
SUBSTITUTE SENATE BILL 5588

State of Washington

56th Legislature

1999 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Wojahn, Snyder, Thibaudeau, Fairley, Winsley, Costa, Hale, Prentice, McAuliffe, Kohl-Welles, Rasmussen, Franklin and Sellar)

Read first time 03/01/1999. Referred to Committee on .

1 AN ACT Relating to prohibiting unfair acts or practices by health
2 carriers; amending RCW 48.44.020; and adding a new section to chapter
3 48.43 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 48.43 RCW
6 to read as follows:

7 A health carrier shall not engage in unfair methods of competition
8 or in unfair or deceptive acts or practices as such methods, acts, or
9 practices are defined under chapter 48.30 RCW. Such activities are
10 matters vitally affecting the public interest for purposes of applying
11 the consumer protection act, chapter 19.86 RCW. A violation of this
12 section is not reasonable in relation to the development and
13 preservation of business and is an unfair or deceptive act in trade or
14 commerce and an unfair method of competition for the purpose of
15 applying the consumer protection act, chapter 19.86 RCW.

16 **Sec. 2.** RCW 48.44.020 and 1990 c 120 s 5 are each amended to read
17 as follows:

1 (1) Any health care service contractor may enter into contracts
2 with or for the benefit of persons or groups of persons which require
3 prepayment for health care services by or for such persons in
4 consideration of such health care service contractor providing one or
5 more health care services to such persons and, except as provided in
6 section 1 of this act, such activity shall not be subject to the laws
7 relating to insurance if the health care services are rendered by the
8 health care service contractor or by a participating provider.

9 (2) The commissioner may on examination, subject to the right of
10 the health care service contractor to demand and receive a hearing
11 under chapters 48.04 and 34.05 RCW, disapprove any contract form for
12 any of the following grounds:

13 (a) If it contains or incorporates by reference any inconsistent,
14 ambiguous or misleading clauses, or exceptions and conditions which
15 unreasonably or deceptively affect the risk purported to be assumed in
16 the general coverage of the contract; or

17 (b) If it has any title, heading or other indication of its
18 provisions which is misleading; or

19 (c) If purchase of health care services thereunder is being
20 solicited by deceptive advertising; or

21 (d) If, the benefits provided therein are unreasonable in relation
22 to the amount charged for the contract;

23 (e) If it contains unreasonable restrictions on the treatment of
24 patients;

25 (f) If it violates any provision of this chapter;

26 (g) If it fails to conform to minimum provisions or standards
27 required by regulation made by the commissioner pursuant to chapter
28 34.05 RCW;

29 (h) If any contract for health care services with any state agency,
30 division, subdivision, board or commission or with any political
31 subdivision, municipal corporation, or quasi-municipal corporation
32 fails to comply with state law.

33 (3)(a) Every contract between a health care service contractor and
34 a participating provider of health care services shall be in writing
35 and shall state that in the event the health care service contractor
36 fails to pay for health care services as provided in the contract, the
37 enrolled participant shall not be liable to the provider for sums owed
38 by the health care service contractor. Every such contract shall

1 provide that this requirement shall survive termination of the
2 contract.

3 (b) No participating provider, agent, trustee or assignee may
4 maintain any action against an enrolled participant to collect sums
5 owed by the health care service contractor.

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