

# SENATE BILL REPORT

## ESHB 2943

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 23, 2006

**Title:** An act relating to health care provider contracting.

**Brief Description:** Modifying health care provider contract requirements.

**Sponsors:** House Committee on Health Care (originally sponsored by Representatives Cody, Curtis, Morrell, Campbell, Green, Clibborn, Kessler, Serben, Rodne, Roach, Moeller, Buri, Pearson, McCune, Appleton, Kenney, Hasegawa and Dunn).

**Brief History:** Passed House: 2/11/06, 73-22.

**Committee Activity:** Health & Long-Term Care: 2/22/06, 2/23/06 [DP-WM].  
Ways & Means: 2/27/06.

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Franklin, Kastama, Kline and Poulsen.

**Staff:** Jonathan Seib (786-7427)

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Erik Sund ((360) 786-7454)

**Background:** Health carriers typically contract with a limited number of health care providers to furnish services to their health plan enrollees. Washington law requires that each provider network include every category of health care provider, that it be sufficient to assure plan services are accessible to enrollees without unreasonable delay, and that a carrier's selection standards not be used to exclude providers serving high risk populations. A carrier, however, is not required to contract with any particular provider or group of providers.

**Summary of Amended Bill:** The Insurance Commissioner is directed to adopt rules that set standards governing the selection and contracting of providers by insurance carriers in order to prohibit discrimination in network selection, contracting, and credentialing.

**Amended Bill Compared to Original Bill:** The original bill prohibited organizations engaged in the business of creating provider networks from:

- Adopting network selection and credentialing standards that permit selection and credentialing of clinics of only one or certain classes of practitioners;

- Refusing to contract with providers who purchase the practice of a contracted provider if the purchasing provider otherwise meets the credentialing standards of the contractor and agrees to comply with the terms and conditions of the provider contract;
- Refusing to contract with an employee of a contracted provider if the employee otherwise meets the credentialing standards of the contractor and agrees to comply with the terms and conditions of the provider contract; or
- Requiring a health care provider to participate in any arrangement that is not a health plan as a condition for participating in any of the contractor's health plans.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For (Health & Long-Term Care):** It is surprising that provisions allowing practitioners to sell their practices to another provider that is willing to meet the price and quality standards of carrier, allows them to hire and train employees, and that prevents cross-subsidization of non-healthcare plans is considered the most costly proposal before the legislature this year. The bill is a good proposal that makes sense. The provisions in this bill reflect the current treatment of conventional medical doctors, and supports continuity of care. The bill had bipartisan support in the House.

**Testimony Against (Health & Long-Term Care):** There is enormous concern among health care purchasers about this legislation. If enacted, the bill would make it more difficult to improve health care quality and control costs. The bill would add more cost pressure on the health care system, and make it more difficult to create high performing provider networks. These bills will not benefit patients. Provider network panels are the structure that is utilized as the means to achieve quality, cost-effective services. Allowing providers to enter the network as they choose reduces the value of the network. Providers agree to discounted charges based on patient volume. To the extent the number of providers in network cannot be limited, the cost of care will go up. If the bill were to become law, it would be catastrophic.

**Who Testified (Health & Long-Term Care):** PRO: Lori Bilinski, Washington Chiropractic Association; Melanie Stewart, Massage Therapists, Washington Podiatric Medical Association; Melissa Johnson, Physical Therapy Association of Washington; Brad Tower, Optometric Physicians of Washington.

CON: Steve Tarnoff, M.D., Ken Bertrand, Group Health; Nancee Wildermuth, Regence; Rick Wickman, Premera; Sydney Zvara, Association of Washington Health Plans; Margaret Stanley, Puget Sound Health Alliance; Len McComb, Community Health Plans of Washington; Mel Sorenson, America's Health Plans, Washington Association of Healthcare Underwriters.

**Testimony For (Ways & Means):** This is the right thing to do. A non-transparent network adequacy requirement locks providers out of networks, especially providers who are fresh out

of school. Increased competition is good for the market. It isn't realistic to assume that an increase in the number of providers per patient will increase costs. The fiscal note exaggerates the state budget impact.

**Testimony Against (Ways & Means):** This bill would intrude on the contractual dealings between health plans and health care providers and would force plans to contract with more providers than they need to. This would prevent plans from building cost-efficient provider networks. This is the only state that has an "every category of provider" regulation. Don't make it the only state to have an "any willing provider" requirement also. This would be very costly.

**Who Testified (Ways & Means):** PRO: Melissa Johnson, Physical Therapy Association of Washington; Brad Tower, Optometric Physicians of Washington.

CON: Ken Bertrand, Group Health Cooperative; Mel Sorensen, America's Health Insurers and Washington Association of Health Underwriters.