

HOUSE BILL REPORT

HB 1512

As Reported by House Committee On: Health Care

Title: An act relating to incentives to improve quality of care in state purchased health care programs.

Brief Description: Concerning improving the quality of care in state-purchased health care programs.

Sponsors: Representatives Morrell, Clibborn, Moeller, Cody, Green, Appleton, Roberts, Sommers, Blake, Schual-Berke, Flannigan, Sells, Kenney and Kagi.

Brief History:

Committee Activity:

Health Care: 2/15/05, 2/24/05 [DPS].

Brief Summary of Substitute Bill

- Requires the use of evidence-based medicine principles in state purchased health care program contracts with health carriers and providers.
- Requires state purchased health care programs to collaborate with private health care purchasers, health care providers, and health carriers to develop common performance measures and financial incentives.
- Allows the Health Care Authority to require employee benefit plan insurers to provide member demographic and claims data necessary to implement performance measures or financial incentives related to performance.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Appleton, Clibborn, Green, Lantz, Moeller and Schual-Berke.

Minority Report: Do not pass. Signed by 5 members: Representatives Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Alexander, Condotta and Hinkle.

Staff: Molly Belozer (786-7104).

Background:

In 2003 legislation was adopted that requires the Health Care Authority (Authority) to coordinate state agency efforts to adopt uniform policies based on the best available scientific and medical evidence. Uniform policies across state purchased health care programs were deemed necessary by the legislation to ensure prudent, cost-effective health services purchasing, maximize efficiencies in administration of state purchased health care programs, and reduce administrative burdens on health care providers participating in state purchased health care programs. Adopted uniform policies are required to address:

1. formal assessment methods, including health technology assessment;
2. monitoring of health outcomes, adverse events, quality, and cost-effectiveness of health services;
3. development of a common definition of medical necessity; and
4. exploration of common strategies for disease management and demand management programs.

"Best available scientific and medical evidence" is defined in statute as the best available external clinical evidence derived from systematic research.

Summary of Substitute Bill:

The Authority, the Administrator of the Authority, and the Secretary of the Department of Social and Health Services must work in collaboration with other state agencies that administer state purchased health care programs, private health care purchasers, health care providers, and health insurance carriers to use evidence-based medicine principles to develop common performance measures. The collaboration must also implement financial incentives in contracts with insuring entities and providers. The incentives must:

1. reward improvements in health outcomes for individuals with chronic diseases, increased utilization of appropriate preventive health services, and reductions in medical errors; and
2. increase, through appropriate incentives to insuring entities and providers, the adoption and use of information technology contributing to improved health outcomes, better coordination of care, and decreased medical errors.

The Authority may require that insuring entities provide subscriber or member demographic and claims data necessary to implement performance measures or financial incentives related to performance.

The duty of the Authority to appoint a technical advisory committee relating to health care policy is removed.

Substitute Bill Compared to Original Bill:

The substitute bill specifies the circumstances under which financial incentives are awarded. The increased utilization of appropriate preventive health services are rewarded with incentives, as are improvements in outcomes for individuals with chronic diseases.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: Health Care Authority and the Agency Medical Director's Group have been pursuing evidence-based practices. This bill would allow the Authority to access claims data, that would be critical in tracking health outcomes and determining financial incentive awards.

Testimony Against: None.

Persons Testifying: (In support) Representative Morrell, prime sponsor; Richard Onizuka, Health Care Authority and Agency Medical Directors' Group; Ken Bertrand, Group Health Cooperative; and Susie Tracy, Washington State Medical Association.

Persons Signed In To Testify But Not Testifying: None.