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**SUBSTITUTE HOUSE BILL 1183**

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**State of Washington                      64th Legislature                      2015 Regular Session**

**By House Health Care & Wellness (originally sponsored by  
Representatives Harris and Cody)**

READ FIRST TIME 02/17/15.

1            AN ACT Relating to radiology benefit managers; and adding a new  
2 chapter to Title 19 RCW.

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

4            NEW SECTION.    **Sec. 1.**    The definitions in this section apply  
5 throughout this chapter unless the context clearly requires  
6 otherwise.

7            (1) "Advanced diagnostic imaging services" has the same meaning  
8 as in RCW 70.250.010.

9            (2) "Claim" means a request from a radiology clinic, radiologist,  
10 or advanced diagnostic imaging services provider to be reimbursed for  
11 the cost of having performed a procedure.

12            (3) "Clerical error" means a minor error:

13            (a) In the keeping, recording, or transcribing of records or  
14 documents or in the handling of electronic or hard copies of  
15 correspondence;

16            (b) That does not result in financial harm to a radiology benefit  
17 manager; and

18            (c) That does not involve performing an incorrect procedure.

19            (4) "Fraud" has the same meaning as defined in RCW 19.340.020.

20            (5) "Insurer" has the same meaning as in RCW 48.01.050.

21            (6) "Person" has the same meaning as in RCW 48.01.070.

1 (7) "Radiologist" has the same meaning as in RCW 18.84.020.

2 (8)(a) "Radiology benefit manager" means a person that contracts  
3 with, or is owned by, an insurer or a third-party payor to:

4 (i) Process claims for services and procedures performed by a  
5 licensed radiologist or advanced diagnostic imaging service provider;  
6 or

7 (ii) Pay or authorize payment to radiology clinics, radiologists,  
8 or advanced diagnostic imaging services providers or services or  
9 procedures;

10 (b) "Radiology benefit manager" does not include a health care  
11 service contractor as defined in RCW 48.44.010, a health maintenance  
12 organization as defined in RCW 48.46.020, or an issuer as defined in  
13 RCW 48.01.053.

14 (9) "Third-party payor" has the same meaning as in RCW 48.39.005.

15 NEW SECTION. **Sec. 2.** (1) To conduct business in this state, a  
16 radiology benefit manager must register with the department of  
17 revenue's business licensing service and annually renew the  
18 registration.

19 (2) To register under this section, a radiology benefit manager  
20 must:

21 (a) Submit an application requiring the following information:

22 (i) The identity of the radiology benefit manager;

23 (ii) The name, business address, phone number, and medical  
24 director for the radiology benefit manager; and

25 (iii) Where applicable, the federal tax employer identification  
26 number for the entity; and

27 (b) Pay a registration fee of two hundred dollars.

28 (3) To renew a registration under this section, a radiology  
29 benefit manager must pay a renewal fee of two hundred dollars.

30 (4) All receipts from registrations and renewals collected by the  
31 department of revenue must be deposited into the business license  
32 account created in RCW 19.02.210.

33 NEW SECTION. **Sec. 3.** A radiology benefit manager that audits  
34 claims or an independent third party that contracts with a radiology  
35 benefit manager to audit claims:

36 (1) Must establish, in writing, a procedure for a radiology  
37 clinic, radiologist, or advanced diagnostic imaging services provider  
38 to appeal the person's findings with respect to a claim or

1 authorization request and must provide a radiology clinic,  
2 radiologist, or advanced diagnostic imaging services provider with a  
3 notice regarding the procedure, in writing or electronically, prior  
4 to conducting an audit of the radiology clinic, radiologist, or  
5 advanced diagnostic imaging services provider's claims;

6 (2) May not conduct an audit of a claim more than twenty-four  
7 months after the date the claim was adjudicated by the radiology  
8 benefit manager;

9 (3) Must give at least fifteen days' advance written notice prior  
10 to an on-site audit to the radiology clinic, radiologist, or advanced  
11 diagnostic imaging services provider's business site;

12 (4) May not conduct an on-site audit during the first five days  
13 of any month without the consent of the radiology clinic,  
14 radiologist, or advanced diagnostic imaging services provider;

15 (5) Must conduct the audit in consultation with a radiologist or  
16 advanced diagnostic imaging services provider who is licensed by this  
17 or another state if the audit involves clinical or professional  
18 judgment;

19 (6) May not conduct an on-site audit of more than two hundred  
20 fifty unique procedures of a single radiology clinic, radiologist, or  
21 advanced diagnostic imaging services provider in any twelve-month  
22 period except in cases of alleged fraud;

23 (7) May not conduct more than one on-site audit at the place of  
24 business of a radiology clinic, radiologist, or advanced diagnostic  
25 imaging services provider during any twelve-month period;

26 (8) Must audit each radiology clinic, radiologist, or advanced  
27 diagnostic imaging services provider under the same standards and  
28 parameters that the radiology benefit manager uses to audit other  
29 similarly situated radiology clinics, radiologists, or advanced  
30 diagnostic imaging services providers;

31 (9) Must pay any outstanding claims of a radiology clinic,  
32 radiologist, or advanced diagnostic imaging services provider no more  
33 than forty-five days after the earlier of the date all appeals are  
34 concluded or the date a final report is issued under section 8(3) of  
35 this act;

36 (10) May not include interest in the amount of any overpayment  
37 assessed on a claim unless the overpaid claim was for a procedure  
38 that was not performed correctly;

39 (11) May not recoup costs associated with:

40 (a) Clerical errors; or

1 (b) Other errors that do not result in financial harm to the  
2 radiology benefit manager or a consumer; and

3 (12) May not charge a radiology clinic, radiologist, or advanced  
4 diagnostic imaging services provider for a denied or disputed claim  
5 until the audit and the appeals procedure established under  
6 subsection (1) of this section are final.

