SENATE BILL REPORT
SB 5215

As of January 31, 2013

Title: An act relating to health care professionals not being required to participate in any public or private third-party reimbursement program as a condition of licensure.

Brief Description: Providing that health care professional licensees may not be required to participate in any public or private third-party reimbursement program.

Sponsors: Senators Becker, Holmquist Newbry, Ericksen, Dammeier, Honeyford and Schlicher.

Brief History:
Committee Activity: Health Care: 1/31/13.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: The contractual agreements between health care providers and insurance carriers or third-party payors are privately negotiated contractual agreements. The Office of the Insurance Commissioner (OIC) requires insurance carriers to report their master list of participating providers to review network adequacy, but OIC does not have regulatory authority over the terms of the agreement in other cases. Public programs contract with insurance carriers in some cases, and directly with providers with their own contract terms and reimbursement agreements. Providers are not required by law to sign contracts as participating providers with insurance carriers or public programs. Some contracts include provisions that require providers to accept changes and may require providers to contract with all products offered by the third-party payor.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (Proposed Substitute): Health care providers and hospitals are not required to participate in any public or private third-party payor arrangement as a condition of licensure. Third-party payors must provide 60 days notice to health care providers of any proposed material amendments to the contract. Any material amendments to the provider's contract does not become effective without an affirmative attestation of acceptance to the contract changes. Material amendments include the addition of an all-products clause, the addition of products, and any changes to fee schedules outside of those changes that are common business practice.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Health care providers include all health professionals regulated under Title 18, home health and hospice providers regulated under Chapter 70.126 RCW, and hospitals licensed under RCW 70.41. Payor or third-party payor means all licensed health insurance carriers, the Washington State Health Insurance Pool, self-insured local governments, Medicaid managed care plans, employer welfare benefit plans, or state or federal health benefit programs.

Appropriation: None.

Fiscal Note: Requested on January 30, 2013.

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: There is some fear in the provider community that they may be forced to contract with everyone which may threaten the viability of their practice. This bill sends a message that Washington is physician friendly. The influx of newly insured patients anticipated in 2014 with the exchange and Medicaid expansion raises concerns about how patients will access care. The newly emerging all-product clauses are problematic. We would like to have a level playing field to negotiate with carriers. This bill includes principles that are important to send a message of support for maintaining independent practices. The all-product clause has been used to expand provider contracts to cover other lines of business like property and casualty, so we would like to see opt-in contract language specific to each line of business.

CON: We do not use all-products clauses and have no plans to use one. We could support a bill that had language limited to a simple prohibition of all products clauses, if well defined. The other areas in the bill are far-reaching and would jeopardize the business and force us to renegotiate thousands of contracts for simple changes. The WAC requires carriers to provide 60 days' notice of any change in the policy, procedure, or reimbursement and providers have the opportunity to reject the contract changes at any time without forcing an affirmative attestation.

Persons Testifying: PRO: Senator Becker, prime sponsor; Dr. Nick Rajacich, WA State Medical Assn.; Brad Tower, Optometric Physicians of WA; Mary Clogton, WA Academy of Family Physicians; Lori Grassi, WA State Chiropractic Assn.

CON: Len Sorrin, Premera Blue Cross; Chris Bandoli, Regence Blue Shield.