

SENATE BILL REPORT

SHB 2341

**AS REPORTED BY COMMITTEE ON HEALTH & LONG-TERM CARE,
FEBRUARY 24, 1992**

Brief Description: Providing for disclosure of the cost of hospital health care services.

SPONSORS: House Committee on Health Care (originally sponsored by Representatives Moyer, Braddock, Paris, Franklin, Hochstatter, Morris, Forner, Cantwell, Rasmussen, Hargrove, Padden, Wang, Winsley, Brough, Van Luven, Nealey, Chandler, Roland, D. Sommers, Mitchell, Bowman, Wynne, Spanel, May, Carlson, P. Johnson and Sprenkle)

HOUSE COMMITTEE ON HEALTH CARE

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators West, Chairman; L. Smith, Vice Chairman; M. Kreidler, Niemi, Sumner, and Wojahn.

Staff: Scott Plack (786-7409)

Hearing Dates: February 24, 1992

BACKGROUND:

The costs of health care are increasing at an alarming rate, threatening access to health care services for many people. Hospital costs constitute approximately 44 percent of health care expenditures nationally. New technology accounts for half the yearly cost increases. Because most new diagnostic devices are non-invasive, medical barriers to their use are removed. Some physicians and other health care providers may be unaware of the charges for the diagnostic and other services they order for their hospitalized patients.

A recent study by the New England Journal of Medicine found that physicians informed of the charges for outpatient diagnostic tests in an academic primary care medical practice ordered 17 percent fewer tests, which resulted in 15 percent lower charges for patients in scheduled visits.

SUMMARY:

There is a legislative finding that the disclosure of charges for hospital services ordered by physicians and other health providers for in-patients may make providers more aware of the cost consequences. This may result in a reduction in the utilization of hospital services and have a positive effect on containing health costs.

Effective July 1, 1993, the chief executive officer of a hospital or psychiatric hospital, including the superintendent of a state hospital, is required to establish a procedure for disclosing the charges of hospital-based services to physicians or other health care providers who order these services for hospital patients. The charges are to be posted on the patient's chart, including total charges to date and an itemization of charges for the previous day. The patient may be informed of these charges by the health providers.

Effective June 29, 1992, the state Hospital Association, in cooperation with the state Medical and Nurses Associations and other interested parties, and in consultation with the Department of Health, is invited to develop a protocol to establish a standardized system of disclosure of charges for hospital-based services. The system is intended to promote better cost-consciousness among health providers and leads to cost-benefit comparisons of appropriate alternatives as well as to minimize the costs of instituting this information disclosure system.

By December 31, 1992, the Department of Health is required to report to the Legislature on the status of the protocol and its voluntary implementation by hospitals, with recommendations for improving the law, its continued necessity and the appropriateness of its repeal.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: July 1, 1993, except for sections 3 and 4 which take effect 90 days after adjournment.

TESTIMONY FOR:

Providers and consumers who are aware of the costs of health care services will be more prudent utilizers. The bill will provide such information to the provider and the consumer.

TESTIMONY AGAINST: None

TESTIFIED: Dave Broderick, Hospital Association (pro)