
ENGROSSED SECOND SUBSTITUTE SENATE BILL 5083

State of Washington

69th Legislature

2025 Regular Session

By Senate Ways & Means (originally sponsored by Senators Robinson, Harris, Lias, Nobles, Salomon, and Valdez; by request of Health Care Authority)

READ FIRST TIME 02/28/25.

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 in-network provider or facility located in
3 Washington for inpatient and outpatient hospital services may not
4 exceed the lesser of billed charges, the contractor's contracted rate
5 for the provider, or 200 percent of the total amount medicare would
6 have reimbursed for the same or similar services;

7 (ii) Reimbursement to any in-network provider or facility located
8 in Washington for inpatient and outpatient hospital services provided
9 at a specialty hospital primarily engaged in the care and treatment
10 of children may not exceed the lesser of billed charges, the
11 contractor's contracted rate for the provider, or 350 percent of the
12 total amount medicare would have reimbursed providers and facilities
13 for the same or similar 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 in-network primary care services, as
21 defined by the authority, may not be less than 150 percent of the
22 amount that would have been reimbursed under the medicare program for
23 the same or similar services; and

24 (v) Reimbursement for in-network nonfacility-based behavioral
25 health services, as defined by the authority, may not be less than
26 150 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 in-network provider or facility located in
31 Washington for inpatient and outpatient hospital services may not
32 exceed the lesser of billed charges, the contractor's contracted rate
33 for the provider, or 190 percent of the total amount medicare would
34 have reimbursed providers and facilities for the same or similar
35 services; and

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

1 total amount medicare would have reimbursed the providers and
2 facilities for the same or similar services.

3 (4) This section does not apply to:

4 (a) Rural hospitals certified by the centers for medicare and
5 medicaid services as sole community hospitals that are receiving
6 enhanced rates under RCW 74.09.5225(3)(a) or critical access
7 hospitals except for hospitals that are owned or operated by a health
8 system that owns or operates more than two acute care hospitals
9 licensed under chapter 70.41 RCW;

10 (b) Hospitals located on an island operating within a public
11 hospital district in Skagit county; or

12 (c) Hospitals that are not currently designated as a critical
13 access hospital, do not meet current federal eligibility requirements
14 for designation as a critical access hospital, have combined medicaid
15 and medicare inpatient days greater than 60 percent of all hospital
16 inpatient days, and are located on the land of a federally recognized
17 Indian tribe.

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

23 (6) Premiums must take into account changes in reimbursement for
24 hospital, primary care, and behavioral health services anticipated to
25 result from the application of this section.

26 (7) At the request of the authority for monitoring, enforcement,
27 or program and quality improvement activities, a contractor must
28 provide cost and quality of care information and data to the
29 authority and may not enter into an agreement with a provider or
30 third party that would restrict the contractor from providing this
31 information or data.

32 (8)(a) By December 31, 2030, the authority, in consultation with
33 the office of the insurance commissioner, shall provide a report to
34 the governor's office and relevant committees of the legislature
35 analyzing the initial impacts of this section on network access,
36 enrollee premiums and cost sharing, and state expenditures for
37 medical coverage offered to public employees under this chapter. The
38 report may include recommendations for legislative changes to the
39 policy established in this section.

1 (b) By December 31, 2034, the authority, in consultation with the
2 office of the insurance commissioner, shall provide a second report
3 to the governor's office and relevant committees of the legislature
4 providing an updated analysis on the impacts of this section on
5 network access, enrollee premiums and cost sharing, and state
6 expenditures for medical coverage offered to public employees under
7 this chapter. The report may include recommendations for legislative
8 changes to the policy established in this section.

9 (9) For the purposes of this section, reimbursement for inpatient
10 and outpatient services does not include charges for professional
11 services.

12 (10) The authority may adopt rules to implement this section,
13 including rules for levying fines and taking other contract actions
14 it deems necessary to enforce compliance with this section.

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