall  
2 provide a summary notice of its health information policies to  
3 enrollees, including the enrollee's right to restrict the collection,  
4 use, and disclosure of health information.

5 (2) Except as otherwise required by statute or rule, a health  
6 carrier is, and all persons acting at the direction of or on behalf of  
7 a carrier or in receipt of an enrollee's personally identifiable health  
8 information are, prohibited from collecting, using, or disclosing  
9 personally identifiable health information unless authorized in writing  
10 by the person who is the subject of the information. At a minimum,  
11 such authorization shall be valid for a limited time and purpose; shall  
12 be specific as to purpose and type of information to be collected,  
13 used, or disclosed; and shall identify the persons who will be  
14 receiving the information.

15 (3) Any person who is the subject of an unauthorized collection,  
16 use, or disclosure of personally identifiable health information is  
17 entitled to the remedies provided under RCW 9.73.060 governing  
18 violations of the right to privacy.

19 (4) The commissioner shall adopt rules to implement this section  
20 and shall take into consideration health information privacy standards  
21 recommended by the national association of insurance commissioners and  
22 other related professional organizations.

23 NEW SECTION. **Sec. 5. MEDICAL DIRECTORS.** No health carrier may  
24 appoint a medical director who is not a licensed physician in the state  
25 of Washington. The medical director is responsible for all medical  
26 necessity determinations and any medical management practices,  
27 including treatment policies, protocols, quality assurance activities,  
28 and utilization management decisions for any health plan offered by the  
29 carrier. The medical quality assurance commission shall develop a  
30 definition of unprofessional conduct as it applies to the conduct of a  
31 physician practicing as a health carrier medical director.

32 NEW SECTION. **Sec. 6. GRIEVANCE PROCESS.** (1) Each health carrier  
33 must have a fully operational, comprehensive, written grievance process  
34 that complies with the requirements of this section and any rules  
35 adopted by the commissioner to implement this section. For the  
36 purposes of this section, the commissioner shall consider grievance

1 process requirements adopted by national managed care accreditation  
2 organizations and state agency health care purchasers.

3 (2) Each health carrier must process as a grievance:

4 (a) An enrollee's complaint about the quality or availability of a  
5 health service;

6 (b) An enrollee's request that the carrier reconsider its decision  
7 to modify, discontinue, or deny a health service; its resolution of the  
8 enrollee's complaint; or its first resolution of a grievance made by  
9 the enrollee; and

10 (c) An enrollee's complaint about an issue other than the quality  
11 or availability of a health service that the health carrier does not  
12 resolve within the required response timeline.

13 (3) Each health carrier must provide a clear explanation of the  
14 grievance process upon request, upon enrollment to new enrollees, and  
15 annually to enrollees and subcontractors.

16 (4) To process a grievance, each carrier must:

17 (a) Provide written notice to the enrollee when the grievance is  
18 received;

19 (b) Assist the enrollee with the grievance process;

20 (c) Expedite a grievance if the enrollee's provider or the  
21 carrier's medical director determines, or if other evidence indicates,  
22 that following the grievance process timelines could seriously  
23 jeopardize the enrollee's health or ability to regain maximum function;

24 (d) Cooperate with the representative that the enrollee may have  
25 chosen;

26 (e) Consider information submitted by the enrollee;

27 (f) Investigate and resolve the grievance; and

28 (g) Provide written notice to the enrollee.

29 (5) Each health carrier must provide written notice to an enrollee  
30 and the enrollee's provider of its decision to modify, discontinue, or  
31 deny a health service for the enrollee.

32 (6) Written notice required by subsections (4) and (5) of this  
33 section must explain:

34 (a) The carrier's decision and the supporting coverage or clinical  
35 reasons, including any alternative health service that may be  
36 appropriate; and

37 (b) The carrier's grievance process, including information, as  
38 appropriate, about how to exercise enrollee's rights to a second  
39 opinion, how to continue receiving services, and how to discuss a

1 grievance resolution with an impartial carrier representative  
2 authorized to resolve the grievance differently.

