

in the complaint, as provided by RCW 6.24.140, there shall be no such judgment for deficiency, and the remedy of the mortgagee or other owner of the mortgage shall be confined to the sale of the property mortgaged.

Passed the Senate February 28, 1961.

Passed the House March 7, 1961.

Approved by the Governor March 20, 1961.

CHAPTER 197.

[S. B. 259.]

HEALTH CARE SERVICE CONTRACTORS.

AN ACT relating to health care services and agreements pertaining thereto; defining terms; setting the amount of bond or deposit required; defining certain unfair practices; requiring certain filings with the insurance commissioner; requiring certain qualifications for registration; prescribing powers and duties of the insurance commissioner relating to registration and enforcement; declaring an emergency; amending section 1, chapter 268, Laws of 1947 and RCW 48.44.010; amending section 2, chapter 268, Laws of 1947 and RCW 48.44.020; amending section 3, chapter 268, Laws of 1947 and RCW 48.44.030; and adding fifteen new sections to chapter 268, Laws of 1947 and to chapter 48.44 RCW.

Be it enacted by the Legislature of the State of Washington:

RCW 48.44.010 amended.

SECTION 1. Section 1, chapter 268, Laws of 1947 and RCW 48.44.010 are each amended to read as follows:

For the purposes of this chapter:

Definitions. "Health care services".

(1) "Health care services" means and includes medical, surgical, dental, hospital and other therapeutic services. The services of an optometrist licensed by the state of Washington are also declared to be health care services for the purposes of this chapter.

"Doctor".

(2) "Doctor" means any person lawfully licensed or authorized to render any health care services.

(3) "Health care service contractor" means any corporation, cooperative group or association, which corporation, cooperative group or association is sponsored by or otherwise intimately connected with a group of doctors licensed by the state of Washington or by a group of hospitals licensed by the state of Washington; or doctor licensed by the state of Washington; or group of doctors licensed by the state of Washington, who or which not otherwise being engaged in the insurance business, accepts prepayment for health care services from or for the benefit of persons or groups of persons as consideration for providing such persons with any health care services.

"Health care service contractor".

(4) "Participant" means a doctor or hospital who or which has contracted in writing with a health care service contractor to accept payment from and to look solely to such contractor according to the terms of the subscriber contract for any health care services rendered to a person who has previously paid such contractor for such services.

"Participant".

SEC. 2. Section 2, chapter 268, Laws of 1947 and RCW 48.44.020 are each amended to read as follows:

RCW 48.44.020 amended.

Any health care service contractor may enter into agreements with or for the benefit of persons or groups of persons which require prepayment for health care services by or for such persons in consideration of such health care service contractor providing one or more health care services to such persons and such activity shall not be subject to the laws relating to insurance if the health care services are rendered by the health care service contractor or by a participant.

Health care services. Agreement for services.

SEC. 3. Section 3, chapter 268, Laws of 1947 and RCW 48.44.030 are each amended to read as follows:

RCW 48.44.030 amended.

If any of the health care services which are promised in any such agreement are not to be performed by the health care service contractor, or by a participant, such activity shall not be subject to the laws

Indemnity to be underwritten by insurance policy, bond or cash deposit.

relating to insurance, but such agreement shall contain provision for reimbursement or indemnity of the persons paying for such services which agreement shall either be underwritten by an insurance company authorized to write accident, health and disability insurance in the state or guaranteed by a surety company authorized to do business in this state, or guaranteed by a deposit of cash or securities eligible for investment by insurers pursuant to chapter 48.13 RCW, with the insurance commissioner, as hereinafter provided. If the agreement is underwritten by an insurance company, the contract or policy of insurance may designate the health care service contractor as the named insured, but shall be for the benefit of the persons who have paid for or contracted for such health care services. If the agreement is guaranteed by a surety company, the surety bond shall designate the state of Washington as the named obligee, but shall be for the benefit of the persons who have paid for or contracted for such health care services, and shall be in such amount as the insurance commissioner shall direct, but in no event in a sum greater than the amount of twenty-five thousand dollars or one-twelfth of the total sum of money received by the health care service contractor during the preceding twelve months as prepayment for health care services, whichever amount is greater. A copy of such insurance policy or surety bond, as the case may be, and any modification thereof, shall be filed with the insurance commissioner. If the agreement is guaranteed by a deposit of cash or securities, such deposit shall be in such amount as the insurance commissioner shall direct, but in no event in a sum greater than the amount of twenty-five thousand dollars or one-twelfth of the total sum of money received by the health care service contractor during the preceding twelve months as prepayment for health care services, whichever amount is greater. Such cash or security deposit shall be held

in trust by the insurance commissioner and shall be for the benefit of the persons who have paid for or contracted for such health care services.

