

HOUSE BILL REPORT

E2SSB 5930

As Reported by House Committee On:

Health Care & Wellness

Appropriations

Title: An act relating to providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.

Brief Description: Providing high quality, affordable health care to Washingtonians based on the recommendations of the blue ribbon commission on health care costs and access.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Keiser, Kohl-Welles, Shin and Rasmussen; by request of Governor Gregoire).

Brief History:

Committee Activity:

Health Care & Wellness: 3/19/07, 3/28/07 [DPA];

Appropriations: 3/29/07, 3/31/07 [DPA(APP w/o HCW)s].

Brief Summary of Engrossed Second Substitute Bill (As Amended by House Committee)

- Implements recommendations of the Blue Ribbon Commission on Health Care Costs and Access.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 8 members: Representatives Cody, Chair; Morrell, Vice Chair; Barlow, Campbell, Green, Pedersen, Schual-Berke and Seaquist.

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

Staff: Dave Knutson (786-7146).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The Blue Ribbon Commission (Commission) on Health Care Costs and Access met from June to December 2006. It was created by the Legislature and charged with delivering a five-year plan for substantially improving access to affordable health care for all Washingtonians. The Commission was co-chaired by Governor Gregoire and Senator Thibaudeau, and included 12 other legislative and state agency leaders. The Commission met throughout the interim and issued their recommendations in January 2007.

The recommendations encompass 16 main topic areas, with multiple action steps for each area. In brief, they are: use state purchasing to improve health care quality; become a leader in the prevention and management of chronic illness; provide cost and quality information for consumers and providers; deliver on the promise of health information technology; reduce unnecessary emergency room visits; reduce health care administrative costs; support community organizations that promote cost-effective care; give individuals and families more choice in selecting private insurance plans that work for them; partner with the federal government to improve coverage; organize the insurance market to make it more accessible to consumers; address the affordability of coverage for high-cost individuals; ensure the health of the next generation by linking insurance coverage with policies that improve children's health; initiate strategies to improve childhood nutrition and physical activity; pilot a health literacy program for parents and children; strengthen the public health system; and integrate prevention and health promotion into state health programs.

Summary of Amended Bill:

A wide variety of projects are initiated within state agencies. The Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) must initiate a number of efforts focused on quality improvements, including: developing a five-year plan by September 1, 2007, to change reimbursement to reward quality and incorporate evidence-based standards; report on trends in unnecessary emergency room use by December 1, 2007, and design a pilot to reduce such visits; and, in conjunction with Department of Labor and Industries (L&I) and Department of Health (DOH), develop a five-year plan by September 1, 2007, to integrate disease and accident prevention and health promotion into all state health programs, and implement demonstration projects and evaluations of the projects, with reports to the Legislature December 2008 and 2010.

In addition, the DSHS must: design and implement medical homes for their aged, blind, and disabled clients, and evaluate chronic care management and expansion of best practices for the medical and long-term care programs; seek federal waivers and state plan amendments that seek to expand coverage and leverage all available funding, explore alternative benefit designs, and expand enrollment in employer-sponsored insurance premium assistance for the state's Children's Health Insurance Program (SCHIP); and ensure enrollees are not simultaneously enrolled in the medical assistance program or the SCHIP, and the Basic Health Plan (BHP).

In addition, the HCA must: identify a certification process for patient decision aids in consultation with the National Committee for Quality Assurance, and collaborate with providers, carriers, and researchers to develop a demonstration project targeting preference-sensitive conditions with unwarranted variation; create the Washington State Quality Forum, in collaboration with the Puget Sound Health Alliance, to collect research and health care quality data; design and pilot a consumer-centric health information infrastructure with the first health record bank.

The DOH must: (1) provide training and technical assistance for providers of primary care, focused on caring for people with chronic conditions and high quality preventive and chronic disease care; and (2) establish a web-based interactive prescription monitoring program to monitor prescribing and dispensing of schedule II, III, IV, and V substances.

The Office of Insurance Commissioner (OIC) must report on opportunities to reduce key health care administrative costs by September 1, 2007. The Office of Financial Management (OFM), in collaboration with the OIC, must design a reinsurance program for individuals and small groups and submit implementing legislation and funding options by December 1, 2007.

All insurance carriers and the state employee programs must offer enrollees an opportunity to extend coverage for unmarried dependents up to age 25, effective January 1, 2008.