3 (7) When an enrollee requests that the carrier reconsider its  
4 decision to modify or discontinue a health service that an enrollee is  
5 receiving through the plan, the health carrier must continue to provide  
6 that health service until the grievance is resolved. If the resolution  
7 affirms the carrier's decision, the enrollee may be responsible for the  
8 cost of this continued health service.

9 (8) Each carrier must: Track each grievance until final  
10 resolution; maintain, and make accessible to the commissioner for a  
11 period of three years, a log of all grievances; and trend grievances  
12 for quality improvement purposes.

13 NEW SECTION. **Sec. 7.** INDEPENDENT REVIEW OF HEALTH CARE DISPUTES.

14 (1) A health carrier must develop and implement a process for the fair  
15 consideration of consumer complaints relating to decisions by the  
16 health plan to deny or limit coverage of or payment for health care in  
17 accordance with rules adopted by the commissioner. Those rules shall:

18 (a) Permit a person, whose appeal of an adverse decision is denied  
19 by the carrier, to seek review of that determination by an independent  
20 review organization assigned to the appeal in accordance with rules  
21 adopted by the commissioner;

22 (b) Require carriers to provide to the appropriate independent  
23 review organization not later than the third business day after the  
24 date the carrier receives a request for review a copy of:

25 (i) Any medical records of the enrollee that are relevant to the  
26 review;

27 (ii) Any documents used by the plan in making the determination to  
28 be reviewed by the organization;

29 (iii) Any documentation and written information submitted to the  
30 carrier in support of the appeal; and

31 (iv) A list of each physician or health care provider who has  
32 provided care to the enrollee and who may have medical records relevant  
33 to the appeal; and

34 (c) Require carriers to comply with the independent review  
35 organization's determination regarding the medical necessity or  
36 appropriateness of, or the application of other health plan coverage  
37 criterion to, health care items and services for an enrollee, and to  
38 pay for the independent review.

1 (2) The review must be conducted by a health care provider  
2 currently licensed to practice in this state and in the same field or  
3 specialty as the enrollee's treating provider; however, such providers  
4 are limited to physicians licensed under chapter 18.71 or 18.57 RCW, of  
5 podiatric physicians licensed under chapter 18.22 RCW, and  
6 chiropractors licensed under chapter 18.25 RCW.

7 (3) Health information or other confidential or proprietary  
8 information in the custody of a carrier may be provided to an  
9 independent review organization, subject to rules adopted by the  
10 commissioner.

11 NEW SECTION. **Sec. 8.** INDEPENDENT REVIEW OF MEDICAL DECISIONS.

12 (1) The commissioner shall:

13 (a) Adopt rules for:

14 (i) The certification, selection, and operation of independent  
15 review organizations to perform independent review described by section  
16 7 of this act; and

17 (ii) The suspension and revocation of the certification;

18 (b) Designate annually each organization that meets the standards  
19 as an independent review organization;

20 (c) Charge health carriers fees as necessary to fund the operations  
21 of independent review organizations; and

22 (d) Provide ongoing oversight of the independent review  
23 organizations to ensure continued compliance with this chapter and the  
24 rules adopted under this chapter.

25 (2) The rules adopted under subsection (1)(a) of this section must  
26 ensure:

27 (a) The timely response of an independent review organization  
28 selected under this chapter;

29 (b) The confidentiality of medical records transmitted to an  
30 independent review organization for use in independent reviews;

31 (c) The qualifications and independence of each health care  
32 provider or physician making review determinations for an independent  
33 review organization;

34 (d) The fairness of the procedures used by an independent review  
35 organization in making the determinations; and

36 (e) Timely notice to enrollees of the results of the independent  
37 review, including the clinical basis for the determination.



