
SECOND SUBSTITUTE SENATE BILL 5215

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 public purchasers, as
7 defined in this section, carriers licensed under chapters 48.20, 48.21,
8 48.44, 48.46, and 48.62 RCW, and managed health care systems as defined
9 in RCW 74.09.522.

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

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

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

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

27 (4) "Public purchaser" means the department of social and health
28 services, the department of labor and industries, and the health care
29 authority.

30 NEW SECTION. **Sec. 3.** (1) A third-party payor shall provide no

31 less than sixty days' notice to the health care provider of any
32 proposed material amendments to a health care provider's contract with
33 the third-party payor.

34 (2) Any material amendment to a contract must be clearly defined in
35 a notice to the provider from the third-party payor as being a material
36 change to the contract before the provider's notice period begins. The
37 notice must also inform the providers that they may choose to reject

1 the terms of the proposed material amendment through written or
2 electronic means at any time during the notice period and that such
3 rejection may not affect the terms of the health care provider's
4 existing contract with the third-party payor.

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

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

11 NEW SECTION. **Sec. 4.** A payor may not, without the express written
12 agreement of the health care provider, require a health care provider
13 to extend the payor's medicaid rates, or some percentage above the
14 payor's medicaid rates, that govern a health benefit program
15 administered by a public purchaser to a commercial plan or line of
16 business offered by a payor that is not administered by a public
17 purchaser. For the purposes of this section, "administered by a public
18 purchaser" does not include commercial coverage offered through the
19 Washington health benefit exchange.

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

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

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

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