
HOUSE BILL 1123

State of Washington

69th Legislature

2025 Regular Session

By Representatives Macri, Berry, and Reed; by request of Health Care Authority

Prefiled 12/23/24.

1 AN ACT Relating to ensuring access to primary care, behavioral
2 health, and affordable hospital services; and adding a new section to
3 chapter 41.05 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 41.05
6 RCW to read as follows:

7 (1) For purposes of this section, "contractor" means a health
8 carrier that provides medical insurance offered to public employees
9 and their covered dependents under this chapter, or a third-party
10 administrator contracted by the authority to provide medical coverage
11 to public employees under this chapter.

12 (2) Upon a good faith offer from a contractor, a hospital
13 licensed under chapter 70.41 RCW that receives payment for services
14 through any program administered by the authority under chapter 74.09
15 RCW must contract with that contractor. This subsection does not
16 apply to a hospital owned and operated by a health maintenance
17 organization licensed under chapter 48.46 RCW.

18 (3) Each contractor, for its health plans that provide medical
19 coverage offered to public employees and their covered dependents,
20 must meet the following requirements:

21 (a) Beginning January 1, 2027:

1 (i) Except as provided in (a)(ii) of this subsection,
2 reimbursement to any provider or facility for inpatient and
3 outpatient hospital services may not exceed the lesser of billed
4 charges, the contractor's contracted rate for the provider, or 200
5 percent of the total amount medicare would have reimbursed for the
6 same or similar services;

7 (ii) Reimbursement to any provider or facility for inpatient and
8 outpatient hospital services provided at a specialty hospital
9 primarily engaged in the care and treatment of children may not
10 exceed the lesser of billed charges, the contractor's contracted rate
11 for the provider, or 350 percent of the total amount medicare would
12 have reimbursed providers and facilities for the same or similar
13 services;

14 (iii) Reimbursement for services provided by rural hospitals
15 certified by the centers for medicare and medicaid services as
16 critical access hospitals or sole community hospitals may not be less
17 than 101 percent of allowable costs as defined by the United States
18 centers for medicare and medicaid services for purposes of medicare
19 cost reporting;

20 (iv) Reimbursement for primary care services, as defined by the
21 authority, may not be less than 150 percent of the amount that would
22 have been reimbursed under the medicare program for the same or
23 similar services; and

24 (v) Reimbursement for nonfacility-based behavioral health
25 services, as defined by the authority, may not be less than 150
26 percent of the amount that would have been reimbursed under the
27 medicare program for the same or similar services.

28 (b) Beginning January 1, 2029:

29 (i) Except as provided in (b)(ii) of this subsection,
30 reimbursement to any provider or facility for inpatient and
31 outpatient hospital services may not exceed the lesser of billed
32 charges, the contractor's contracted rate for the provider, or 190
33 percent of the total amount medicare would have reimbursed providers
34 and facilities for the same or similar services; and

35 (ii) Reimbursement to any provider or facility for inpatient and
36 outpatient hospital services provided at a specialty hospital
37 primarily engaged in the care and treatment of children may not
38 exceed the lesser of billed charges, the contractor's contracted rate
39 for the provider, or 300 percent of the total amount medicare would

1 have reimbursed the providers and facilities for the same or similar
2 services.

3 (4) Nothing in this section prohibits a contractor from
4 reimbursing a hospital through a nonfee-for-service payment
5 methodology, so long as the payments incentivize higher quality or
6 improved health outcomes and the contractor continues to comply with
7 the reimbursement requirements in this section.

8 (5) Premiums must take into account changes in reimbursement for
9 hospital, primary care, and behavioral health services anticipated to
10 result from the application of this section.

11 (6) At the request of the authority for monitoring, enforcement,
12 or program and quality improvement activities, a contractor must
13 provide cost and quality of care information and data to the
14 authority and may not enter into an agreement with a provider or
15 third party that would restrict the contractor from providing this
16 information or data.

17 (7) By December 31, 2030, the authority, in consultation with the
18 office of the insurance commissioner, shall provide a report to the
19 governor's office and relevant committees of the legislature
20 analyzing the initial impacts of this section on network access,
21 enrollee premiums, and state expenditures for medical coverage
22 offered to public employees under this chapter. The report may
23 include recommendations for legislative changes to the policy
24 established in this section.

25 (8) The authority may adopt rules to implement this section,
26 including rules for levying fines and taking other contract actions
27 it deems necessary to enforce compliance with this section.

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