
SENATE BILL 5958

State of Washington

60th Legislature

2007 Regular Session

By Senators Keiser, Parlette, Marr and Kohl-Welles

Read first time 02/08/2007. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to innovative primary health care delivery;
2 amending RCW 48.44.010; adding a new chapter to Title 70 RCW; and
3 creating a new section.

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

5 NEW SECTION. **Sec. 1.** It is the public policy of Washington to
6 promote access to medical care for all citizens and to encourage
7 innovative arrangements between patients and providers that will help
8 provide all citizens with a medical home.

9 Washington needs a multipronged approach to provide adequate health
10 care to many citizens who lack adequate access to it. Direct patient-
11 provider practices, in which patients enter into a direct relationship
12 with medical practitioners and pay a fixed amount directly to the
13 health care provider for primary care services, represent an
14 innovative, affordable option which could improve access to medical
15 care, reduce the number of people who now lack such access, and cut
16 down on emergency room use for primary care purposes, thereby freeing
17 up emergency room facilities to treat true emergencies.

1 **Sec. 2.** RCW 48.44.010 and 1990 c 120 s 1 are each amended to read
2 as follows:

3 For the purposes of this chapter:

4 (1) "Health care services" means and includes medical, surgical,
5 dental, chiropractic, hospital, optometric, podiatric, pharmaceutical,
6 ambulance, custodial, mental health, and other therapeutic services.

7 (2) "Provider" means any health professional, hospital, or other
8 institution, organization, or person that furnishes health care
9 services and is licensed to furnish such services.

10 (3) "Health care service contractor" means any corporation,
11 cooperative group, or association, which is sponsored by or otherwise
12 intimately connected with a provider or group of providers, who or
13 which not otherwise being engaged in the insurance business, accepts
14 prepayment for health care services from or for the benefit of persons
15 or groups of persons as consideration for providing such persons with
16 any health care services. "Health care service contractor" does not
17 include direct patient-provider primary care practices as defined in
18 section 3 of this act.

19 (4) "Participating provider" means a provider, who or which has
20 contracted in writing with a health care service contractor to accept
21 payment from and to look solely to such contractor according to the
22 terms of the subscriber contract for any health care services rendered
23 to a person who has previously paid, or on whose behalf prepayment has
24 been made, to such contractor for such services.

25 (5) "Enrolled participant" means a person or group of persons who
26 have entered into a contractual arrangement or on whose behalf a
27 contractual arrangement has been entered into with a health care
28 service contractor to receive health care services.

29 (6) "Commissioner" means the insurance commissioner.

30 (7) "Uncovered expenditures" means the costs to the health care
31 service contractor for health care services that are the obligation of
32 the health care service contractor for which an enrolled participant
33 would also be liable in the event of the health care service
34 contractor's insolvency and for which no alternative arrangements have
35 been made as provided herein. The term does not include expenditures
36 for covered services when a provider has agreed not to bill the
37 enrolled participant even though the provider is not paid by the health

1 care service contractor, or for services that are guaranteed, insured
2 or assumed by a person or organization other than the health care
3 service contractor.

4 (8) "Copayment" means an amount specified in a group or individual
5 contract which is an obligation of an enrolled participant for a
6 specific service which is not fully prepaid.

7 (9) "Deductible" means the amount an enrolled participant is
8 responsible to pay before the health care service contractor begins to
9 pay the costs associated with treatment.

10 (10) "Group contract" means a contract for health care services
11 which by its terms limits eligibility to members of a specific group.
12 The group contract may include coverage for dependents.

13 (11) "Individual contract" means a contract for health care
14 services issued to and covering an individual. An individual contract
15 may include dependents.

16 (12) "Carrier" means a health maintenance organization, an insurer,
17 a health care service contractor, or other entity responsible for the
18 payment of benefits or provision of services under a group or
19 individual contract.

20 (13) "Replacement coverage" means the benefits provided by a
21 succeeding carrier.

22 (14) "Insolvent" or "insolvency" means that the organization has
23 been declared insolvent and is placed under an order of liquidation by
24 a court of competent jurisdiction.

25 (15) "Fully subordinated debt" means those debts that meet the
26 requirements of RCW 48.44.037(3) and are recorded as equity.

27 (16) "Net worth" means the excess of total admitted assets as
28 defined in RCW 48.12.010 over total liabilities but the liabilities
29 shall not include fully subordinated debt.

30 NEW SECTION. **Sec. 3.** The definitions in this section apply
31 throughout this chapter unless the context clearly requires otherwise.