1 (3) The rules adopted under subsection (1)(a) of this section must  
2 include rules that require each independent review organization to make  
3 its determination:

4 (a) Not later than the earlier of:

5 (i) The fifteenth day after the date the independent review  
6 organization receives the information necessary to make the  
7 determination; or

8 (ii) The twentieth day after the date the independent review  
9 organization receives the request that the determination be made; and

10 (b) In the case of a life-threatening condition, not later than the  
11 earlier of:

12 (i) The fifth day after the date the independent review  
13 organization receives the information necessary to make the  
14 determination; or

15 (ii) The eighth day after the date the independent review  
16 organization receives the request that the determination be made.

17 (4) To be certified as an independent review organization under  
18 this chapter, an organization must submit to the commissioner an  
19 application in the form required by the commissioner. The application  
20 must include:

21 (a) For an applicant that is publicly held, the name of each  
22 stockholder or owner of more than five percent of any stock or options;

23 (b) The name of any holder of bonds or notes of the applicant that  
24 exceed one hundred thousand dollars;

25 (c) The name and type of business of each corporation or other  
26 organization that the applicant controls or is affiliated with and the  
27 nature and extent of the affiliation or control;

28 (d) The name and a biographical sketch of each director, officer,  
29 and executive of the applicant and any entity listed under (c) of this  
30 subsection and a description of any relationship the named individual  
31 has with:

32 (i) A health benefit plan;

33 (ii) A health carrier;

34 (iii) A utilization review agent;

35 (iv) A nonprofit health corporation;

36 (v) A health care provider; or

37 (vi) A group representing any of the entities described in (d)(i)  
38 through (v) of this subsection;

1 (e) The percentage of the applicant's revenues that are anticipated  
2 to be derived from reviews conducted under section 7 of this act;

3 (f) A description of the areas of expertise of the health care  
4 professionals making review determinations for the applicant; and

5 (g) The procedures to be used by the independent review  
6 organization in making review determinations regarding reviews  
7 conducted under section 7 of this act.

8 (5) The independent review organization shall annually submit the  
9 information required by subsection (4) of this section. If at any time  
10 there is a material change in the information included in the  
11 application under subsection (4) of this section, the independent  
12 review organization shall submit updated information to the  
13 commissioner.

14 (6) An independent review organization may not be a subsidiary of,  
15 or be in any way owned or controlled by, a health carrier or a trade or  
16 professional association of health carriers.

17 (7) An independent review organization conducting a review under  
18 section 7 of this act is not liable for damages arising from the  
19 determination made by the organization. This subsection does not apply  
20 to an act or omission of the independent review organization that is  
21 made in bad faith or that involves gross negligence.

22 NEW SECTION. **Sec. 9.** UNFAIR AND DECEPTIVE ACTS. (1) A health  
23 carrier shall not engage in unfair or deceptive acts or practices as  
24 such acts and practices are prohibited under chapter 48.30 RCW. Such  
25 acts and practices include but are not limited to the placement of any  
26 advertisement before the public that is false, inaccurate, or  
27 misleading. Such advertising is a matter affecting the public interest  
28 for the purposes of applying chapter 19.86 RCW, and is not reasonable  
29 in relation to the development and preservation of business. A  
30 violation of this section constitutes an unfair or deceptive act or  
31 practice in trade or commerce for the purpose of applying chapter 19.86  
32 RCW.

33 (2) The commissioner may by rule define and prohibit other acts and  
34 practices by health carriers found by the commissioner to be unfair and  
35 deceptive and harmful to consumers.

36 NEW SECTION. **Sec. 10.** HEALTH CARE DECISIONS. (1) Each health  
37 carrier, in its review of inpatient medical and surgical benefits and

1 outpatient medical and surgical benefits for residents of this state,  
2 shall meet the standards set forth in this section.

3 (2) Any decision to deny an admission, length of stay, extension of  
4 stay, or health service or procedure must be made by a participating  
5 provider in consultation with an appropriate specialty provider.

6 (3) Carriers shall maintain a documented utilization review program  
7 description and written utilization review criteria based on reasonable  
8 medical evidence. The program must include a method for reviewing and  
9 updating criteria. Carriers shall make clinical protocols, medical  
10 management standards, and other review criteria available upon request  
11 to participating providers.

