

# HOUSE BILL REPORT

## SB 5066

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### As Passed House:

April 6, 2023

**Title:** An act relating to clarifying that health care benefit managers must file contracts with health carriers with the office of the insurance commissioner.

**Brief Description:** Concerning health care benefit managers.

**Sponsors:** Senators Short, Rolfes, Cleveland and Conway.

### Brief History:

#### Committee Activity:

Health Care & Wellness: 3/14/23, 3/17/23 [DP];

Appropriations: 3/30/23, 4/1/23 [DP].

#### Floor Activity:

Passed House: 4/6/23, 96-0.

### Brief Summary of Bill

- Requires a health care benefit manager (HCBM) to file every benefit management contract and contract amendment between the HCBM and a health carrier with the Office of the Insurance Commissioner.

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## HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 15 members: Representatives Riccelli, Chair; Bateman, Vice Chair; Schmick, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Barnard, Bronoske, Davis, Graham, Harris, Macri, Mosbrucker, Orwall, Stonier, Thai and Tharinger.

**Staff:** Ingrid Lewis (786-7293).

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## HOUSE COMMITTEE ON APPROPRIATIONS

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

**Majority Report:** Do pass. Signed by 27 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Berg, Chandler, Chopp, Connors, Couture, Davis, Dye, Fitzgibbon, Hansen, Harris, Lekanoff, Pollet, Riccelli, Rude, Ryu, Sandlin, Schmick, Senn, Simmons, Slatter, Steele and Tharinger.

**Staff:** Meghan Morris (786-7119).

**Background:**

A health care benefit manager (HCBM) is a person or entity that provides services to or acts on behalf of a health carrier or employee benefits program. Health care benefit managers directly or indirectly impact the determination or use of benefits for or patient access to health care services, drugs, and supplies.

Health care benefit managers include, but are not limited, to specialized benefit types such as pharmacy, radiology, laboratory, and mental health.

An HCBM must register with the Office of the Insurance Commissioner (OIC) and must renew its registration annually. Registered HCBMs must pay licensing and renewal fees in an amount established by the OIC in rule. The fees must be set at an amount that ensures the registration, renewal, and oversight activities of the OIC are self-supporting.

An HCBM may not provide services to a health carrier or an employee benefits program without a written agreement describing the rights and responsibilities of the parties. An HCBM must file with the OIC every benefit management contract and contract amendment between the HCBM and a provider, pharmacy, pharmacy services administration organization, or other HCBM, within 30 days following the effective date of the contract or contract amendment.

If an HCBM violates any laws or regulations pertaining to the HCBM, the OIC is permitted to take enforcement actions which include placing the HCBM on probation; suspending, revoking, or refusing a registration; issuing a cease and desist order; levying a fine up to \$5,000 per violation; and requiring corrective action.

**Summary of Bill:**

A health care benefit manager (HCBM) must file every benefit management contract and contract amendment between the HCBM and a health carrier with the Office of the Insurance Commissioner (OIC) within 30 days of the effective date of the contract or amendment. Contracts and contract amendments that were executed and in effect prior to the effective date of the act must be filed with the OIC no later than 60 days following the effective date of the act.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony (Health Care & Wellness):**

(In support) The way the Office of the Insurance Commissioner (OIC) determines whether health care benefit managers (HCBM) are complying with the laws is by reviewing the contracts that they execute. In the recent past, HCBMs were filing their contracts with health care carriers and discrepancies within the contracts were noticed. Due to an issue of statutory interpretation, the OIC is no longer receiving the contracts filed with health carriers. Both sides of these agreements need to be filed to assure consistency so that the OIC has specific information on how to guide the provider and the patient if there are concerns.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) Health care benefit managers are the companies between health providers and health carriers, and they manage different types of benefits. In 2020 the Legislature passed a bill that required these companies to register with the Office of the Insurance Commissioner (OIC). This bill clarifies that health benefit managers are also required to file their contracts and contract amendments with the OIC. There is no fiscal impact to the State General Fund.

(Opposed) None.

**Persons Testifying (Health Care & Wellness):** Senator Shelly Short, prime sponsor; Jane Beyer, Office of the Insurance Commissioner; and Lori Grass, Washington State Chiropractic Association.

**Persons Testifying (Appropriations):** Lori Grassi, Washington State Chiropractic Association.

**Persons Signed In To Testify But Not Testifying (Health Care & Wellness):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.