

CHAPTER 50.

[H. B. 190.]

LIEU CONTRACTS FOR MEDICAL AID.

AN ACT relating to the medical, surgical and hospital treatment of workmen subject to the industrial insurance act by medical aid contracts, prescribing the method of execution of such contracts and fixing the rates of contribution to the medical aid fund by the contractor and workman and amending section 7724 of Remington's Revised Statutes and declaring that this act shall take effect immediately.

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

Amends
§ 7724 Rem.
Rev. Stat.

SECTION 1. That section 7724 of Remington's Revised Statutes of the State of Washington be amended to read as follows:

Lieu
contracts.

Section 7724. Any contract made in violation of this act shall be invalid, except that any employer engaged in extra-hazardous work may, with the consent of a majority of his workmen, enter into written contracts with physicians, surgeons and owners of hospitals operating the same, or with hospital associations, for medical, surgical and hospital care to workmen injured in such employment, by, and under the control and administration of, and at the direct expense of the employer and his workmen. Such a contract shall not be assignable or transferable by operation of law or otherwise except with the consent of the Supervisor of Industrial Insurance endorsed thereon. Before any such contract shall go into effect it shall be submitted to the Supervisor of Industrial Insurance, and may be disapproved by the Supervisor of Industrial Insurance when found not to provide for such care of injured workmen as is contemplated by the provision of section 7715, and if a contract so submitted be with the owners of a hospital operating the same, or with a hospital association, the Supervisor of Industrial Insurance shall have power to disapprove the same if in his

Approval.

judgment the ownership or management of such hospital or hospital association shall not be such as to produce satisfactory service. Any such contract with physician, surgeon, or owner and operator of a hospital, or with a hospital association, so disapproved shall not be valid. Otherwise it shall be approved, and take and continue in effect for any period of time specified therein, not exceeding three years from the date of such approval: *Provided, however,* That the Director of Labor and Industries, through the Division of Industrial Insurance, may, before approving any such contract, require the giving by any physician, surgeon, hospital or hospital association, of a bond in such sum and in such form, as the director may determine, conditioned that the obligor will faithfully perform such contract. Every such contract to be valid must provide that the expenses incident to it shall be borne one-half by the employer and one-half by such employees, and that it shall be administered by the two interests jointly and equally. So long as such contract shall be in effect the subject matter of the contract shall (except as in this section otherwise specified) be outside of, and not affected by, the provisions of sections 7712 to 7723, inclusive, and section 7725, other than the provisions of section 7714 relating to artificial substitutes and lenses and the basis of compensation when lenses are supplied, and to transportation of injured workmen, and to educational standards of safety, and other than the provisions of section 7719 relating to the analyses and reports of accidents, and the employer shall pay monthly into the medical aid fund ten per centum of the amount he would have been required to pay in that month if such contract had not been made, and of that ten per centum he shall collect one-half from his said workmen by proper deduction from the daily wage of each, and in addition thereto, every classifi-

Director may require bond.

Expenses borne between employee and employer.

Rate of contribution.

Surplus
fund.

cation and/or sub-classification of industries whose employer and employees are under medical aid contract, shall pay into the surplus fund hereby created, a further sum to be determined by the Director of Labor and Industries, through and by means of the Division of Industrial Insurance, not exceeding ten per centum of the amount that would have been required to be paid into the medical aid fund if such contract had not been made and the employer shall collect such sum from the party agreeing to furnish such medical aid and hospital service. Said surplus fund shall only be used by the Director of Labor and Industries for the purpose of furnishing necessary medical aid to workmen included in the contract provided for in this section, where the necessity therefor arises after the expiration or cancellation of such medical aid contract, in those instances where the medical aid contractor has become deceased, insolvent, dissolved or, in the opinion of the Director of Labor and Industries, otherwise incapable of rendering the required medical aid to the injured workmen. The amount at which such surplus fund shall be maintained in each classification and/or sub-classification shall be determined by the Director of Labor and Industries, through and by means of the Division of Industrial Insurance, based upon the estimated costs of such future medical treatment required to be furnished after the expiration or cancellation of the medical aid contract, except as in this section provided. When adequate reserves for such purpose have been accumulated to the credit of any classification and/or sub-classification the levy therefor may be suspended in the discretion of the Director of Labor and Industries. Disbursements from said surplus fund shall be made by warrants drawn against the same by the State Auditor upon certificate thereof, or requisition therefor, by the Director of Labor and Industries through,

Disburse-
ments from
fund.

and by means of, the Division of Industrial Insurance. Payment into the surplus fund shall not relieve the party agreeing to furnish such medical aid and hospital service from his obligation so to do at any time during or after the expiration of his medical aid contract except as in this section provided: *Provided, however,* That if upon the expiration of any medical aid contract, the medical aid contractor shall not renew the same and shall forthwith and thereafter cease the performance of all medical aid contracts as in this section provided, the medical aid contractor shall be relieved from all liability to furnish future medical aid to the injured workman arising after the expiration of such contract or contracts providing he shall have paid all levies theretofore made during the existence of such contract or contracts into the surplus fund. During the operation of any such contract the Supervisor of Industrial Insurance or any interested person may file a complaint with the Supervisor of Industrial Insurance alleging that the service and care actually rendered thereunder are not up to the standard provided in section 7715, and, upon a hearing had upon notice to the employer and workmen interested thereunder, the Supervisor of Industrial Insurance may make an order that the contract shall terminate unless the defect or deficiency complained of shall be remedied to his satisfaction within a period to be fixed in such order, or he may at such hearing sustain the complaint and make an order that the contract shall terminate forthwith.

Expiration
of medical
aid contract.

Complaint.

Termination
of contract.

Notice to the workmen may be effected in the manner provided in section 7712. The employer or any interested workman may appeal from such decision in the manner provided in section 7697 hereof. During the appeal the contract shall remain in force and operation, but the costs of the appeal shall be paid out of the medical aid fund only in case the de-

Appeal.

Emergency
treatment.

cision of the Supervisor of Industrial Insurance is reversed. If during the operation of any such contract, any injured workman shall not receive medical or surgical treatment with reasonable promptness upon the occurrence of his injury, or at any time during his treatment, the Supervisor of Industrial Insurance may provide such treatment during the emergency at the expense of his employer, who may charge such expense against such contract, and such emergency treatment shall continue until supplanted by like treatment under such contract, notwithstanding the pendency of an appeal from such action. The cost of such emergency treatment shall not exceed the rates specified in the fee bill provided by section 7715. The acceptance of employment by any workman shall be and be held to be an acceptance of any existing contract made under this section to which his employer is a party.

Prior
contracts.

No contract for medical, surgical, or hospital care of injured workmen entered into prior to the time this act shall go into effect shall be invalidated by anything in this act contained.

Effective
immediately.

SEC. 2. This act is necessary for the immediate support of the state government and its existing public institutions and shall take effect immediately.

Passed the House March 7, 1939.

Passed the Senate March 6, 1939.

Approved by the Governor March 10, 1939.