

CERTIFICATION OF ENROLLMENT

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5215

Chapter 293, Laws of 2013

63rd Legislature
2013 Regular Session

INSURANCE CARRIERS AND THIRD-PARTY PAYORS--HEALTH CARE PROVIDERS--
CONTRACTING

EFFECTIVE DATE: 07/28/13

Passed by the Senate April 23, 2013
YEAS 48 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House April 11, 2013
YEAS 97 NAYS 0

FRANK CHOPP

Speaker of the House of Representatives

Approved May 20, 2013, 2:34 p.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SECOND SUBSTITUTE SENATE BILL 5215** as passed by the Senate and the House of Representatives on the dates hereon set forth.

HUNTER G. GOODMAN

Secretary

FILED

May 20, 2013

**Secretary of State
State of Washington**

ENGROSSED SECOND SUBSTITUTE SENATE BILL 5215

AS AMENDED BY THE HOUSE

Passed Legislature - 2013 Regular Session

State of Washington 63rd Legislature 2013 Regular Session

By Senate Ways & Means (originally sponsored by Senators Becker, Holmquist Newbry, Ericksen, Dammeier, Honeyford, and Schlicher)

READ FIRST TIME 03/01/13.

1 AN ACT Relating to health care professionals contracting with
2 public and private payors; adding a new section to chapter 18.130 RCW;
3 and adding a new chapter to Title 48 RCW.

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

5 "NEW SECTION. **Sec. 1.** The legislature finds that Washington state
6 is a provider friendly state within which to practice medicine. As
7 part of health care reform, Washington state endeavors to establish and
8 operate a state-based health benefits exchange wherein insurance
9 products will be offered for sale and add potentially three hundred
10 thousand patients to commercial insurance, and to expand access to
11 medicaid for potentially three hundred thousand new enrollees. Such a
12 successful and new insurance market in Washington state will require
13 the willing participation of all categories of health care providers.
14 The legislature further finds that principles of fair contracting apply
15 to all contracts between health care providers and health insurance
16 carriers offering insurance within Washington state and that fair
17 dealings and transparency in expectations should be present in
18 interactions between all third-party payors and health care providers.

1 NEW SECTION. **Sec. 2.** The definitions in this section apply
2 throughout this chapter unless the context clearly requires otherwise.

3 (1) "Health care provider" or "provider" has the same meaning as in
4 RCW 48.43.005 and, for the purposes of this chapter, includes
5 facilities licensed under chapter 70.41 RCW.

6 (2) "Payor" or "third-party payor" means carriers licensed under
7 chapters 48.20, 48.21, 48.44, and 48.46 RCW, and managed health care
8 systems as defined in RCW 74.09.522.

9 (3) "Material amendment" means an amendment to a contract between
10 a payor and health care provider that would result in requiring a
11 health care provider to participate in a health plan, product, or line
12 of business with a lower fee schedule in order to continue to
13 participate in a health plan, product, or line of business with a
14 higher fee schedule. A material amendment does not include any of the
15 following:

16 (a) A decrease in payment or compensation resulting from a change
17 in a fee schedule published by the payor upon which the payment or
18 compensation is based and the date of applicability is clearly
19 identified in the contract, compensation addendum, or fee schedule
20 notice;

21 (b) A decrease in payment or compensation that was anticipated
22 under the terms of the contract, if the amount and date of
23 applicability of the decrease is clearly identified in the contract; or

24 (c) Changes unrelated to compensation so long as reasonable notice
25 of not less than sixty days is provided.

26 NEW SECTION. **Sec. 3.** (1) A third-party payor shall provide no
27 less than sixty days' notice to the health care provider of any
28 proposed material amendments to a health care provider's contract with
29 the third-party payor.

30 (2) Any material amendment to a contract must be clearly defined in
31 a notice to the provider from the third-party payor as being a material
32 change to the contract before the provider's notice period begins. The
33 notice must also inform the providers that they may choose to reject
34 the terms of the proposed material amendment through written or
35 electronic means at any time during the notice period and that such
36 rejection may not affect the terms of the health care provider's
37 existing contract with the third-party payor.

1 (3) A health care provider's rejection of the material amendment
2 does not affect the terms of the health care provider's existing
3 contract with the third-party payor.

4 (4) A failure to comply with the terms of subsections (1), (2), and
5 (3) of this section shall void the effectiveness of the material
6 amendment.

7 NEW SECTION. **Sec. 4.** A payor may require a health care provider
8 to extend the payor's medicaid rates, or some percentage above the
9 payor's medicaid rates, that govern a health benefit program
10 administered by a public purchaser to a commercial plan or line of
11 business offered by a payor that is not administered by a public
12 purchaser only if the health care provider has expressly agreed in
13 writing to the extension. For the purposes of this section,
14 "administered by a public purchaser" does not include commercial
15 coverage offered through the Washington health benefit exchange.
16 Nothing in this section prohibits a payor from utilizing medicaid
17 rates, or some percentage above medicaid rates, as a base when
18 negotiating payment rates with a health care provider.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 18.130 RCW
20 to read as follows:

21 No licensee subject to this chapter may be required to participate
22 in any public or private third-party reimbursement program or any plans
23 or products offered by a payor as a condition of licensure.

24 NEW SECTION. **Sec. 6.** Sections 1 through 4 of this act constitute
25 a new chapter in Title 48 RCW.

Passed by the Senate April 23, 2013.
Passed by the House April 11, 2013.
Approved by the Governor May 20, 2013.
Filed in Office of Secretary of State May 20, 2013.