

**Chapter 48.39 RCW**  
**CONTRACTS BETWEEN INSURANCE CARRIERS, HEALTH CARE PROVIDERS, AND**  
**THIRD-PARTY PAYORS**

**Sections**

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**RCW 48.39.003 Findings.** The legislature finds that Washington state is a provider friendly state within which to practice medicine. As part of health care reform, Washington state endeavors to establish and operate a state-based health benefits exchange wherein insurance products will be offered for sale and add potentially three hundred thousand patients to commercial insurance, and to expand access to medicaid for potentially three hundred thousand new enrollees. Such a successful and new insurance market in Washington state will require the willing participation of all categories of health care providers. The legislature further finds that principles of fair contracting apply to all contracts between health care providers and health insurance carriers offering insurance within Washington state and that fair dealings and transparency in expectations should be present in interactions between all third-party payors and health care providers. [2013 c 293 s 1.]

**RCW 48.39.005 Definitions.** The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.

(1) "Health care provider" or "provider" has the same meaning as in RCW 48.43.005 and, for the purposes of this chapter, includes facilities licensed under chapter 70.41 RCW.

(2) "Material amendment" means an amendment to a contract between a payor and health care provider that would result in requiring a health care provider to participate in a health plan, product, or line of business with a lower fee schedule in order to continue to participate in a health plan, product, or line of business with a higher fee schedule. A material amendment does not include any of the following:

(a) A decrease in payment or compensation resulting from a change in a fee schedule published by the payor upon which the payment or compensation is based and the date of applicability is clearly identified in the contract, compensation addendum, or fee schedule notice;

(b) A decrease in payment or compensation that was anticipated under the terms of the contract, if the amount and date of applicability of the decrease is clearly identified in the contract; or

(c) Changes unrelated to compensation so long as reasonable notice of not less than sixty days is provided.

(3) "Payor" or "third-party payor" means carriers licensed under chapters 48.20, 48.21, 48.44, and 48.46 RCW, and \*managed health care systems as defined in RCW 74.09.522. [2013 c 293 s 2.]

**Reviser's note:** \*(1) RCW 74.09.522 was amended by 2023 c 51 s 43, removing the definition of "managed health care system" and changing "managed health care system" to "managed care organization."

(2) The definitions in this section have been alphabetized pursuant to RCW 1.08.015(2)(k).

**RCW 48.39.010 Notice of material amendments to contract—Failure to comply.** (1) A third-party payor shall provide no less than sixty days' notice to the health care provider of any proposed material amendments to a health care provider's contract with the third-party payor.

(2) Any material amendment to a contract must be clearly defined in a notice to the provider from the third-party payor as being a material change to the contract before the provider's notice period begins. The notice must also inform the providers that they may choose to reject the terms of the proposed material amendment through written or electronic means at any time during the notice period and that such rejection may not affect the terms of the health care provider's existing contract with the third-party payor.

(3) A health care provider's rejection of the material amendment does not affect the terms of the health care provider's existing contract with the third-party payor.

(4) A failure to comply with the terms of subsections (1), (2), and (3) of this section shall void the effectiveness of the material amendment. [2013 c 293 s 3.]

**RCW 48.39.020 Payor may require provider to extend payor's medicaid rates—Limitations.** A payor may require a health care provider to extend the payor's medicaid rates, or some percentage above the payor's medicaid rates, that govern a health benefit program administered by a public purchaser to a commercial plan or line of business offered by a payor that is not administered by a public purchaser only if the health care provider has expressly agreed in writing to the extension. For the purposes of this section, "administered by a public purchaser" does not include commercial coverage offered through the Washington health benefit exchange. Nothing in this section prohibits a payor from utilizing medicaid rates, or some percentage above medicaid rates, as a base when negotiating payment rates with a health care provider. [2013 c 293 s 4.]

**RCW 48.39.030 Ambulatory surgical facilities—Payor survey requirements.** If a payor that contracts with an ambulatory surgical facility licensed under chapter 70.230 RCW requires successful completion of a survey as part of the contract, the ambulatory surgical facility is deemed to have met survey requirements if it has successfully completed a survey performed pursuant to medicare certification or by an accrediting organization that has been determined by the secretary of the department of health to have substantially equivalent survey standards to those of the centers for

medicare and medicaid services. The payor may not impose additional survey requirements on the ambulatory surgical facility. [2016 c 146 s 5.]