12 (4) The commissioner shall adopt, in rule, standards for this  
13 section after considering relevant standards adopted by national  
14 managed care accreditation organizations and the state agencies that  
15 purchase managed health care services.

16 NEW SECTION. **Sec. 11.** CARRIER LIABILITY FINDINGS. The  
17 legislature finds that health carrier practices that unjustly delay or  
18 deny medically appropriate care and treatment to consumers are  
19 unconscionable. When consumers are facing serious, even life-  
20 threatening diseases or conditions, they are least able to fight with  
21 their health carrier in order to get access to needed health care and  
22 treatment. In order to protect Washington residents in need of  
23 medically necessary care and treatment, and to prevent inappropriate  
24 treatment delays or denials, the legislature finds it is necessary to  
25 enact the consumer protections set out in this act.

26 NEW SECTION. **Sec. 12.** A new section is added to chapter 4.24 RCW  
27 to read as follows:

28 CARRIER LIABILITY DEFINITIONS. (1) The definitions in this  
29 subsection apply throughout this section.

30 (a) "Appropriate and medically necessary" means the standard for  
31 health care services as determined by physicians and health care  
32 providers in accordance with the prevailing practice and standards of  
33 the medical profession and community.

34 (b) "Enrollee" means an individual covered by a health plan,  
35 including dependents.

36 (c) "Health care provider" means the same as defined in RCW  
37 48.43.005.

1 (d) "Health care treatment decision" means a determination made  
2 regarding whether a health care service or services are actually  
3 provided by the health plan and a decision that affects the quality of  
4 the diagnosis, care, or treatment provided to the plan's enrollees.

5 (e) "Health carrier" means the same as defined in RCW 48.43.005.

6 (f) "Health plan" means the same as defined in RCW 48.43.005,  
7 except that it includes a policy, contract, or agreement offered by any  
8 person, not merely a health carrier.

9 (g) "Managed care entity" means an entity other than a health  
10 carrier that delivers, administers, or assumes risk for health care  
11 services with systems or techniques to control or influence the  
12 quality, accessibility, utilization, or costs and prices of the  
13 services to a defined enrollee population, but does not include an  
14 employer purchasing coverage or acting on behalf of its employees or  
15 the employees of one or more subsidiaries or affiliated corporations of  
16 the employer or a pharmacy under chapter 18.64 RCW.

17 (h) "Ordinary care" means, for a health carrier or managed care  
18 entity, that degree of care that a health carrier or managed care  
19 entity of ordinary prudence would use under the same or similar  
20 circumstances. For a person who is an employee, agent, ostensible  
21 agent, or representative of a health carrier or managed care entity,  
22 "ordinary care" means that degree of care that a person of ordinary  
23 prudence in the same profession, specialty, or area of practice as the  
24 person would use in the same or similar circumstances.

25 (2)(a) A health carrier or a managed care entity for a health plan  
26 shall exercise ordinary care when making health care treatment  
27 decisions and is liable for damages for harm to an enrollee proximately  
28 caused by its failure to exercise the ordinary care.

29 (b) A health carrier or a managed care entity for a health plan is  
30 also liable for damages for harm to an enrollee proximately caused by  
31 health care treatment decisions made by its:

32 (i) Employees;

33 (ii) Agents;

34 (iii) Ostensible agents; or

35 (iv) Representatives who are acting on its behalf and over whom it  
36 has the right to exercise influence or control or has actually  
37 exercised influence or control that result in the failure to exercise  
38 ordinary care.

1 (3) It is a defense to any action asserted under this section  
2 against a health carrier or managed care entity for a health plan that:

3 (a) Neither the health carrier or managed care entity, nor any  
4 employee, agent, ostensible agent, or representative for whose conduct  
5 the health carrier or managed care entity is liable under subsection  
6 (2)(b) of this section, controlled, influenced, or participated in the  
7 health care decision; or

8 (b) The health carrier or managed care entity did not deny or delay  
9 payment for treatment prescribed or recommended by a provider to the  
10 enrollee.

