SENATE BILL REPORT
SSB 5891

As Amended by House, April 8, 2009

Title: An act relating to establishing a forum for testing primary care medical home reimbursement pilot projects.

Brief Description: Establishing a forum for testing primary care medical home reimbursement pilot projects.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senator Keiser; by request of Governor Gregoire).

Brief History:
Committee Activity: Health & Long-Term Care: 2/19/09, 2/24/09 [DPS].
Passed Senate: 3/06/09, 47-0.
Passed House: 4/08/09, 97-1.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5891 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Becker, Fairley, Marr, Murray and Parlette.

Staff: Mich'l Needham (786-7442)

Background: The 2008 Legislature passed a primary care bill directing the Department of Social and Health Services (DSHS) and the Health Care Authority (HCA) to assess opportunities for changing payment practices in ways that would better support development and maintenance of primary care medical homes. The bill also directed the Department of Health (DOH) to develop a medical home learning collaborative to promote adoption of medical homes in a variety of primary care practice settings. The agencies submitted a progress report titled, "Payment Options and Learning Collaborative Work In Support of Primary Care Medical Homes" to the Legislature December 31, 2008.

Summary of Substitute Bill: Public payors, private health carriers, third party purchasers, and providers are encouraged to collaborate and identify appropriate reimbursement methods to align incentives to support primary care medical homes. The discussions and the

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determination of reimbursement methods are facilitated by state agencies and as such are exempt from antitrust laws through the state action doctrine.

HCA and DSHS must design, oversee implementation, and evaluate one or more primary care medical home reimbursement pilot projects. The agencies must: determine the number and location of the pilots; determine criteria to select primary care clinics to serve as pilot sites; select pilot sites from those clinics that currently include activities typically associated with medical homes or from sites that have been selected by the DOH to participate in the medical home collaboratives; determine reimbursement methods to be tested; identify performance measures for clinical quality, chronic care management, cost, and patient experience. The agencies must coordinate planning and operation of the pilots with the DOH medical home collaboratives.

The act expires July 1, 2013.

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: PRO: This bill continues the efforts initiated with the Blue Ribbon Commission to improve chronic care and improve health for Washington residents. It reflects the Governor's interest in the promise of medical homes and changes in reimbursement that move the health system in the right direction. Changes in reimbursement can only be successful with involvement of the private sector payors and it is the intent to provide some protection from antitrust concerns and allow a multipayor collaboration. This is consistent with approaches modeled in other states.

This bill provides the next step for testing reimbursement approaches. The literature is incomplete on the best reimbursement methods that will move away from paying purely for quantity of services to paying for quality services. These pilots will help test reimbursement methods and help move us forward. There is more than enough money in health care today but we need to move it around to the right places and start paying for quality care. We need to test approaches to align incentives for the desired outcomes.

The bill's approach will allow collaborative discussions to move forward with some antitrust protection and this is key for payors and providers to work together. This format will allow greater latitude for discussions together, while still protecting the competitive marketplace. Providers need a multipayor collaborative effort because we cannot treat some patients in the practice differently from others.

The medical home model puts emphasis on primary care and moves health care to a team approach that more appropriately serves the health care needs of patients. The models of care exist but the payment models do not reflect the team approach to care, and other key features like the continuous patient contact, nurse visits, electronic monitoring, and

communication, among others. The medical home model not only increases patient quality of care, it offers great promise for attracting more physicians into primary care again and increasing job satisfaction for current physicians.

CON: We have concerns with the medical home model that may include a gatekeeper and limit direct access to optometric services. Optometrists are primary care providers too and we believe our patients should continue to have direct access to eye care.

Persons Testifying: PRO: Jonathan Seib, Governor's Office; Richard Onizuka, Health Care Authority; Scott Plack, Group Health and Primary Care Coalition; Diane Giese, Puget Sound Health Alliance; Sydney Zvarra, Association of Washington Healthcare Plans; John Fletcher, Kevin Haughton, Providence Health Services; Chuck Levine, CIGNA Health Care; Mel Sorensen, America's Health Insurance Plans; Glen Steam, Washington Academy of Family Physicians.

CON: Brad Tower, Optometric Physicians of Washington.

House Amendment(s): A portion of the intent section related to incentives for quality primary care services was deleted. DSHS and HCA may select an additional pilot site with a direct patient-provider primary care practice and reimburse with a fixed monthly payment per person for preventive care, wellness counseling, primary care, coordination of primary care, and urgent care services.