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SENATE BILL 6522

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State of Washington

61st Legislature

2010 Regular Session

By Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt, and Shin

Read first time 01/15/10. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to establishing the accountable care organization  
2 pilot projects; adding a new section to chapter 70.54 RCW; and creating  
3 a new section.

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

5 NEW SECTION. **Sec. 1.** (1)(a) The legislature finds that a  
6 necessary component of bending the health care cost curve is innovative  
7 payment and practice reforms that capitalize on current incentives and  
8 create new incentives in the delivery system to further the goals of  
9 increased quality, accessibility, and affordability.

10 (b) The legislature further finds that accountable care  
11 organizations have received significant attention in the recent health  
12 care reform debate and have been found by the congressional budget  
13 office to be one of the few comprehensive reform models that can be  
14 relied on to reduce costs.

15 (c) The legislature further finds that accountable care  
16 organizations present an intriguing path forward on reform that builds  
17 on current provider referral patterns and offers shared savings  
18 payments to providers willing to be held accountable for quality and  
19 costs.

1 (d) The legislature further finds that the accountable care  
2 organization framework offers a basic method of decoupling volume and  
3 intensity from revenue and profit and is thus a crucial step toward  
4 achieving a truly sustainable health care delivery system.

5 (2) The legislature declares that collaboration among public  
6 payors, private health carriers, third-party purchasers, health care  
7 delivery systems, and providers to identify appropriate reimbursement  
8 methods to align incentives in support of accountable care  
9 organizations is in the best interest of the public. The legislature  
10 therefore intends to exempt from state antitrust laws, and to provide  
11 immunity from federal antitrust laws through the state action doctrine,  
12 for activities undertaken pursuant to pilots designed and implemented  
13 under section 2 of this act that might otherwise be constrained by such  
14 laws. The legislature does not intend and does not authorize any  
15 person or entity to engage in activities or to conspire to engage in  
16 activities that would constitute per se violations of state and federal  
17 antitrust laws including, but not limited to, agreements among  
18 competing health care providers or health carriers as to the price or  
19 specific level of reimbursement for health care services.

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.54 RCW  
21 to read as follows:

22 (1) The health care authority and department of social and health  
23 services shall convene a work group by January 1, 2011, to support the  
24 development of an application by at least one integrated health care  
25 delivery system and one network of nonintegrated community health care  
26 providers for participation in an accountable care organization  
27 learning and payment collaborative. The intent is that at least two  
28 accountable care organization pilot projects be implemented in  
29 Washington state no later than January 1, 2012. In order to obtain  
30 expert guidance and consultation in design and implementation of the  
31 pilots, the health care authority shall contract with a recognized  
32 learning collaborative with a reputable research organization having  
33 expertise in the development and implementation of accountable care  
34 organizations and payment systems. Invited participants to the work  
35 group may include primary care professionals, specialists, hospitals,  
36 and other health care providers and entities.

1 (2) As used in this section, an "accountable care organization" is  
2 an entity that enables networks consisting of health care providers or  
3 a health care delivery system to become accountable for the overall  
4 costs and quality of care for the population they jointly serve and to  
5 share in the savings created by improving quality and slowing spending  
6 growth while relying on the following principles:

7 (a) Local accountability:

8 (i) Accountable care organizations will be composed of local  
9 delivery systems; and

10 (ii) Accountable care organizations spending benchmarks will make  
11 the local system accountable for cost, quality, and capacity;

12 (b) Appropriate payment models:

13 (i) Accountable care organizations with expenditures below  
14 benchmarks are recognized and rewarded with appropriate financial  
15 incentives.

16 (ii) Payment models have financial incentives that allow  
17 stakeholders to make investments that improve care and slow cost growth  
18 such as health information technology;

19 (c) Performance measurement:

20 (i) Measurement will be essential to ensure that appropriate care  
21 is being delivered and that cost savings are not the result of limiting  
22 necessary care.

23 (ii) Accountable care organizations will report patient experience  
24 data in addition to clinical process and outcome measures.

25 (3) The work group shall research other opportunities to establish  
26 the accountable care organization pilot projects, which may become  
27 available through participation in a demonstration project in medicaid,  
28 payment reform in medicare, national health care reform, or other  
29 federal changes that support the development of accountable care  
30 organizations.

31 (4) The work group shall coordinate the accountable care  
32 organization selection process with the primary care medical home  
33 reimbursement pilot projects established in RCW 70.54.380 and the  
34 ongoing department of health medical home collaborative under section  
35 2, chapter 295, Laws of 2008, as well as other private and public  
36 efforts to promote adoption of medical homes within the state.

37 (5) The work group shall make a report to the health care  
38 committees of the legislature, no later than January 1, 2013, on the

1 progress of the accountable care organization pilot projects,  
2 recommendations about further expansion, and needed changes to the  
3 statute to more broadly implement and oversee accountable care  
4 organizations in the state.

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