11 (4) The standards in subsection (2) of this section do not create  
12 an obligation on the part of the health carrier or managed care entity  
13 to provide to an enrollee treatment that is not covered by the health  
14 plan.

15 (5) This section does not create any liability on the part of an  
16 employer or an employer group purchasing organization that purchases  
17 coverage or assumes risk on behalf of its employers.

18 (6) Nothing in any law of this state prohibiting a health carrier  
19 or managed care entity from practicing medicine or being licensed to  
20 practice medicine may be asserted as a defense by the health carrier or  
21 managed care entity in an action brought against it under this section.

22 (7)(a) A person may not maintain a cause of action under this  
23 section against a health carrier or managed care entity unless the  
24 affected enrollee or the enrollee's representative:

25 (i) Has exhausted any applicable reasonable grievance procedures  
26 provided for in the health plan; or

27 (ii) Has participated in the grievance process in good faith for  
28 ninety days.

29 (b) The enrollee is not required to comply with (a) of this  
30 subsection and no abatement or other penalty for failure to comply  
31 shall be imposed if the enrollee has filed a pleading alleging in  
32 substance that:

33 (i) Harm to the enrollee has already occurred because of the  
34 conduct of the health carrier or managed care entity or because of an  
35 act or omission of an employee, agent, ostensible agent, or  
36 representative of the carrier or entity for whose conduct it is liable;  
37 or

1 (ii) The review would not be beneficial to the enrollee, unless the  
2 court, upon motion by a defendant carrier or entity, finds after  
3 hearing that the pleading was not made in good faith.

4 (c) This subsection (7) does not prohibit an enrollee from pursuing  
5 other appropriate remedies, including injunctive relief, a declaratory  
6 judgment, or other relief available under law, if their requirements  
7 place the enrollee's health in serious jeopardy.

8 (8) In an action against a health carrier, a finding that a  
9 physician or other health care provider is an employee, agent,  
10 ostensible agent, or representative of such a health carrier shall not  
11 be based solely on proof that the person's name appears in a listing of  
12 approved physicians or health care providers made available to  
13 enrollees under a health plan.

14 (9) A person who is injured by a violation of this section may  
15 bring a civil action in superior court to enjoin further violations, to  
16 recover the actual damages sustained, or both, together with the costs  
17 of the suit, including reasonable attorneys' fees, and the court may in  
18 its discretion, upon a finding of bad faith on the part of the health  
19 carrier, increase the award of damages to an amount not exceeding three  
20 times the actual damages sustained.

21 (10) This section does not apply to workers' compensation insurance  
22 under Title 51 RCW.

23 NEW SECTION. **Sec. 13.** A new section is added to chapter 7.70 RCW  
24 to read as follows:

25 CARRIER LIABILITY EXCLUSIONS. This chapter does not apply to  
26 actions under section 12 of this act for injuries resulting from health  
27 care treatment decisions made by or on behalf of health carriers or  
28 managed care entities, including entities listed in RCW 7.70.020(3).  
29 For purposes of this section:

30 (1) "Health care treatment decision" means a determination made  
31 regarding whether a health care service or services are actually  
32 provided by the health plan and a decision that affects the quality of  
33 the diagnosis, care, or treatment provided to the plan's enrollees;

34 (2) "Health carrier" means the same as defined in RCW 48.43.005;  
35 and

36 (3) "Managed care entity" means an entity other than a health  
37 carrier that delivers, administers, or assumes risk for health care  
38 services with systems or techniques to control or influence the

1 quality, accessibility, utilization, or costs and prices of the  
2 services to a defined enrollee population, but does not include an  
3 employer purchasing coverage or acting on behalf of its employees or  
4 the employees of one or more subsidiaries or affiliated corporations of  
5 the employer or a pharmacy under chapter 18.64 RCW.

