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ENGROSSED SUBSTITUTE HOUSE BILL 1480

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State of Washington

63rd Legislature

2013 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Green, Schmick, Cody, Harris, and Jinkins)

READ FIRST TIME 02/20/13.

1 AN ACT Relating to providing prescription drugs by direct practice  
2 providers; amending RCW 48.150.040; and reenacting and amending RCW  
3 48.150.010.

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

5 **Sec. 1.** RCW 48.150.010 and 2009 c 552 s 1 are each reenacted and  
6 amended to read as follows:

7 The definitions in this section apply throughout this chapter  
8 unless the context clearly requires otherwise.

9 (1) "Direct agreement" means a written agreement entered into  
10 between a direct practice and an individual direct patient, or the  
11 parent or legal guardian of the direct patient or a family of direct  
12 patients, whereby the direct practice charges a direct fee as  
13 consideration for being available to provide and providing primary care  
14 services to the individual direct patient. A direct agreement must (a)  
15 describe the specific health care services the direct practice will  
16 provide; and (b) be terminable at will upon written notice by the  
17 direct patient.

18 (2) "Direct fee" means a fee charged by a direct practice as

1 consideration for being available to provide and providing primary care  
2 services as specified in a direct agreement.

3 (3) "Direct patient" means a person who is party to a direct  
4 agreement and is entitled to receive primary care services under the  
5 direct agreement from the direct practice.

6 (4) "Direct patient-provider primary care practice" and "direct  
7 practice" means a provider, group, or entity that meets the following  
8 criteria in (a), (b), (c), and (d) of this subsection:

9 (a)(i) A health care provider who furnishes primary care services  
10 through a direct agreement;

11 (ii) A group of health care providers who furnish primary care  
12 services through a direct agreement; or

13 (iii) An entity that sponsors, employs, or is otherwise affiliated  
14 with a group of health care providers who furnish only primary care  
15 services through a direct agreement, which entity is wholly owned by  
16 the group of health care providers or is a nonprofit corporation exempt  
17 from taxation under section 501(c)(3) of the internal revenue code, and  
18 is not otherwise regulated as a health care service contractor, health  
19 maintenance organization, or disability insurer under Title 48 RCW.  
20 Such entity is not prohibited from sponsoring, employing, or being  
21 otherwise affiliated with other types of health care providers not  
22 engaged in a direct practice;

23 (b) Enters into direct agreements with direct patients or parents  
24 or legal guardians of direct patients;

25 (c) Does not accept payment for health care services provided to  
26 direct patients from any entity subject to regulation under Title 48  
27 RCW or plans administered under chapter 41.05, 70.47, or 70.47A RCW;  
28 and

29 (d) Does not provide, in consideration for the direct fee,  
30 services, procedures, or supplies such as prescription drugs except as  
31 provided in RCW 48.150.040(2)(b)(i)(B), hospitalization costs, major  
32 surgery, dialysis, high level radiology (CT, MRI, PET scans or invasive  
33 radiology), rehabilitation services, procedures requiring general  
34 anesthesia, or similar advanced procedures, services, or supplies.

35 (5) "Health care provider" or "provider" means a person regulated  
36 under Title 18 RCW or chapter 70.127 RCW to practice health or health-  
37 related services or otherwise practicing health care services in this  
38 state consistent with state law.

1 (6) "Health carrier" or "carrier" has the same meaning as in RCW  
2 48.43.005.

3 (7) "Network" means the group of participating providers and  
4 facilities providing health care services to a particular health  
5 carrier's health plan or to plans administered under chapter 41.05,  
6 70.47, or 70.47A RCW.

7 (8) "Primary care" means routine health care services, including  
8 screening, assessment, diagnosis, and treatment for the purpose of  
9 promotion of health, and detection and management of disease or injury.

10 **Sec. 2.** RCW 48.150.040 and 2009 c 552 s 2 are each amended to read  
11 as follows:

12 (1) Direct practices may not:

13 (a) Enter into a participating provider contract as defined in RCW  
14 48.44.010 or 48.46.020 with any carrier or with any carrier's  
15 contractor or subcontractor, or plans administered under chapter 41.05,  
16 70.47, or 70.47A RCW, to provide health care services through a direct  
17 agreement except as set forth in subsection (2) of this section;

18 (b) Submit a claim for payment to any carrier or any carrier's  
19 contractor or subcontractor, or plans administered under chapter 41.05,  
20 70.47, or 70.47A RCW, for health care services provided to direct  
21 patients as covered by their agreement;

22 (c) With respect to services provided through a direct agreement,  
23 be identified by a carrier or any carrier's contractor or  
24 subcontractor, or plans administered under chapter 41.05, 70.47, or  
25 70.47A RCW, as a participant in the carrier's or any carrier's  
26 contractor or subcontractor network for purposes of determining network  
27 adequacy or being available for selection by an enrollee under a  
28 carrier's benefit plan; or

29 (d) Pay for health care services covered by a direct agreement  
30 rendered to direct patients by providers other than the providers in  
31 the direct practice or their employees, except as described in  
32 subsection (2)(b) of this section.

33 (2) Direct practices and providers may:

34 (a) Enter into a participating provider contract as defined by RCW  
35 48.44.010 and 48.46.020 or plans administered under chapter 41.05,  
36 70.47, or 70.47A RCW for purposes other than payment of claims for  
37 services provided to direct patients through a direct agreement. Such

1 providers shall be subject to all other provisions of the participating  
2 provider contract applicable to participating providers including but  
3 not limited to the right to:

- 4 (i) Make referrals to other participating providers;
- 5 (ii) Admit the carrier's members to participating hospitals and  
6 other health care facilities;
- 7 (iii) Prescribe prescription drugs; and
- 8 (iv) Implement other customary provisions of the contract not  
9 dealing with reimbursement of services;

10 (b)(i) Pay for charges associated with:

11 (A) The provision of routine lab and imaging services; and

12 (B) The dispensing, at no additional cost to the direct patient, of  
13 an initial supply, not to exceed thirty days, of generic prescription  
14 drugs prescribed by the direct provider.

15 (ii) In aggregate ((such)) payments made under (b)(i)(A) and (B) of  
16 this subsection per year per direct patient are not to exceed fifteen  
17 percent of the total annual direct fee charged that direct patient.  
18 Exceptions to this limitation may occur with respect to routine lab and  
19 imaging services in the event of short-term equipment failure if such  
20 failure prevents the provision of care that should not be delayed; and

21 (c) Charge an additional fee to direct patients for supplies,  
22 medications, and specific vaccines provided to direct patients that are  
23 specifically excluded under the agreement, provided the direct practice  
24 notifies the direct patient of the additional charge, prior to their  
25 administration or delivery.

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