

2 **SHB 2331 - H AMD 261 ADOPTED 2-13-96**
3 By Representatives Backlund and Dyer

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5 Strike everything after the enacting clause and insert the
6 following:

7 "Sec. 1. RCW 48.42.060 and 1984 c 56 s 1 are each amended to read
8 as follows:

9 The legislature ~~((takes notice of the increasing number of~~
10 ~~proposals for the))~~ finds that there is a continued interest in
11 mandating ((of)) certain health coverages or offering of health
12 coverages by ((insurance)) health carriers((, health care service
13 contractors, and health maintenance organizations as a component of
14 individual or group policies.)); and that improved access to these
15 health care services to segments of the population which desire them
16 can provide beneficial social and health consequences which may be in
17 the public interest.

18 The legislature finds further, however, that the cost ramifications
19 of expanding health coverages is ((resulting in a growing)) of
20 continuing concern((. The way that such coverages are structured and
21 the steps taken to create incentives to provide cost effective services
22 or to take advantage of cost off setting features of services can
23 significantly influence the cost impact of mandating particular
24 coverages.)); and that the merits of a particular ((coverage mandate))
25 mandated benefit must be balanced against a variety of consequences
26 which may go far beyond the immediate impact upon the cost of insurance
27 coverage. The legislature hereby finds and declares that a systematic
28 review of proposed mandated ((or mandatorily offered health coverage))
29 benefits, which explores all the ramifications of such proposed
30 legislation, will assist the legislature in determining whether
31 mandating a particular coverage or offering is in the public interest.
32 ~~((This chapter provides for a set of guidelines which should be~~
33 ~~addressed in the consideration of all such mandated coverage proposals~~
34 ~~coming before the legislature.))~~ The purpose of this chapter is to
35 establish a procedure for the proposal, review, and determination of
36 mandated benefit necessity.

1 NEW SECTION. **Sec. 2.** Unless otherwise specifically provided, the
2 definitions in this section apply throughout this chapter.

3 (1) "Appropriate committees of the legislature" or "committees"
4 means nonfiscal standing committees of the Washington state senate and
5 house of representatives that have jurisdiction over statutes that
6 regulate health carriers, health care facilities, health care
7 providers, or health care services.

8 (2) "Department" means the Washington state department of health.

9 (3) "Health care facility" or "facility" means hospices licensed
10 under chapter 70.127 RCW, hospitals licensed under chapter 70.41 RCW,
11 rural health care facilities as defined in RCW 70.175.020, psychiatric
12 hospitals licensed under chapter 71.12 RCW, nursing homes licensed
13 under chapter 18.51 RCW, community mental health centers licensed under
14 chapter 71.05 or 71.24 RCW, kidney disease treatment centers licensed
15 under chapter 70.41 RCW, ambulatory diagnostic, treatment, or surgical
16 facilities licensed under chapter 70.41 RCW, drug and alcohol treatment
17 facilities licensed under chapter 70.96A RCW, and home health agencies
18 licensed under chapter 70.127 RCW, and includes such facilities if
19 owned and operated by a political subdivision or instrumentality of the
20 state, and such other facilities as required by federal law and
21 implementing regulations.

22 (4) "Health care provider" or "provider" means:

23 (a) A person regulated under Title 18 or chapter 70.127 RCW, to
24 practice health or health-related services or otherwise practicing
25 health care services in this state consistent with state law; or

26 (b) An employee or agent of a person described in (a) of this
27 subsection, acting in the course and scope of his or her employment.

28 (5) "Health care service" or "service" means a service, drug, or
29 medical equipment offered or provided by a health care facility and a
30 health care provider relating to the prevention, cure, or treatment of
31 illness, injury, or disease.

32 (6) "Health carrier" or "carrier" means a disability insurer
33 regulated under chapter 48.20 or 48.21 RCW, a health care service
34 contractor as defined in RCW 48.44.010, a health maintenance
35 organization as defined in RCW 48.46.020, plans operating under the
36 state health care authority under chapter 41.05 RCW, the state health
37 insurance pool operating under chapter 48.41 RCW, and insuring entities
38 regulated in chapter 48.43 RCW.

1 (7) "Mandated health insurance benefit" or "mandated benefit" means
2 coverage or offering required by law to be provided by a health carrier
3 to: (a) Cover a specific health care service or services, or (b)
4 contract, pay, or reimburse specific categories of health care
5 providers for specific services.

6 **Sec. 3.** RCW 48.42.070 and 1989 1st ex.s. c 9 s 221 are each
7 amended to read as follows:

8 Mandated health insurance benefits shall be established as follows:

9 (1) Every person who, or organization ((which)) that, seeks
10 ((sponsorship of a legislative proposal which would mandate a health
11 coverage or offering of a health coverage by an insurance carrier,
12 health care service contractor, or health maintenance organization as
13 a component of individual or group policies, shall submit a report to
14 the legislative committees having jurisdiction, assessing both the
15 social and financial impacts of such coverage, including the efficacy
16 of the treatment or service proposed, according to the guidelines
17 enumerated in RCW 48.42.080. Copies of the report shall be sent to the
18 state department of health for review and comment. The state
19 department of health shall make recommendations based on the report to
20 the extent requested by the legislative committees)) to establish a
21 mandated benefit shall, at least ninety days prior to a regular
22 legislative session, submit a mandated benefit proposal to the
23 appropriate committees of the legislature, assessing the social impact,
24 financial impact, and evidence of health care service efficacy of the
25 benefit in strict adherence to the criteria enumerated in RCW 48.42.080
26 (as recodified by this act).

