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HOUSE BILL 2264

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State of Washington

55th Legislature

1997 Regular Session

By Representatives Koster, Huff, D. Sommers, Sterk, Sherstad, Boldt, Mulliken, Thompson and McMorris

Read first time 03/15/97. Referred to Committee on Appropriations.

1 AN ACT Relating to eliminating the health care policy board;  
2 amending RCW 41.05.021, 43.70.054, and 43.70.068; and repealing RCW  
3 43.72.320, 43.73.010, 43.73.020, 43.73.030, and 43.73.040.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 41.05.021 and 1995 1st sp.s. c 6 s 7 are each amended  
6 to read as follows:

7 (1) The Washington state health care authority is created within  
8 the executive branch. The authority shall have an administrator  
9 appointed by the governor, with the consent of the senate. The  
10 administrator shall serve at the pleasure of the governor. The  
11 administrator may employ up to seven staff members, who shall be exempt  
12 from chapter 41.06 RCW, and any additional staff members as are  
13 necessary to administer this chapter. The administrator may delegate  
14 any power or duty vested in him or her by this chapter, including  
15 authority to make final decisions and enter final orders in hearings  
16 conducted under chapter 34.05 RCW. The primary duties of the authority  
17 shall be to: Administer state employees' insurance benefits and  
18 retired or disabled school employees' insurance benefits; administer  
19 the basic health plan pursuant to chapter 70.47 RCW; study state-

1 purchased health care programs in order to maximize cost containment in  
2 these programs while ensuring access to quality health care; and  
3 implement state initiatives, joint purchasing strategies, and  
4 techniques for efficient administration that have potential application  
5 to all state-purchased health services. The authority's duties  
6 include, but are not limited to, the following:

7 (a) To administer health care benefit programs for employees and  
8 retired or disabled school employees as specifically authorized in RCW  
9 41.05.065 and in accordance with the methods described in RCW  
10 41.05.075, 41.05.140, and other provisions of this chapter;

11 (b) To analyze state-purchased health care programs and to explore  
12 options for cost containment and delivery alternatives for those  
13 programs that are consistent with the purposes of those programs,  
14 including, but not limited to:

15 (i) Creation of economic incentives for the persons for whom the  
16 state purchases health care to appropriately utilize and purchase  
17 health care services, including the development of flexible benefit  
18 plans to offset increases in individual financial responsibility;

19 (ii) Utilization of provider arrangements that encourage cost  
20 containment, including but not limited to prepaid delivery systems,  
21 utilization review, and prospective payment methods, and that ensure  
22 access to quality care, including assuring reasonable access to local  
23 providers, especially for employees residing in rural areas;

24 (iii) Coordination of state agency efforts to purchase drugs  
25 effectively as provided in RCW 70.14.050;

26 (iv) Development of recommendations and methods for purchasing  
27 medical equipment and supporting services on a volume discount basis;  
28 and

29 (v) Development of data systems to obtain utilization data from  
30 state-purchased health care programs in order to identify cost centers,  
31 utilization patterns, provider and hospital practice patterns, and  
32 procedure costs, utilizing the information obtained pursuant to RCW  
33 41.05.031;

34 (c) To analyze areas of public and private health care interaction;

35 (d) To provide information and technical and administrative  
36 assistance to the board;

37 (e) To review and approve or deny applications from counties,  
38 municipalities, and other political subdivisions of the state to  
39 provide state-sponsored insurance or self-insurance programs to their

1 employees in accordance with the provisions of RCW 41.04.205, setting  
2 the premium contribution for approved groups as outlined in RCW  
3 41.05.050;

4 (f) To appoint a health care policy technical advisory committee as  
5 required by RCW 41.05.150;

6 (g) To establish billing procedures and collect funds from school  
7 districts and educational service districts under RCW 28A.400.400 in a  
8 way that minimizes the administrative burden on districts; and

9 (h) To promulgate and adopt rules consistent with this chapter as  
10 described in RCW 41.05.160.

11 (2) On and after January 1, 1996, the public employees' benefits  
12 board may implement strategies to promote managed competition among  
13 employee health benefit plans. Strategies may include but are not  
14 limited to:

15 (a) Standardizing the benefit package;

16 (b) Soliciting competitive bids for the benefit package;

17 (c) Limiting the state's contribution to a percent of the lowest  
18 priced qualified plan within a geographical area;

19 (d) Monitoring the impact of the approach under this subsection  
20 with regards to: Efficiencies in health service delivery, cost shifts  
21 to subscribers, access to and choice of managed care plans state-wide,  
22 and quality of health services. The health care authority shall also  
23 advise on the value of administering a benchmark employer-managed plan  
24 to promote competition among managed care plans. The health care  
25 authority shall report its findings and recommendations to the  
26 legislature by January 1, 1997.

