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**SUBSTITUTE HOUSE BILL 1655**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

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

READ FIRST TIME 01/31/24.

1 AN ACT Relating to provider contract compensation; adding a new  
2 section to chapter 48.43 RCW; and creating new sections.

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) The costs to operate and maintain a health care practice by  
6 health care providers continue to rise and often may exceed consumer  
7 price inflation;

8 (b) Significant vertical and horizontal consolidation in health  
9 plan markets has given health carriers ever greater bargaining power  
10 over individual health care providers and small clinics who have  
11 little or no opportunity to meaningfully negotiate compensation to  
12 cover overhead costs;

13 (c) Despite increasing costs, many health care professions have  
14 experienced no increase in the contracted rates for the health care  
15 services provided to carrier enrollees for several years; and

16 (d) According to a 2020 American medical association survey,  
17 nearly 40 percent of patient care physicians were employed directly  
18 by a hospital or a practice owned at least partially by a hospital or  
19 health system, an increase from just 23.5 percent in 2012.

20 (2) Therefore, the legislature intends to encourage competition  
21 and health care market diversity by requiring health carriers to

1 annually adjust the compensation offered to health care providers not  
2 employed by hospitals or affiliates of hospitals in an amount that  
3 reflects inflationary cost increases, thereby deterring the further  
4 consolidation in health care delivery markets arising from the  
5 abandonment of private practices to employment by hospital systems.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43  
7 RCW to read as follows:

8 (1) For health benefit plans issued or renewed on or after  
9 January 1, 2025, compensation provisions in a provider contract  
10 between a health care provider not employed by a hospital or any  
11 affiliate of a hospital and a health carrier for health care services  
12 to enrollees of such health benefit plans must include an increase in  
13 compensation from the prior year for health care services that  
14 reflects increases in the consumer price index for all urban  
15 consumers over the previous year.

16 (2) Nothing in this section requires a provider to accept or  
17 reject, or prohibits a provider from accepting or rejecting, a  
18 provider contract or an amendment to an existing contract including  
19 any increase in compensation required by this section. No provider  
20 contract may directly or indirectly waive the requirements of this  
21 section and no health carrier may discriminate against any category  
22 of provider by excluding or limiting such provider's services in an  
23 effort to avoid the compensation provisions of this section.

24 (3) This section does not apply to a plan that offers dental only  
25 coverage when the plan relies solely on employees of the health  
26 carrier for provision of the benefits.

27 (4) For purposes of this section:

28 (a) "Affiliate of a hospital" means related to a hospital in any  
29 way by virtue of any form or amount of common ownership, control,  
30 operation, or management.

31 (b) "Health benefit plan," in addition to the definition in RCW  
32 48.43.005, means vision only coverage offered by a health care  
33 service contractor, a limited health care service contractor, or a  
34 disability insurer.

35 NEW SECTION. **Sec. 3.** The insurance commissioner shall adopt  
36 rules necessary to implement this act. Such rules shall reflect  
37 standards used to determine inflationary increases in the qualifying

1 payment amount under the federal no surprises act, 42 U.S.C. Sec.  
2 300gg-111, and implementing federal regulations.

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