HOUSE BILL REPORT
HB 2549

As Reported by House Committee On:
Health Care & Wellness
Appropriations

Title: An act relating to establishing patient-centered primary care pilot projects.

Brief Description: Establishing patient-centered primary care pilots.

Sponsors: Representatives Seaquist, Lantz, Morrell, Liias, Barlow and Green.

Brief History:
Committee Activity:
Health Care & Wellness: 1/17/08, 1/24/08 [DPS];
Appropriations: 2/4/08, 2/6/08 [DP2S(w/o sub HCW)].

Brief Summary of Second Substitute Bill

- Directs the Department of Health to assist primary care practices, within the context of a collaborative program, to implement a pilot program for a medical home of primary health care delivery.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cody, Chair; Morrell, Vice Chair; Hinkle, Ranking Minority Member; Barlow, Campbell, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

Minority Report: Do not pass. Signed by 2 members: Representatives Alexander, Assistant Ranking Minority Member and Condotta.

Staff: Dave Knutson (786-7146).

Background:

A primary care practice serves as the patient's first point of entry into the health care system and as the continuing focal point for all needed health care services. Primary care practices provide patients with ready access to their own personal physician or to an established back-up

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physician when the primary physician is not available. The structure of the primary care practice may include a team of physicians and non-physician health professionals.

Primary care practices provide health promotion, disease prevention, health maintenance, counseling, patient education, diagnosis, and treatment of acute and chronic illnesses in a variety of health care settings (e.g., office, inpatient, critical care, long-term care, home care, day care, etc.).

Primary care practices are organized to meet the needs of patients with undifferentiated problems, with the vast majority of patient concerns and needs being addressed in the primary care practice itself. Primary care practices are generally located in the community of the patients, thereby facilitating access to health care while maintaining a wide variety of specialty and institutional consultative and referral relationships for specific care needs.

Summary of Substitute Bill:

The Health Care Authority (Authority) is required to develop a project to provide funding and technical assistance to primary care providers who adopt and maintain medical home models of practice. The project will include consultation related to improving office workflow and techniques in efficient, cost-effective, patient-centered integrated health care. The project will include signing bonuses or other incentives to increase the number of primary care providers. Funding will be provided for health information technology models in primary care practices.

The Authority will report to appropriate committees of the Legislature on the progress and outcomes of the project with an interim report by January 1, 2009 and a final report by December 31, 2011. The Authority will also report its findings on changing reimbursement for primary care and a time line for adoption of payment and provider performance strategies by January 1, 2009. The Office of Financial Management (OFM) is required to evaluate the current supply and scope of service of primary care providers in the state, and determine the barriers to, and the benefits of, increasing the use of a medical home model. The OFM study will be reported to the appropriate committees of the Legislature by July 1, 2009.

Naturopaths are included in the list of health care providers who may participate in the primary care pilot program. Health care practices that may participate in the primary care pilot program will be limited to practices with six or fewer providers. Practices that will be able to participate in the pilot program must agree to see a reasonable number of Medicare and Medicaid clients.

Substitute Bill Compared to Original Bill:

Limitations are included on which health care providers can participate in the primary care pilot project.

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. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) Health care is too expensive and the quality of care is not good enough. The goal of this legislation is to improve quality, reduce cost, and expand access to primary care. Seventy percent of primary health care is provided through small practices of health care providers. A medical home is an approach to delivering coordinated, high quality, patient-centered health care. Small practices need support and help to develop and maintain a medical home for children and adults. Naturopaths also provide primary care and should be allowed to participate in the pilot program operated through the Health Care Authority.

(Opposed) None.

Persons Testifying: Representative Seaquist, prime sponsor; Robert Crittenden, Primary Care Coalition; Steve Tarnoff, Group Health; Jeanne Boudrieau; Steve Albrecht and Martin Levine, Washington Academy of Family Physicians; Holly Detzler, Communities Connect; Eva Miller, Washington Association of Naturopathic Physicians; and Robby Stern, Washington State Labor Council and Healthy Washington Coalition.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 34 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Green, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDonald, McIntire, Morrell, Pettigrew, Priest, Ross, Schmick, Schual-Berke, Seaquist, Sullivan and Walsh.

