

CERTIFICATION OF ENROLLMENT

**HOUSE BILL 1645**

60th Legislature  
2007 Regular Session

Passed by the House February 28, 2007  
Yeas 97 Nays 0

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**Speaker of the House of Representatives**

Passed by the Senate April 11, 2007  
Yeas 49 Nays 0

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **HOUSE BILL 1645** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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HOUSE BILL 1645

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Passed Legislature - 2007 Regular Session

State of Washington                      60th Legislature                      2007 Regular Session

By Representatives Pedersen, Curtis, Schual-Berke, Ormsby and Moeller; by request of Health Care Authority

Read first time 01/24/2007. Referred to Committee on Health Care & Wellness.

1            AN ACT Relating to providing the administrator with authority to  
2 administer grants on behalf of the health care authority; and amending  
3 RCW 41.05.021.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5            **Sec. 1.** RCW 41.05.021 and 2006 c 103 s 2 are each amended to read  
6 as follows:

7            (1) The Washington state health care authority is created within  
8 the executive branch. The authority shall have an administrator  
9 appointed by the governor, with the consent of the senate. The  
10 administrator shall serve at the pleasure of the governor. The  
11 administrator may employ up to seven staff members, who shall be exempt  
12 from chapter 41.06 RCW, and any additional staff members as are  
13 necessary to administer this chapter. The administrator may delegate  
14 any power or duty vested in him or her by this chapter, including  
15 authority to make final decisions and enter final orders in hearings  
16 conducted under chapter 34.05 RCW. The primary duties of the authority  
17 shall be to: Administer state employees' insurance benefits and  
18 retired or disabled school employees' insurance benefits; administer  
19 the basic health plan pursuant to chapter 70.47 RCW; study state-

1 purchased health care programs in order to maximize cost containment in  
2 these programs while ensuring access to quality health care; ~~((and))~~  
3 implement state initiatives, joint purchasing strategies, and  
4 techniques for efficient administration that have potential application  
5 to all state-purchased health services; and administer grants that  
6 further the mission and goals of the authority. The authority's duties  
7 include, but are not limited to, the following:

8 (a) To administer health care benefit programs for employees and  
9 retired or disabled school employees as specifically authorized in RCW  
10 41.05.065 and in accordance with the methods described in RCW  
11 41.05.075, 41.05.140, and other provisions of this chapter;

12 (b) To analyze state-purchased health care programs and to explore  
13 options for cost containment and delivery alternatives for those  
14 programs that are consistent with the purposes of those programs,  
15 including, but not limited to:

16 (i) Creation of economic incentives for the persons for whom the  
17 state purchases health care to appropriately utilize and purchase  
18 health care services, including the development of flexible benefit  
19 plans to offset increases in individual financial responsibility;

20 (ii) Utilization of provider arrangements that encourage cost  
21 containment, including but not limited to prepaid delivery systems,  
22 utilization review, and prospective payment methods, and that ensure  
23 access to quality care, including assuring reasonable access to local  
24 providers, especially for employees residing in rural areas;

25 (iii) Coordination of state agency efforts to purchase drugs  
26 effectively as provided in RCW 70.14.050;

27 (iv) Development of recommendations and methods for purchasing  
28 medical equipment and supporting services on a volume discount basis;

29 (v) Development of data systems to obtain utilization data from  
30 state-purchased health care programs in order to identify cost centers,  
31 utilization patterns, provider and hospital practice patterns, and  
32 procedure costs, utilizing the information obtained pursuant to RCW  
33 41.05.031; and

34 (vi) In collaboration with other state agencies that administer  
35 state purchased health care programs, private health care purchasers,  
36 health care facilities, providers, and carriers:

37 (A) Use evidence-based medicine principles to develop common

1 performance measures and implement financial incentives in contracts  
2 with insuring entities, health care facilities, and providers that:

3 (I) Reward improvements in health outcomes for individuals with  
4 chronic diseases, increased utilization of appropriate preventive  
5 health services, and reductions in medical errors; and

6 (II) Increase, through appropriate incentives to insuring entities,  
7 health care facilities, and providers, the adoption and use of  
8 information technology that contributes to improved health outcomes,  
9 better coordination of care, and decreased medical errors;

10 (B) Through state health purchasing, reimbursement, or pilot  
11 strategies, promote and increase the adoption of health information  
12 technology systems, including electronic medical records, by hospitals  
13 as defined in RCW 70.41.020(4), integrated delivery systems, and  
14 providers that:

15 (I) Facilitate diagnosis or treatment;

16 (II) Reduce unnecessary duplication of medical tests;

17 (III) Promote efficient electronic physician order entry;

18 (IV) Increase access to health information for consumers and their  
19 providers; and

20 (V) Improve health outcomes;

21 (C) Coordinate a strategy for the adoption of health information  
22 technology systems using the final health information technology report  
23 and recommendations developed under chapter 261, Laws of 2005((-))i

24 (c) To analyze areas of public and private health care interaction;

25 (d) To provide information and technical and administrative  
26 assistance to the board;

27 (e) To review and approve or deny applications from counties,  
28 municipalities, and other political subdivisions of the state to  
29 provide state-sponsored insurance or self-insurance programs to their  
30 employees in accordance with the provisions of RCW 41.04.205, setting  
31 the premium contribution for approved groups as outlined in RCW  
32 41.05.050;

33 (f) To establish billing procedures and collect funds from school  
34 districts in a way that minimizes the administrative burden on  
35 districts;

36 (g) To publish and distribute to nonparticipating school districts  
37 and educational service districts by October 1st of each year a

1 description of health care benefit plans available through the  
2 authority and the estimated cost if school districts and educational  
3 service district employees were enrolled;

4 (h) To apply for, receive, and accept grants, gifts, and other  
5 payments, including property and service, from any governmental or  
6 other public or private entity or person, and make arrangements as to  
7 the use of these receipts to implement initiatives and strategies  
8 developed under this section; (~~and~~)

9 (i) To issue, distribute, and administer grants that further the  
10 mission and goals of the authority; and

11 (j) To (~~promulgate and~~) adopt rules consistent with this chapter  
12 as described in RCW 41.05.160.

13 (2) On and after January 1, 1996, the public employees' benefits  
14 board may implement strategies to promote managed competition among  
15 employee health benefit plans. Strategies may include but are not  
16 limited to:

17 (a) Standardizing the benefit package;

18 (b) Soliciting competitive bids for the benefit package;

19 (c) Limiting the state's contribution to a percent of the lowest  
20 priced qualified plan within a geographical area;

21 (d) Monitoring the impact of the approach under this subsection  
22 with regards to: Efficiencies in health service delivery, cost shifts  
23 to subscribers, access to and choice of managed care plans statewide,  
24 and quality of health services. The health care authority shall also  
25 advise on the value of administering a benchmark employer-managed plan  
26 to promote competition among managed care plans.

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