SEC. 4. Forms of contracts between health care service contractors and participant doctors and/or hospitals shall be filed with the insurance commissioner prior to use.

Contract forms filed prior to use.

SEC. 5. Every health care service contractor shall file with the insurance commissioner lists of doctors and/or hospitals with whom or with which such health care service contractor has executed contracts of participation, certifying that each such doctor or hospital has executed such contract of participation. The health care service contractor shall immediately notify the insurance commissioner in writing in case of the termination of any such contract.

Contractor files list of contracting doctors, hospitals.

SEC. 6. The insurance commissioner shall refuse to accept the registration of any corporation, cooperative group, or association seeking to act as a health care service contractor if, in his discretion, the insurance commissioner deems that the name of the corporation, cooperative group, or association would be confused with the name of an existing registered health care service contractor or authorized insurance company.

Name similarity grounds for refusing registration.

SEC. 7. No person shall knowingly file with any public official or knowingly make, publish, or disseminate any financial statement of a health care service contractor which does not accurately state the health care service contractor's financial condition.

Filing misleading financial statement, unlawful.

SEC. 8. No person shall knowingly make, publish, or disseminate any false, deceptive, or misleading representation or advertising in the conduct of the business of a health care service contractor, or relative to the business of a health care service contractor or to any person engaged therein.

Disseminating false advertising, unlawful.

Misrepresent-
ing contract
terms,
unlawful.

SEC. 9. No person shall knowingly make, issue, or circulate, or cause to be made, issued, or circulated, a misrepresentation of the terms of any contract, or the benefits or advantages promised thereby, or use the name or title of any contract or class of contract misrepresenting the nature thereof.

Promising
dividends,
refunds, un-
lawful—
Exception.

SEC. 10. No health care service contractor nor any individual acting on behalf thereof shall guarantee or agree to the payment of future dividends or future refunds of unused charges or savings in any specific or approximate amounts or percentages in respect to any contract being offered to the public, except in a group contract containing an experience refund provision.

Misrepresenta-
tions influ-
encing mem-
bership,
unlawful.

SEC. 11. No health care service contractor nor any person representing a health care service contractor shall by misrepresentation or misleading comparisons induce or attempt to induce any member of any health care service contractor to terminate or retain a contract or membership.

Use of regis-
tration certi-
ficate in
advertising,
unlawful.

SEC. 12. The granting of a certificate of registration to a health care service contractor is permissive only, and shall not constitute an endorsement by the insurance commissioner of any person or thing related to the health care service contractor, and no person shall advertise or display a certificate of registration for use as an inducement in any solicitation.

Violations
grounds for
suspending,
disallowance,
of registration.

SEC. 13. The insurance commissioner may, after notice and hearing, revoke, suspend, or refuse to accept or renew registration from any health care service contractor which has violated the provisions of, or does not comply with the requirements of, this chapter. The activity of any health care service contractor whose registration has been so revoked, suspended, or refused shall not be exempt from the laws relating to insurance.

SEC. 14. For the purposes of this chapter, the insurance commissioner shall be subject to and may avail himself of the provisions of chapter 48.04 RCW, which relate to hearings and appeals.

Administrative procedures act applicable.

SEC. 15. For the purposes of this chapter, the insurance commissioner shall have the same powers and duties of enforcement as are provided in RCW 48.02.080.

Enforcement, insurance commissioner.

SEC. 16. For the purposes of this chapter, the insurance commissioner shall be subject to and may avail himself of the provisions of RCW 48.03.070 relating to witnesses, subpoenas, depositions, and oaths.

Witnesses, oaths, etc., commissioner's authority.

SEC. 17. Nothing in section 1 of this amendatory act of 1961 shall affect the qualification of any currently registered health care service contractor which qualified as such under prior law, but which would not so qualify under section 1 of this amendatory act of 1961.

Section 1 of act—Construction.

SEC. 18. This amendatory act of 1961 is necessary for the immediate preservation of public peace, health and safety and shall take effect immediately.

Emergency.

Passed the Senate February 22, 1961.

Passed the House March 7, 1961.

Approved by the Governor March 20, 1961.