

# SENATE BILL REPORT

## E2SHB 2549

---

---

As Reported By Senate Committee On:  
Health & Long-Term Care, February 27, 2008  
Ways & Means, March 03, 2008

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

**Brief Description:** Establishing a patient-centered primary care collaborative program.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Seaquist, Lantz, Morrell, Lias, Barlow and Green).

**Brief History:** Passed House: 2/14/08, 94-0.

**Committee Activity:** Health & Long-Term Care: 2/21/08, 2/27/08 [DPA-WM].  
Ways & Means: 3/03/08 [DPA(HEA), w/oRec].

---

### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass as amended and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles, Marr and Parlette.

**Staff:** Mich'l Needham (786-7442)

---

### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Health & Long-Term Care.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hobbs, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Honeyford.

**Staff:** Elaine Deschamps (786-7441)

**Background:** In 2007 the Legislature enacted legislation that directed the Department of Social and Health Services (DSHS) 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

---

*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.*

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 and the Health Care Authority (HCA) were directed to develop a five-year plan to change provider reimbursement protocols in order to reward quality and incorporate evidence-based standards. They submitted the initial plan in September.

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 Bill (Recommended Amendments):** The Department of Health (DOH) is directed to establish a medical home collaborative program for primary care practices, within funds appropriated for this purpose. The collaborative program must be available to a variety of primary care practice settings throughout the state, including at least one location with extended hours on nights or weekends. The key goals of the collaborative are to: develop common core components to promote consistency among medical homes; allow for standard measurement of outcomes; and promote the use of the latest techniques in effective and cost-efficient patient-centered integrated health care.

The medical home collaborative program must be coordinated with the Washington Health Information Collaborative, and the HCA is directed to make an effort to link any grants that may be awarded to primary care practices for implementation of health information technology with primary care providers participating in the medical home collaborative. The DOH must 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 HCA must work with providers to develop reimbursement mechanisms to reward primary care providers participating in the medical home collaborative program that demonstrate best practices. Best practices include: ensuring patient access to a nurse consultant; encouraging

mammograms; implementing strategies to reduce emergency room use; communicating electronically with patients; and managing diabetic blood sugar levels.

The HCA and the DSHS must expand their assessment on changing reimbursement for primary care to support adoption of medical homes to include Medicare, other federal and state payors, and other insurance payors. A report with findings on changing reimbursement for primary care and a timeline for adoption of payment and provider performance strategies is due January 1, 2009.

The act expires December 31, 2011, and is null and void if not funded in the budget.

**EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Amendments):** The amendment adds language from SB 6360 in Section 3 directing the Health Care Authority to work with providers to develop reimbursement mechanisms to reward primary care providers who participate in the medical home collaboratives and demonstrate listed best practices. It also eliminates Section 4 of the bill suggesting the Governor submit a proposal to participate in the State Quality Improvement Institute, because the application has been submitted.

**Appropriation:** None.

**Fiscal Note:** Available. Update requested on engrossed second substitute on February 19, 2008.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony on Engrossed Second Substitute Bill (Health & Long-Term Care):** PRO: This approach is funded in the House budget, and it piggy backs on the collaborative process that has been running the project with a single illness focus. The number of primary care practitioners has been radically decreasing, and we need to catalyze some rapid growth for primary care practices. The medical home model may help do that. The grants in this program are scalable to the assistance that a practice may need to transition to the medical home model. We support moving the pilots from the Health Care Authority to the Department of Health collaboratives, and believe they will integrate nicely with the collaboratives they have. This is a great pilot program to test the medical home model and help reduce the fragmentation in the system. The Family Physicians would support a change in the definition of medical home that mirrors a national definition that is beginning to be used by the National Committee for Quality Assurance (NCQA). Provider incentives are important, but we may also need patient incentives similar to those used by King County Healthy Incentives.

**Persons Testifying (Health & Long-Term Care):** PRO: Representative Seaquist, prime sponsor; Scott Plack, Primary Care Coalition and Group Health; Holly Detzler, Communities Connect; Kathleen Collins, Washington Academy of Family Physicians; Terry Kohl, Washington Association of Naturopathic Physicians.

**Staff Summary of Public Testimony on HEA Recommended Amendments (Ways & Means):** PRO: Health care costs are going up, while the number of primary care physicians

is going down, and we need to turn the trends around to get more cost-effective methods in place and utilize existing medical home models; we support the funding in the budget and would also like to have the bill.

**Persons Testifying (Ways & Means):** PRO: Representative Seaquist, prime sponsor; Kathleen Collins, Washington Academy of Family Physicians; Karen Merrikin, Group Health Cooperative.