
Health Care & Wellness Committee

E2SSB 5215

Brief Description: Concerning health care professionals contracting with public and private payors.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Becker, Holmquist Newbry, Ericksen, Dammeier, Honeyford and Schlicher).

Brief Summary of Engrossed Second Substitute Bill

- Prohibits public and private insurers from making material contract amendments without providing the contracting health care provider with notice and the opportunity to opt out.
- Prohibits insurers from requiring a health care provider to accept Medicaid rates (or a specified percentage of Medicaid rates) in commercial products or other lines of business without the consent of the health care provider.
- Provides that health care providers may not be required to participate in any public or private third-party reimbursement program, or any plans or products offered by a payor, as a condition of licensure.

Hearing Date: 3/26/13

Staff: Jim Morishima (786-7191).

Background:

I. Health Insurance Provider Contracts.

Both public and private health insurance plans may enter into contracts with health care providers under which the providers agree to accept a specified reimbursement rate for their services. The Office of the Insurance Commissioner (OIC) requires private health carriers to report their master list of providers to determine network adequacy, but does not regulate the terms of the agreements.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

II. Health Professions Licensing.

There are approximately 83 credentialed health professions in Washington. In order to be credentialed, these professions are subject to a variety of requirements, including the completion of an educational program, the passage of an examination, and the completion of continuing education/competency hours. No health profession is required to participate in any public or private insurance plan as a condition of licensure.

Summary of Bill:

I. Health Insurance Provider Contracts.

A health carrier or a Medicaid managed care system (payor) must provide at least 60 days' notice to a health care provider of any proposed material amendments to the provider's contract during which time the provider may reject the material amendment without affecting the terms of the existing contract. The material amendment must be clearly defined in a notice to the provider before the notice period begins. The notice must inform the provider that he or she may choose to reject the terms of the material amendment through written or electronic means at any time during the notice period and that such rejection will not affect the terms of the existing contract. A payor's failure to comply with the notice requirements voids the effectiveness of the material amendment.

A material amendment to a contract is an amendment that would result in requiring the 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:

- 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;
- 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
- changes unrelated to compensation so long as reasonable notice of not less than 60 days is provided.

A payor may not, without the express written agreement of the health care provider, 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.

II. Health Professions Licensing.

A member of a credentialed health care profession may not be required to participate in any public or private third-party reimbursement program, or any plans or products offered by a payor, as a condition of licensure.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.