

# SENATE BILL REPORT

## HB 1190

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As Reported by Senate Committee On:  
Health & Long-Term Care, March 23, 2011

**Title:** An act relating to billing for anatomic pathology services.

**Brief Description:** Concerning billing for anatomic pathology services.

**Sponsors:** Representatives Hinkle, Kelley, Van De Wege, Liias and Stanford.

**Brief History:** Passed House: 2/14/11, 93-0.

**Committee Activity:** Health & Long-Term Care: 3/09/11, 3/23/11 [DP, w/oRec].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Kline, Murray, Pflug and Pridemore.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Becker, Ranking Minority Member; Carrell and Parlette.

**Staff:** Mich'l Needham (786-7442)

**Background:** Licensed physicians, osteopathic physicians, dentists, and pharmacists are prohibited from receiving a payment, such as a rebate, refund, or commission, if that payment is received in connection with the referral of patients or the furnishing of health care treatment or diagnosis, including furnishing clinical laboratory services.

In 2005 the Washington State Attorney General issued a formal opinion related to the application of the referral prohibitions to pathology services. The opinion concluded that a physician could only charge for professional services that are actually rendered, such as taking sample for a biopsy, preparing the sample, and other associated costs. In addition, a physician may charge for services related to reviewing the pathologist's diagnosis or consulting with the patient about the diagnosis. The opinion also specified that if the pathologist indirectly bills the patient through the referring physician, that physician could not receive compensation beyond what the pathologist charges.

**Summary of Bill:** Clinical laboratories and physicians that provide anatomic pathology services must submit any claims for payment for pathology services directly to the patient;

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the responsible insurer; the hospital or clinic that ordered the service; the referring laboratory, unless that laboratory is from a physician's office or group practice that does not perform the professional component of the anatomic pathology service; or governmental agencies action on behalf of the recipient of the services.

Licensed health care practitioners are prohibited from charging for anatomic pathology services unless the services were personally delivered by the practitioner or under the direct supervision of the practitioner. Laboratories that refer to another physician or laboratory for consultation or histologic processing are exempt from the personal delivery and direct supervision requirements, unless the laboratory that makes the referral does not perform the professional component of the service.

Violations of the billing practices regarding anatomic pathology services are governed by the Uniform Disciplinary Act.

The term anatomic pathology services is defined to include histopathology or surgical pathology, cytopathology, hematology, subcellular pathology or molecular pathology, and blood-banking services performed by pathologists.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** PRO: This is a simple bill that prevents double billing. It applies to a narrow group of services mostly done by pathologists and it ensures direct billing for services to prevent any markups on the bills. It provides transparency in the billing and is consistent with the requirements of Medicare for direct billing and the state Medicaid Program.

CON: This bill doesn't prevent the markup on pathology services since it is already the law, as the Attorney General Opinion confirmed. The billing should be left to the treating physician to forward all the bills for an episode of care. This will intrude on the relationship between the patient and the treating provider.

**Persons Testifying:** PRO: Representative Hinkle, prime sponsor; John Driscoll, Joe Rank, Washington State Society of Pathologists.

CON: Debi Johnson, Washington State Urology Society.