Staff: Mark Matteson (786-7145).

Background:

In 2007, the Legislature enacted legislation that provided health care coverage to children with family incomes at or below 250 percent of the federal poverty level. As part of the legislation, the Department of Social and Health Services (DSHS) was directed to identify explicit performance measures that indicate that a child has an established and effective medical home and report the measures to the Legislature by December 2007. In the report, dated November 30, 2007, the DSHS workgroup recommended the adoption of the medical

home definition identified in the Washington State Medical Home Fact Sheet, a concept document created by the Washington State Partnership for Medical Homes. The document provides that a medical home is "an approach to delivering primary health care through a 'team partnership' that ensures health care services are provided in a high quality and comprehensive manner."

In separate 2007 legislation, the DSHS was directed to work with the Department of Health (DOH) to design and implement medical homes for its aged, blind, and disabled clients in conjunction with chronic care management programs to improve health outcomes, access, and cost-effectiveness. The legislation provided that the approach was to build on the Washington State Collaborative Initiative, based on a systematic approach to healthcare quality improvement in which organizations test and measure practice innovations. The DOH has implemented the legislation through the Washington State Collaborative to Improve Health, in which several medical teams work to improve the quality of care delivered by their primary practice. The focus areas for the DOH Collaborative are asthma, diabetes, and hypertension for adults, and asthma, medical homes, and obesity for children.

In the same legislation, the DSHS was instructed along with the state Health Care Authority to develop a five-year plan by September 1, 2007, to change provider reimbursement protocols in order to reward quality and incorporate evidence-based standards.

The 2008 State Quality Improvement Institute is a national project that will focus on activities that help the states improve the quality of their health care system. The project is sponsored by Academy Health, an organization for health professionals, and the Commonwealth Foundation, a private foundation that seeks to promote a high-performing health care system. The State Quality Improvement Institute will be held in 2008 and will assist selected states with the conceptualization and implementation of substantial quality improvements.

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

The primary care medical home pilot project administered by the Health Care Authority is replaced with a medical home collaborative pilot project administered by the DOH. The DOH pilot is to be based on the collaborative model developed to implement medical homes for addressing chronic care management programs. The primary care landscape evaluation by the Office of Financial Management is removed. The Governor is encouraged to submit a proposal regarding the medical home pilot to the 2008 State Quality Improvement Institute.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Second Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony:

(In support) In order to attract more people into the primary care profession, the primary care delivery system needs to be changed. The medical home concept addresses these delivery issues. The pilot project approach in this proposal seems very reasonable. The medical home approach was first identified in legislation enacted last year. This is a good next step. The basics and operations will vary a bit depending on the practice and location.

Primary care is in trouble in the state. Fewer medical school graduates are entering primary care. In part the decline is because the practices are not very amendable to quality living, in part because of the level of pay. Primary care itself is associated with improving quality and decreasing costs in health care. This is a good way to get practices to adopt a new delivery model that will further these aspects.

While it is not uncommon for members to hear from the primary care providers in their communities that compensation is important, they value less-fragmented patient care initiatives over increased reimbursement. An increase in administrative burdens is driving up the cost of non-reimbursable costs in practices. This bill is important; we would like to see this concept broadly tested.

Our clinic is very small and works with low overhead. We believe in this model as a way to further patient-centered care. We feel some of the challenges we face as a small practice are administrative and financial. Negotiations with insurance companies are burdensome. Our clinic serves a diverse population, both economically and socially. This bill will help practices like ourselves.

Naturopathic physicians applaud this approach. We encourage patient incentives. We would like more support outside of the office, like in the case of King County's "Healthy Incentives" program.

(Opposed) None.

Persons Testifying: Representative Seaquist, prime sponsor; Melissa Weakland, Ballard Neighborhood Doctors; Bob Crittenden, Primary Care Coaltion; Jonathan Bell, Ballard Neighborhood Doctors and Washington Association of Naturopathic Physicians; and Scott Plack, Group Health and Primary Care Coalition.

Persons Signed In To Testify But Not Testifying: None.