

SENATE BILL REPORT

SHB 1512

As Reported By Senate Committee On:
Health & Long-Term Care, March 28, 2005

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: House Committee on Health Care (originally sponsored by Representatives Morrell, Clibborn, Moeller, Cody, Green, Appleton, Roberts, Sommers, Blake, Schual-Berke, Flannigan, Sells, Kenney and Kagi).

Brief History: Passed House: 3/08/05, 58-40.

Committee Activity: Health & Long-Term Care: 3/28/05 [DP, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Deccio, Ranking Minority Member; Franklin, Kastama, Kline and Poulsen.

Minority Report: That it be referred without recommendation.

Signed by Senators Johnson and Parlette.

Staff: Jonathan Seib (786-7427)

Background: The State Health Care Authority (HCA) is the state agency which administers state employee insurance benefits and the basic health plan, the state subsidized health insurance program for low income persons. The HCA is also generally responsible for the study and implementation of state initiatives regarding health care cost containment.

The Medical Assistance Administration, which is a part of the Department of Social and Health Services, administers Medicaid and other state health care program.

Recent studies suggest that a significant number of patients nationwide do not receive the treatment for a given condition that evidence indicates will result in the best health outcome. In part, this is attributed to reimbursement systems that fail to measure and reward quality care, and the inadequate use of information technology to support better treatment decisions.

Summary of Bill: The Administrator of the Health Care Authority and the Secretary of the Department of Social and Health Services, in collaboration with others in the public and private sector, are to use evidence-based medicine principles to develop common performance measures and implement financial incentives in contracts with insuring entities and providers that: (1) reward improvements in health outcomes for individuals with chronic disease, increased use of preventive services, and reductions in medical errors; and (2) increase the

adoption and use of information technology that contributes to improved health outcomes, better coordination of care, and decreased medical errors.

Any insuring entity that submits a bid to contract for coverage of employees through the Public Employee Benefits Board may be required to submit demographic and claims data necessary to implement performance measures or financial incentives related to performance developed under this act.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This bill is about health care cost containment, and focuses on the state's use of the few tools that are available to address cost concerns. It uses a business model to interject quality standards into health care decision making.

Testimony Against: None.

Who Testified: PRO: Representative Morrell, prime sponsor.