

# SENATE BILL REPORT

## SB 5801

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As Reported by Senate Committee On:  
Labor, Commerce & Consumer Protection, February 21, 2011

**Title:** An act relating to establishing medical provider networks and expanding centers for occupational health and education in the industrial insurance system.

**Brief Description:** Establishing medical provider networks and expanding centers for occupational health and education in the industrial insurance system.

**Sponsors:** Senators Kohl-Welles, Holmquist Newbry, Conway and Kline.

**Brief History:**

**Committee Activity:** Labor, Commerce & Consumer Protection: 2/14/11, 2/17/11, 2/21/11 [DPS].

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### SENATE COMMITTEE ON LABOR, COMMERCE & CONSUMER PROTECTION

**Majority Report:** That Substitute Senate Bill No. 5801 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kohl-Welles, Chair; Conway, Vice Chair; Holmquist Newbry, Ranking Minority Member; King, Assistant Ranking Minority Member; Hewitt, Keiser and Kline.

**Staff:** Mac Nicholson (786-7445)

**Background:** The state Industrial Insurance Program provides medical and other benefits to workers who suffer a work-related injury or develop an occupational disease. The Industrial Insurance Program is administered by the Department of Labor and Industries (L&I) and is funded through a premium collected from employers and employees in the state. The Workers Compensation Advisory Committee (WCAC) is a ten-member committee tasked with studying aspects of the workers compensation and includes representatives of business, labor, and L&I.

Centers of Occupational Health and Education (COHE) are resources that attempt to improve injured worker outcomes, and reduce disability through community-based health care delivery. COHE efforts focus on the first 12 weeks of a claim and promote disability prevention through helping coordinate health services and return to work activities, assisting providers to adopt occupational health best practices, and early identification of cases that

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appear to be at risk for long-term disability. There are currently four COHEs in the state: Renton COHE at Valley Medical Center; Eastern Washington COHE at St. Luke's Rehabilitation Institute in Spokane; the Everett Clinic; and Harborview Medical Center.

**Summary of Bill (Recommended Substitute):** L&I must establish a health care provider network to treat injured workers. Providers who meet minimum standards are accepted into the network and must agree to follow L&I evidence-based coverage decisions and treatment guidelines, policies, and must be expected to follow national treatment guidelines. Providers who follow L&I established best practice standards can qualify for a second tier within the network. Financial and nonfinancial incentives may be provided to second tier providers. L&I is to convene an advisory group to advise the department on issues related to the implementation of the network, and seek input of various health care provider groups and associations concerning implementation of the network.

Network provider contracts will automatically renew, unless L&I or the provider give written notice of contract termination. Once a provider network is established in a worker's geographic area, an injured worker needs to seek medical services from a health care provider in the network. Providers failing to meet minimum network standards can be temporarily or permanently removed from the network.

L&I must establish additional COHEs, with a goal of extending access to all injured workers by December 2015. L&I can certify or decertify COHEs based on criteria listed in the legislation. Incentives can be established for COHE providers, and electronic methods of tracking measures to identify and improve outcomes for injured workers are to be developed.

**EFFECT OF CHANGES MADE BY LABOR, COMMERCE & CONSUMER PROTECTION COMMITTEE (Recommended Substitute):** The substitute adds language requiring L&I to seek input of various health care provider groups and associations concerning implementation of the network, and provides that network contracts will automatically renew unless L&I or the provider give written notice. The substitute also makes language changes regarding evidence-based coverage decisions and the ability of the the advisory group to recommend network standards and waiting periods for re-admission to the network.

**Appropriation:** None.

**Fiscal Note:** Preliminary Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect on July 1, 2011.

**Staff Summary of Public Testimony on Original Bill:** PRO: This bill contains elements of the Governor's request bill that reflects work of the interim workgroup. The COHE piece wasn't part of the agreement, but it fits the subject and doesn't raise concerns. This legislation is important and will reduce costs to the system and reduce incidents of long-term disability. There is some additional work to be done on this legislation. COHEs need to be expanded.

OTHER: The medical providers have not had a chance to offer input on this legislation. There are concerns about termination from the network and standards for following treatment. There should be caution about self-insured employers developing a network mentality. Providers need to be at the table, and should be added to the advisory committee created in the legislation. L&I should treat removal as an order, which would trigger due process rights for the provider. When a court or the board orders treatment, providers shouldn't be removed for following those orders.

**Persons Testifying:** PRO: Vickie Kennedy, L&I; Kris Tefft, Association of Washington Business; Teresa Mosqueda, Washington State Labor Council; Joe King, INHS.

OTHER: Laurie Bulnski, Washington Chiropractic Association; Melissa Johnson, Physical Therapy Association of Washington; Melanie Stewart, Washington Podiatric Medical Association; Michael Temple, Washington State Association for Justice.