32 (1) "Direct patient-provider primary care practice" and "direct
33 practice" means a provider, group, or entity that meets the following
34 criteria in (a), (b), and (c) of this subsection:

35 (a)(i) A health care provider who furnishes health care services
36 through a direct agreement;

1 (ii) A group of health care providers who furnish health care
2 services through a direct agreement; or

3 (iii) An entity that sponsors, employs, or is otherwise affiliated
4 with a group of health care providers who furnish health care services
5 through a direct agreement, which entity is wholly owned by the group
6 of health care providers or is a nonprofit corporation exempt from
7 taxation under section 501(c)(3) of the federal internal revenue code.
8 Such entity is not prohibited from sponsoring, employing, or being
9 otherwise affiliated with other types of health care providers not
10 engaged in a direct health care practice;

11 (b) Enters into direct agreements with direct patients or parents
12 or legal guardians of direct patients; and

13 (c) Does not accept payment for health care services provided to
14 direct patients from any entity subject to regulation under Title 48
15 RCW.

16 (2) "Direct patient" means a person who is party to a direct
17 agreement and is entitled to receive health care services under the
18 direct agreement from the direct practice.

19 (3) "Direct fee" means a fee charged by a direct health care
20 practice as consideration for being available to provide and providing
21 health care services as specified in a direct agreement. The fee must
22 represent the total amount due for all health care services specified
23 in the direct agreement and may be paid by the direct patient or on his
24 or her behalf by others.

25 (4) "Direct agreement" means a written agreement entered into
26 between a direct practice and an individual direct patient (or the
27 parent or legal guardian of the direct patient or a family of direct
28 patients) whereby the direct practice charges a direct fee as
29 consideration for being available to provide and providing health care
30 services to the individual direct patient. A direct agreement must (a)
31 describe the health care services the direct practice will provide; and
32 (b) be terminable at will upon written notice by the direct patient.

33 (5) "Health care provider" or "provider" means a person regulated
34 under Title 18 RCW or chapter 70.127 RCW to practice health or health-
35 related services or otherwise practicing health care services in this
36 state consistent with state law.

1 NEW SECTION. **Sec. 4.** (1) A direct practice must charge a direct
2 fee on a monthly basis.

3 (2) A direct practice must:

4 (a) Maintain appropriate accounts and provide data regarding
5 payments made and services received to direct patients upon request;
6 and

7 (b) Either:

8 (i) Bill patients at the end of each monthly period; or

9 (ii) If the patient pays the monthly fee in advance, promptly
10 refund to the direct patient all unearned direct fees following receipt
11 of written notice of termination of the direct agreement from the
12 direct patient. The amount of the direct fee considered earned shall
13 be a proration of the monthly fee as of the date the notice of
14 termination is received.

15 (3) If the patient chooses to pay more than one monthly direct fee
16 in advance, the funds will be held in an escrow account and paid to the
17 direct practice as earned at the end of each month. Any unearned
18 direct fees held in escrow following receipt of termination of the
19 direct agreement shall be promptly refunded to the direct patient. The
20 amount of the direct fee earned shall be a proration of the monthly fee
21 for the then current month as of the date the notice of termination is
22 received.

23 NEW SECTION. **Sec. 5.** (1) Direct health care practices may not
24 decline to accept new direct patients solely because of the patient's
25 health status. A direct practice may decline to accept a patient if
26 the practice has reached its maximum capacity, or if the patient's
27 medical condition is such that the provider is unable to provide the
28 appropriate level and type of health care services in the direct
29 practice or if the direct practice reasonably determines that the
30 patient would be better served by another health care provider.

31 (2) Direct practices may, but are not required to, accept payment
32 of direct fees directly or indirectly from third parties.

33 (3) Direct health care practices and providers may charge an
34 additional fee to direct patients for goods provided to the direct
35 patients that are not covered by the direct agreement, including but
36 not limited to medications and specific vaccines.

1 NEW SECTION. **Sec. 6.** Direct practices, as defined in section 3 of
2 this act, who comply with this chapter are not subject to regulation
3 under Title 48 RCW.

4 NEW SECTION. **Sec. 7.** A person shall not knowingly make, publish,
5 or disseminate any false, deceptive, or misleading representation or
6 advertising in the conduct of the business of a direct practice, or
7 relative to the business of a direct practice.

8 NEW SECTION. **Sec. 8.** A person shall not knowingly make, issue, or
9 circulate, or cause to be made, issued, or circulated, a
10 misrepresentation of the terms of any direct agreement, or the benefits
11 or advantages promised thereby, or use the name or title of any direct
12 agreement misrepresenting the nature thereof.

13 NEW SECTION. **Sec. 9.** Sections 3 through 8 of this act constitute
14 a new chapter in Title 70 RCW.

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