6 **Sec. 14.** RCW 4.16.350 and 1998 c 147 s 1 are each amended to read  
7 as follows:

8 (1) Except as provided in subsection (2) of this section, any civil  
9 action for damages for injury occurring as a result of health care  
10 which is provided after June 25, 1976 against:

11 ~~((1))~~ (a) A person licensed by this state to provide health care  
12 or related services, including, but not limited to, a physician,  
13 osteopathic physician, dentist, nurse, optometrist, ~~((pediatric))~~  
14 pediatric physician and surgeon, chiropractor, physical therapist,  
15 psychologist, pharmacist, optician, physician's assistant, osteopathic  
16 physician's assistant, nurse practitioner, or physician's trained  
17 mobile intensive care paramedic, including, in the event such person is  
18 deceased, his estate or personal representative;

19 ~~((2))~~ (b) An employee or agent of a person described in (a) of  
20 this subsection ~~((1) of this section)~~, acting in the course and scope  
21 of his employment, including, in the event such employee or agent is  
22 deceased, his estate or personal representative; or

23 ~~((3))~~ (c) An entity, whether or not incorporated, facility, or  
24 institution employing one or more persons described in (a) of this  
25 subsection ~~((1) of this section)~~, including, but not limited to, a  
26 hospital, clinic, health maintenance organization, or nursing home; or  
27 an officer, director, employee, or agent thereof acting in the course  
28 and scope of his employment, including, in the event such officer,  
29 director, employee, or agent is deceased, his estate or personal  
30 representative;

31 based upon alleged professional negligence shall be commenced within  
32 three years of the act or omission alleged to have caused the injury or  
33 condition, or one year of the time the patient or his representative  
34 discovered or reasonably should have discovered that the injury or  
35 condition was caused by said act or omission, whichever period expires  
36 later, except that in no event shall an action be commenced more than  
37 eight years after said act or omission: PROVIDED, That the time for  
38 commencement of an action is tolled upon proof of fraud, intentional

1 concealment, or the presence of a foreign body not intended to have a  
2 therapeutic or diagnostic purpose or effect, until the date the patient  
3 or the patient's representative has actual knowledge of the act of  
4 fraud or concealment, or of the presence of the foreign body; the  
5 patient or the patient's representative has one year from the date of  
6 the actual knowledge in which to commence a civil action for damages.

7 For purposes of this (~~section~~) subsection, notwithstanding RCW  
8 4.16.190, the knowledge of a custodial parent or guardian shall be  
9 imputed to a person under the age of eighteen years, and such imputed  
10 knowledge shall operate to bar the claim of such minor to the same  
11 extent that the claim of an adult would be barred under this  
12 (~~section~~) subsection. Any action not commenced in accordance with  
13 this (~~section~~) subsection shall be barred.

14 For purposes of this (~~section~~) subsection, with respect to care  
15 provided after June 25, 1976, and before August 1, 1986, the knowledge  
16 of a custodial parent or guardian shall be imputed as of April 29,  
17 1987, to persons under the age of eighteen years.

18 This (~~section~~) subsection does not apply to a civil action based  
19 on intentional conduct brought against those individuals or entities  
20 specified in this (~~section~~) subsection by a person for recovery of  
21 damages for injury occurring as a result of childhood sexual abuse as  
22 defined in RCW 4.16.340(5).

23 (2) Any action under section 12 of this act shall be commenced  
24 within three years of the completion of the grievance process, if  
25 applicable, under section 12(7) of this act, within three years of the  
26 accrual of the cause of action if the grievance process under section  
27 12(7) of this act is not applicable, but in no event shall an action be  
28 commenced more than eight years after the relevant act or omission  
29 occurred.

30 NEW SECTION. Sec. 15. If any provision of this act or its  
31 application to any person or circumstance is held invalid, the  
32 remainder of the act or the application of the provision to other  
33 persons or circumstances is not affected.

34 NEW SECTION. Sec. 16. Captions used in this act are not any part  
35 of the law.



1        NEW SECTION.   **Sec. 17.**   Sections 1 through 11 of this act are each  
2   added to chapter 48.43 RCW.

--- **END** ---