

SENATE BILL REPORT

SB 6522

As of January 26, 2010

Title: An act relating to establishing the accountable care organization pilot projects.

Brief Description: Establishing the accountable care organization pilot projects.

Sponsors: Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt and Shin.

Brief History:

Committee Activity: Health & Long-Term Care: 1/25/10.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Rhoda Donkin (786-7465)

Background: In recent years, health care innovations like medical home projects have sought to provide comprehensive, coordinated patient care using integrated services, health information technology, prevention, and specific ways to track patient health outcomes. Other innovations focus on paying providers based on how treatment is rendered instead of the number of patient visits. Such innovations include so-called bundled payments, where physician and hospital payments are lumped together. Rather than paying for a particular procedure, doctors and hospitals are paid for all services to a patient in an episode of care for a particular condition. Depending on how the project is structured, an episode could be defined in several ways; a period of hospitalization, hospital care plus a period of post acute care, a stretch of care for a chronic condition, or even all inpatient or out patient care.

The Accountable Care Organization (ACO) model establishes a spending benchmark for health care providers in an organization based on an expected level of spending. An ACO offers provider organizations, such as a medical home or a primary care practice, the opportunity to share savings from payers when savings are achieved through such practices as care coordination, wellness services, chronic care management, effective referral patterns, and other approaches that achieve quality outcomes at lower expense. The concept attempts to shift the emphasis from volume and intensity of services to incentives for efficiency and quality.

Currently Washington State health agencies lead two medical home pilot projects with 33 participating primary care practitioners.

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.

Summary of Bill: The Health Care Authority (HCA) and the Department of Social and Health Services are directed to convene a work group by January, 2011, to support the development of at least two accountable care organization pilot projects to be implemented no later than January, 2012. HCA must contract with recognized experts in the development and implementation of accountable care organizations and payment systems. The ACOs must abide by described principles of local accountability, appropriate payment models, and performance measurement.

The work group must research other opportunities to establish ACOs, and coordinate with current medical home projects in this state. The work group will report to the health committees of the Legislature by January, 2013, with recommendations and information on the progress of ACOs in the state.

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: The approach to primary care described in ACO is happening now, and it does improve patient outcomes and lower costs. If we are really going to reform health care, we need to reform both the delivery system and the payment system. Right now there is no incentive to reduce unnecessary care, inappropriate tests, and avoidable hospital admissions. ACOs promote treatment that focuses on performance measures and payment incentives that change current practice. We should expand any opportunity to do this and piloting ACOs is a step in the right direction. This bill could go further, but it is the right thing to do.

Persons Testifying: PRO: Scott Kronlund, M.D., Northwest Physicians Network; Stephen Tarnoff, Group Health Cooperative; Sydney Smith Zvara, Association of Washington Health Care Plans.