7 NEW SECTION. **Sec. 4.** A radiology benefit manager's finding that  
8 a claim was incorrectly presented or paid must be based on identified  
9 transactions and not based on probability sampling, extrapolation, or  
10 other means that project an error using the number of patients served  
11 who have a similar diagnosis.

12 NEW SECTION. **Sec. 5.** A radiology benefit manager that contracts  
13 with an independent third party to conduct audits may not:

14 (1) Agree to compensate the independent third party based on a  
15 percentage of the amount of overpayments recovered; or

16 (2) Disclose information obtained during an audit except to the  
17 contracting entity, the radiology clinic, radiologist, or advanced  
18 diagnostic imaging services provider subject to the audit, or the  
19 holder of the policy or certificate of insurance that paid the claim.

20 NEW SECTION. **Sec. 6.** (1) An appeal requested under section 3(1)  
21 of this act must be completed within thirty calendar days of the  
22 radiology clinic, radiologist, or advanced diagnostic imaging  
23 services provider submitting the claim for which an appeal has been  
24 requested.

25 (2) A radiology benefit manager must provide as part of the  
26 appeals process established under section 3(1) of this act:

27 (a) A telephone number at which a radiology clinic, radiologist,  
28 or advanced diagnostic imaging services provider may contact the  
29 radiology benefit manager and speak with an individual who is  
30 responsible for processing appeals; and

31 (b) If the appeal is denied, the reason for the denial.

32 (3) If an appeal is upheld under this section, the radiology  
33 benefit manager shall make an adjustment on a date no later than one  
34 day after the date of determination.

35 NEW SECTION. **Sec. 7.** For purposes of this chapter, a radiology  
36 benefit manager, or an independent third party that contracts with a

1 radiology benefit manager to conduct audits, must allow as evidence  
2 of validation of a claim:

3 (1) An electronic or physical copy of a valid referral or  
4 authorization of the procedure, if the procedure was performed;

5 (2) Billing data showing payment for the procedure by the patient  
6 or the patient's designee; or

7 (3) Electronic records, including electronic beneficiary  
8 signature logs, electronically scanned and stored patient records  
9 maintained at or accessible to the audited radiology clinic,  
10 radiologist, or advanced diagnostic imaging services provider's  
11 central operations, and any other reasonably clear and accurate  
12 electronic documentation that corresponds to a claim.

13 NEW SECTION. **Sec. 8.** (1)(a) After conducting an audit, a  
14 radiology benefit manager must provide the radiology clinic,  
15 radiologist, or advanced diagnostic imaging services provider that is  
16 the subject of the audit with a preliminary report of the audit. The  
17 preliminary report must be received by the radiology clinic,  
18 radiologist, or advanced diagnostic imaging services provider no  
19 later than forty-five days after the date on which the audit was  
20 completed and must be sent:

21 (i) By mail or common carrier with a return receipt requested; or

22 (ii) Electronically with electronic receipt confirmation.

23 (b) A radiology benefit manager shall provide a radiology clinic,  
24 radiologist, or advanced diagnostic imaging services provider  
25 receiving a preliminary report under this subsection no fewer than  
26 forty-five days after receiving the report to contest the report or  
27 any findings in the report in accordance with the appeals procedure  
28 established under section 3(1) of this act and to provide additional  
29 documentation in support of the claim. The radiology benefit manager  
30 shall consider a reasonable request for an extension of time to  
31 submit documentation to contest the report or any findings in the  
32 report.

33 (2) If an audit results in the dispute or denial of a claim, the  
34 radiology benefit manager conducting the audit shall allow the  
35 radiology clinic, radiologist, or advanced diagnostic imaging  
36 services provider to resubmit the claim using any commercially  
37 reasonable method, including facsimile, mail, or electronic mail.

38 (3) A radiology benefit manager must provide a radiology clinic,  
39 radiologist, or advanced diagnostic imaging services provider that is

1 the subject of an audit with a final report of the audit no later  
2 than sixty days after the later of either the date the preliminary  
3 report was received or the date the radiology clinic, radiologist, or  
4 advanced diagnostic imaging services provider contested the report  
5 using the appeals procedure established under section 3(1) of this  
6 act. The final report must include a final accounting of all moneys  
7 to be recovered by the person.

8 (4) Recoupment of disputed funds from a radiology clinic,  
9 radiologist, or advanced diagnostic imaging services provider by a  
10 radiology benefit manager or repayment of funds to a person by a  
11 radiology clinic, radiologist, or advanced diagnostic imaging  
12 services provider, unless otherwise agreed to by the person and the  
13 radiology clinic, radiologist, or advanced diagnostic imaging  
14 services provider, shall occur after the audit and the appeals  
15 procedure established under section 3(1) of this act are final.

16 NEW SECTION. **Sec. 9.** This chapter does not:

17 (1) Preclude a radiology benefit manager from instituting an  
18 action for fraud against a radiology clinic, radiologist, or advanced  
19 diagnostic imaging services provider;

20 (2) Apply to an audit of radiology clinic, radiologist, or  
21 advanced diagnostic imaging services provider records when fraud or  
22 other intentional and willful misrepresentation is indicated by  
23 physical review, review of claims data or statements, or other  
24 investigative methods; or

25 (3) Apply to a state agency that is conducting audits or a person  
26 that has contracted with a state agency to conduct audits of  
27 radiology clinic, radiologist, or advanced diagnostic imaging  
28 services provider records for services paid for by the state medical  
29 assistance program.

30 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act  
31 constitute a new chapter in Title 19 RCW.

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