27 (2) The chair of a committee may request that the department
28 examine the proposal using the criteria set forth in RCW 48.42.080 (as
29 recodified by this act), however, such request must be made no later
30 than nine months prior to a subsequent regular legislative session.

31 (3) To the extent that funds are appropriated for this purpose, the
32 department shall report to the appropriate committees of the
33 legislature on the appropriateness of adoption no later than thirty
34 days prior to the legislative session during which the proposal is to
35 be considered.

36 (4) Mandated benefits must be authorized by law.

1 **Sec. 4.** RCW 48.42.080 and 1984 c 56 s 3 are each amended to read
2 as follows:

3 ~~((Guidelines for assessing the impact of proposed mandated or~~
4 ~~mandatorily offered health coverage to the extent that information is~~
5 ~~available, shall include, but not be limited to, the following:))~~

6 (1) Based on the availability of relevant information, the
7 following criteria shall be used to assess the impact of proposed
8 mandated benefits:

9 (a) The social impact: ~~((a))~~ (i) To what extent is the
10 ~~((treatment or service))~~ benefit generally utilized by a significant
11 portion of the population? ~~((b))~~ (ii) To what extent is the
12 ~~((insurance coverage))~~ benefit already generally available? ~~((c))~~
13 (iii) If ~~((coverage))~~ the benefit is not generally available, to what
14 extent ~~((does the lack of coverage result in persons avoiding necessary~~
15 ~~health care treatments))~~ has its unavailability resulted in persons not
16 receiving needed services? ~~((d))~~ (iv) If the ~~((coverage))~~ benefit is
17 not generally available, to what extent ~~((does the lack of coverage~~
18 ~~result))~~ has its unavailability resulted in unreasonable financial
19 hardship? ~~((e))~~ (v) What is the level of public demand for the
20 ~~((treatment or service))~~ benefit? ~~((f) What is the level of public~~
21 ~~demand for insurance coverage of treatment or service?—(g))~~ (vi) What
22 is the level of interest of collective bargaining agents in negotiating
23 privately for inclusion of this ~~((coverage))~~ benefit in group
24 contracts?

25 ~~((2))~~ (b) The financial impact: ~~((a))~~ (i) To what extent will
26 the ~~((coverage))~~ benefit increase or decrease the cost of treatment or
27 service? ~~((b))~~ (ii) To what extent will the coverage increase the
28 appropriate use of the ~~((treatment or service))~~ benefit? ~~((c))~~ (iii)
29 To what extent will the ~~((mandated treatment or service))~~ benefit be a
30 substitute for a more expensive ~~((treatment or service))~~ benefit?
31 ~~((d))~~ (iv) To what extent will the ~~((coverage))~~ benefit increase or
32 decrease the administrative expenses of ~~((insurance companies))~~ health
33 carriers and the premium and administrative expenses of policyholders?
34 ~~((e))~~ (v) What will be the impact of this ~~((coverage))~~ benefit on the
35 total cost of health care services and on premiums for health
36 insurance? (vi) What will be the impact of this benefit on costs for
37 state-purchased health care?

38 (c) Evidence of health care service efficacy:

1 (i) If a mandatory benefit of a specific service is sought, to what
2 extent has there been conducted professionally accepted controlled
3 trials demonstrating the health consequences of that service compared
4 to no service or an alternative service?

5 (ii) If a mandated benefit of a category of health care provider is
6 sought, to what extent has there been conducted professionally accepted
7 controlled trials demonstrating the health consequences achieved by the
8 mandated benefit of this category of health care provider?

9 (iii) To what extent will the mandated benefit enhance the general
10 health status of the state residents?

11 (2) The department may supplement these criteria, by rule, to
12 reflect new relevant information or additional significant issues.

13 (3) The office of the insurance commissioner shall evaluate the
14 reasonableness and actuarial accuracy of cost estimates associated with
15 the proposed mandated benefit that are provided to the department by
16 the proposer or other interested parties, and shall provide comment to
17 the department.

18 NEW SECTION. Sec. 5. Section 2 of this act shall constitute a new
19 chapter in Title 48 RCW.

20 NEW SECTION. Sec. 6. RCW 48.42.060, 48.42.070, and 48.42.080 are
21 each recodified in the new chapter created in section 5 of this act.

22 NEW SECTION. Sec. 7. If any provision of this act or its
23 application to any person or circumstance is held invalid, the
24 remainder of the act or the application of the provision to other
25 persons or circumstances is not affected."

26 **SHB 2331** - H AMD
27 By Representative

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29 On page 1, line 1 of the title, after "benefits;" strike the
30 remainder of the title and insert "amending RCW 48.42.060, 48.42.070,
31 and 48.42.080; adding a new chapter to Title 48 RCW; and recodifying
32 RCW 48.42.060, 48.42.070, and 48.42.080."