Modifications are made to the Washington State Health Insurance Program (WSHIP) including the ability to offer at least one policy with benefits similar to those in the private, individual market, modify some benefits, modify future contracts to allow them to be replaced with policies with similar benefits, provide the WSHIP Board authority to offer incentives, and direct a study of eligibility for the pool due December 1, 2007.

Access to the University of Washington Health Sciences Library (Library) is expanded for health professionals, with an increase to the licensing fees. Fees for newborn screening are specified in statute. Foster parents are provided an increased subsidy when they enroll in the BHP. Nonsubsidized enrollees applying for the BHP are required to take the Standard Health Questionnaire (Questionnaire). The state health planning process is established in the OFM.

Amended Bill Compared to Engrossed Second Substitute Bill:

The striking amendment provides for health care provider access to the Library. Access will be paid for through an annual fee of up to \$25. The funds will be transferred from the DOH to the University of Washington to provide online access to the Library. The requirement that individuals who go to emergency rooms for nonemergent care be referred to 24/7 community clinics is removed. A 24/7 nurse hotline for persons receiving health coverage through the DSHS and the HCA is established. Expanding dependent care coverage to age 25 through a parent's health coverage is not limited to a "qualifying child or qualifying relative" as defined by the Internal Revenue Service. The requirement that the connector function be studied and recommendations be submitted to the Governor and the Legislature by December 1, 2007 is removed. The DSHS will develop options requiring federal waivers or state plan amendments and consult with and seek input from interested parties prior to submitting a request to the federal government. Reference to fees for inappropriate emergency room use is deleted. The

Health Opportunity Account Pilot project is limited to individuals who are eligible for the transitional medical program. The WSHIP will cancel existing pool policies and replace them with identical policies that include a provision providing a continuity of coverage with exceptions specified in section 27. The WSHIP Board will provide for an independent analysis of eligibility standards for pool coverage. An inflation adjustment is provided for the minimum deductible and out-of-pocket expense for catastrophic plans. Individuals applying for individual health coverage plans do not have to take the Questionnaire if (a) they have 24 months of continuous coverage through the BHP, or (b) were enrolled in a plan sponsored by the federal government or church or church-related organization. Individuals applying for the nonsubsidized BHP are required to take the Questionnaire. The lid on the Evergreen Health Insurance Program is removed.

The Prescription Drug Monitoring Program reporting requirements do not apply to hospital pharmacies and related facilities when medication is administered in single doses and in Department of Corrections pharmacies. Small group rating, mandate changes and Small Employer Health Insurance Program modifications are deleted. Foster parents are eligible for BHP coverage at reduced financial participation levels. A state health planning process coordinated by OFM is established. Newborn screening fees are established in statute and will not expire on June 30, 2007.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except sections 18 through 22, relating to insurance coverage for dependents to age 25, which take effect on January 1, 2008. However, the following sections are null and void if not specifically funded in the budget: section 2 - patient decision aids; section 10 - Health Information Technology health record pilot project; section 14 - report on unnecessary emergency room use; section 42 - a state employee demonstration project; and sections 50-57 - strategic health planning.

Staff Summary of Public Testimony:

(In support) This bill is a bipartisan proposal to make health care more affordable and accessible. The rating changes in the small group market and the ability to offer a mandate free health plan will allow more young, low-income, uninsured people to afford health coverage.

(Concerns) Insurance carriers should not be allowed to offer a mandate free health coverage plan. Rating changes proposed in the small group market will increase costs for older, sicker citizens and reduce costs for younger, health citizens. Waiving anti-discrimination requirements for health care providers will allow health carriers to exclude health care providers of their choice.

(Opposed) If health carriers are allowed to offer a mandate free plan, many categories of health care providers will be excluded from coverage. There is no evidence that offering a mandate free plan will result in significant cost savings to the consumer. The DSHS should not be allowed to seek federal waivers without first seeking input from stakeholders and interested parties.

Persons Testifying: (In support) Senator Parlette; Mike Kreidler, Office of Insurance Commissioner; Christina Hulet, Office of the Governor; Bill Scott, Christian Science Committee on Publication for Washington State; Karen Larson, Washington State Health Insurance Pool; Gary Smith, Independent Business Association; Mark Johnson, Washington Retail Association; Mellani McAleenan, Association of Washington Business; Nancee Wildermuth, Aetna, PacifiCare, and Regence Blue Shield; Audrey Halvorson, Primera Blue Cross; Mel Sorenson, Washington Health Underwriters and America's Health Insurance Plans; and Trent House, Washington Restaurant Association.