27 (3) The health care authority shall, no later than July 1, 1996,  
28 submit to the appropriate committees of the legislature, proposed  
29 methods whereby, through the use of a voucher-type process, state  
30 employees may enroll with any health carrier to receive employee  
31 benefits. Such methods shall include the employee option of  
32 participating in a health care savings account, as set forth in Title  
33 48 RCW.

34 ~~((4) The Washington health care policy board shall study the  
35 necessity and desirability of the health care authority continuing as  
36 a self-insuring entity and make recommendations to the appropriate  
37 committees of the legislature by December 1, 1996.))~~

1       **Sec. 2.** RCW 43.70.054 and 1995 c 267 s 2 are each amended to read  
2 as follows:

3       (1) To promote the public interest consistent with chapter 267,  
4 Laws of 1995, the department of health, in cooperation with the  
5 (~~health care policy board and the~~) information services board  
6 established under RCW 43.105.032, shall develop health care data  
7 standards to be used by, and developed in collaboration with,  
8 consumers, purchasers, health carriers, providers, and state government  
9 as consistent with the intent of chapter 492, Laws of 1993 as amended  
10 by chapter 267, Laws of 1995, to promote the delivery of quality health  
11 services that improve health outcomes for state residents. The data  
12 standards shall include content, coding, confidentiality, and  
13 transmission standards for all health care data elements necessary to  
14 support the intent of this section, and to improve administrative  
15 efficiency and reduce cost. Purchasers, as allowed by federal law,  
16 health carriers, health facilities and providers as defined in chapter  
17 48.43 RCW, and state government shall utilize the data standards. The  
18 information and data elements shall be reported as the department of  
19 health directs by rule in accordance with data standards developed  
20 under this section.

21       (2) The health care data collected, maintained, and studied by the  
22 department under this section(~~(, the health care policy board,)~~) or any  
23 other entity: (a) Shall include a method of associating all  
24 information on health care costs and services with discrete cases; (b)  
25 shall not contain any means of determining the personal identity of any  
26 enrollee, provider, or facility; (c) shall only be available for  
27 retrieval in original or processed form to public and private  
28 requesters; (d) shall be available within a reasonable period of time  
29 after the date of request; and (e) shall give strong consideration to  
30 data standards that achieve national uniformity.

31       (3) The cost of retrieving data for state officials and agencies  
32 shall be funded through state general appropriation. The cost of  
33 retrieving data for individuals and organizations engaged in research  
34 or private use of data or studies shall be funded by a fee schedule  
35 developed by the department that reflects the direct cost of retrieving  
36 the data or study in the requested form.

37       (4) All persons subject to this section shall comply with  
38 departmental requirements established by rule in the acquisition of

1 data, however, the department shall adopt no rule or effect no policy  
2 implementing the provisions of this section without an act of law.

3 (5) The department shall submit developed health care data  
4 standards to the appropriate committees of the legislature by December  
5 31, 1995.

6 **Sec. 3.** RCW 43.70.068 and 1995 c 267 s 5 are each amended to read  
7 as follows:

8 No later than July 1, 1995, (~~the health care policy board together~~  
9 ~~with~~) the department of health, the health care authority, the  
10 department of social and health services, the office of the insurance  
11 commissioner, and the department of labor and industries shall form an  
12 interagency group for coordination and consultation on quality  
13 assurance activities and collaboration on final recommendations for the  
14 study required under RCW 43.70.066. By December 31, 1996, the group  
15 shall review all state agency programs governing health service quality  
16 assurance, in light of legislative actions pursuant to RCW  
17 43.70.066(6), and shall recommend to the legislature, the  
18 consolidation, coordination, or elimination of rules and programs that  
19 would be made unnecessary pursuant to the development of a uniform  
20 quality assurance and improvement program.

21 NEW SECTION. **Sec. 4.** The following acts or parts of acts are each  
22 repealed:

- 23 (1) RCW 43.72.320 and 1995 c 267 s 10;  
24 (2) RCW 43.73.010 and 1995 c 265 s 9;  
25 (3) RCW 43.73.020 and 1995 c 265 s 10;  
26 (4) RCW 43.73.030 and 1995 c 265 s 11; and  
27 (5) RCW 43.73.040 and 1995 c 265 s 12.

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