

SENATE BILL REPORT

SB 5930

As Reported By Senate Committee On:
Health & Long-Term Care, February 19, 2007
Ways & Means, March 5, 2007

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: Senators Keiser, Kohl-Welles, Shin and Rasmussen; by request of Governor Gregoire.

Brief History:

Committee Activity: Health & Long-Term Care: 2/12/07, 2/19/07 [DPS-WM, w/oRec].
Ways & Means: 2/28/07, 3/05/07 [DP2S, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5930 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

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

Minority Report: That it be referred without recommendation.

Signed by Senator Carrell.

Staff: Mich'l Needham (786-7442)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 5930 be substituted therefor, and the second substitute bill do pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senators Zarelli, Ranking Minority Member; Carrell, Hewitt, Honeyford, Parlette and Roach.

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.

Staff: Elaine Deschamps (786-7441)

Background: The 2006 Legislature established the Blue Ribbon Commission on Health Care Costs and Access and charged it 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 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.

In addition, DSHS must: design and implement medical homes for their aged, blind and disabled clients, focused on chronic care management and expansion of best practices; 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 SCHIP, and the Basic Health program.

In addition, HCA must: implement a pilot for shared decision making for common medical decisions, with an evaluation and a report to the Legislature by June 30, 2009; 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 a the first health record bank; and, in collaboration with an advisory board, design a Washington Health Insurance Connector to serve employees of

small businesses and other individuals, and submit implementing legislation by December 1, 2007.

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) modify awards to local public health jurisdictions to include contracts with performance measures and reporting of progress.

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 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. The Washington State Health Insurance Program (WSHIP) must offer at least one policy with benefits similar to those in the private, individual market, and add chronic care management.

EFFECT OF CHANGES MADE BY RECOMMENDED SUBSTITUTE AS PASSED COMMITTEE (Health & Long-Term Care): The analysis of the reinsurance program will include an evaluation of the reduction in total health care costs to the state, private sector, and individual premiums. The development of the five-year plan to integrate disease and accident prevention and health promotion into all state health programs will include health insurance carriers.

EFFECT OF CHANGES MADE BY RECOMMENDED SECOND SUBSTITUTE AS PASSED COMMITTEE (Ways & Means): The requirement that the Health Care Authority (HCA) conduct up to two decision aid pilots is removed. The HCA will identify a certification process for decision aids in consultation with the National Committee for Quality Assurance, and collaborate with providers, carriers, and researchers to develop a demonstration project. The HCA may solicit donations and other funding to do so. Failure to use a decision aid or engage in shared decision making is not evidence of failure to obtain informed consent. DSHS is required to contract for an evaluation of chronic care management in Health and Recovery Services Administration in addition to Aging and Adult Services Administration. In addition to enrollees in state purchased health care programs, the uninsured population is to be included in the study of recent trends in unnecessary emergency room use. The HCA will give contracting priority not only to community health centers that work with local hospitals but also those that work with community health collaboratives and local health jurisdictions to reduce unnecessary emergency room use.

Any appropriations are removed, null and void clauses are added to various sections, and it is specified that public health funding is subject to funds specifically appropriated for that purpose. Existing sections are expanded upon related to Reinsurance, the Washington State Health Insurance Pool (WSHIP), and Health Promotion. Additions to the WSHIP section include modernizing the statute, making it more affordable by expanding eligibility for premium reductions for all ages rather than being limited to ages 55-64, and adding an emergency clause. The addition to the health promotion section is a state employee health demonstration project.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony (Health & Long-Term Care): PRO: The state can set an example and use our purchasing power to improve quality and efficiency in health care, implement technology improvements, chronic care management, try to reduce the 2.3 million visits to emergency rooms, explore options for the young people that represent 30 percent of the uninsured population, and provide WSHIP more flexibility. The more deliberative approach to designing a connector and reinsurance are appreciated. Additional insurance market reforms and additional flexibility for the SEHIP program could address some concerns. Linking reimbursement rates and quality improvements may be premature until the reimbursement rates are improved. This doesn't capture large employers and the 71,000 employees of large employers that are not insured now.

OTHER: There needs to be more dialogue on the connector and reinsurance components. Dental health issues are not adequately captured. The government driven system needs more checks and balances.

Persons Testifying (Health & Long-Term Care): PRO: Governor Gregoire; Pat Thibaudeau, former senator; Mellani McAleenan, Association of Washington Businesses (AWB); Jerry Belur, AWB small business owner; Gary Smith, Independent Business Association; Carolyn Logue, National Federation of Independent Businesses; Nancy Ellison, Regence Blue Shield; Karen Merrikin, Group Health; Audrey Halvorson, Premera; Sydney Zvara, Association of Washington Health Care Plans; Robby Stern, Washington State Labor Council; Susie Tracy, Washington State Medical Association; Tammy Fellin, Association of Washington Cities; Vicki Kirkpatrick, Washington State Association of Local Public Health Officials;

OTHER: Gary Shenkle, University of Washington Oral Health Collaborative; Mark Johnson, Washington Retail Association; Loren Freeman, Freeman and Associates.

Staff Summary of Public Testimony (Ways & Means): PRO: We are working to prepare a proposed second substitute that will evaluate a re-insurance program and will take out the cigarette tax. We will continue working on a bipartisan basis on this. The high-risk pool serves 3,000 enrollees as an annual cost of \$54 million—we should explore more affordable alternatives and make sure people have access to coverage. We are hoping to have a comprehensive, bipartisan health care package. We like the proposal to remove the cigarette tax, and to study rather than implement the reinsurance concept. The Governor's approach is methodical and takes a reasonable approach by proposing studies in a number of areas.

Persons Testifying (Ways & Means): PRO: Senator Keiser, prime sponsor, Senator Parlette; Mark Johnson, Washington Retail Association; Mellani McAleenan, Association of Washington Business; Mel Sorensen, America's Health Insurance Plans and Washington Association of Health Underwriters; Jonathan Seib, Governor's Policy Office; Nancee Wildermuth, Regence Blue Shield, PacifiCare, Aetna; Carolyn Logue, National Federation of

Independent Business; Damaina Merryweather, United Food and Commercial Workers State Council.