(Concerns) Jonathan Bell, Washington Association of Naturopathic Physicians; Gannady Raskin, Bastyr University; Sean Corry, Sprague, Israel, and Giles, Incorporated; Leslie Emeric, Home Care Association, Washington State Hospice and Palliative Care Organization; Terry Kohl, Washington Naturopathic Physicians; Susie Tracy, Washington State Medical Association; Bill Daley, Washington Community Action Network; Jackie Der, University of Washington Medicine; Sherrilynne Fuller, University of Washington; Janet Varon, Northwest Health Law Advocates; Lori Bielinski, Washington State Chiropractic Association; Gail McGaffick, Washington Osteopathic Association, Washington Podiatric Association, Washington Nurse Anesthetists Association, and Washington Acupuncture and Oriental Medicine Association; Lonnie Johns-Brown, National Organization of Women and Washington State Clinical Society; Erin Dziedzic, American Cancer Society; Sharon Case, Association of Advanced Practice Psychiatric Nurses; and Kent Davis, Washington Community Action Network.

(Opposed) Ann Brittain, American Massage Therapy Association.

Persons Signed In To Testify But Not Testifying: Karen Merriken, Group Health Cooperative; Nancy Ellison, Regence Blue Shield; Carl Nelson, Washington State Medical Association; Kathleen Collins, Washington Academy of Family Physicians; Stephenie Jekel and Gene Otto, Washington Community Action Network; Melanie Stewart, Washington Osteopathic Medical Association and Washington Podiatric Association.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Appropriations and without amendment by Committee on Health Care & Wellness. Signed by 22 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

Minority Report: Do not pass. Signed by 11 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald and Priest.

Staff: David Pringle (786-7310).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

The Health Care Authority provisions related to creating patient decision aids are amended to provide greater flexibility in determining the certification body for the decision aids. A reference to collecting fees for the cost of administering the newborn screening program is removed, and the Department of Health is authorized to collect a fee of \$3.50 from the parents or another party of each infant screened to fund specialty clinics that provide treatment for the defined disorders. Sections are added related to the recommendations of the Office of the Insurance Commissioner work group on the Washington State Health Insurance Program (WSHIP) that require the WSHIP to (1) offer at least two policies, (2) contract with a care management organization, and (3) guarantee continuity of coverage so that if WSHIP replaces a plan that it be available to all enrollees. Nonsubsidized Basic Health Plan (BHP) enrollees are required to take a standardized health screen unless they have 24 months of prior coverage through the BHP or a church plan.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed, except sections 18 through 22, relating to insurance coverage for dependents to age 25, which take effect on January 1, 2008. However, the following sections are null and void if not specifically funded in the budget: section 2 - patient decision aids; section 9 - Washington quality forum; section 10 - Health Information Technology health record pilot project; section 14 - report on unnecessary emergency room use; section 42 - a state employee demonstration project; and sections 50-57 - strategic health planning.

Staff Summary of Public Testimony:

(In support) The Governor thinks that along with the budget this bill is a key priority of the session. The Governor is pleased with the general direction of the bill, and asks for your support. We support sections 11 and 12 of the bill in particular, that provide access to the medical library for licensed practitioners. Please support this bill, and don't amend it any further.

(With concerns) We supported the bill as it passed the Senate unanimously. It had all the recommendations of the Blue Ribbon Commission, and efforts to get health care spending under control. But we are deeply disappointed with this bill as it has been stripped of all provisions to help small businesses get control of costs. Please move back towards the version passed by the Senate. We are left wondering if the \$25 million state investment in this bill

couldn't be better used in other areas. Our members and employees would be better served by the Senate language.

(Opposed) None.

Persons Testifying: (In support) Melanie Stewart, Washington Podiatric Medical Association and Washington Osteopathic Medical Association; Christina Hulet, Office of the Governor; Brad Tower, Optometric Physicians of Washington; and Sherrilynne Fuller, University of Washington.

(With concerns) Patrick Conner, Washington Farm Bureau; and Mellani McAleenan, Association of Washington Business.

Persons Signed In To Testify But Not Testifying: None.