

CERTIFICATION OF ENROLLMENT
ENGROSSED SUBSTITUTE SENATE BILL 6522

61st Legislature
2010 Regular Session

Passed by the Senate February 16, 2010
YEAS 48 NAYS 0

President of the Senate

Passed by the House March 2, 2010
YEAS 86 NAYS 11

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6522** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

ENGROSSED SUBSTITUTE SENATE BILL 6522

Passed Legislature - 2010 Regular Session

State of Washington 61st Legislature 2010 Regular Session

By Senate Health & Long-Term Care (originally sponsored by Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt, and Shin)

READ FIRST TIME 02/03/10.

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 (3) The legislature further finds that public-private partnerships
21 and joint projects, such as the Washington patient-centered medical
22 home collaborative administered and funded jointly between the
23 department of health and the Washington academy of family physicians,
24 are research-supported, evidence-based primary care delivery projects
25 that should be encouraged to the fullest extent possible because they
26 improve health outcomes for patients and increase primary care clinical
27 effectiveness, thereby reducing the overall costs in our health care
28 system.

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

31 (1) The administrator shall within available resources appoint a
32 lead organization by January 1, 2011, to support at least one
33 integrated health care delivery system and one network of nonintegrated
34 community health care providers in establishing two distinct
35 accountable care organization pilot projects. The intent is that at
36 least two accountable care organization pilot projects be in the
37 process of implementation no later than January 1, 2012. In order to

1 obtain expert guidance and consultation in design and implementation of
2 the pilots, the lead organization shall contract with a recognized
3 national learning collaborative with a reputable research organization
4 having expertise in the development and implementation of accountable
5 care organizations and payment systems.

6 (2) The lead organization designated by the administrator under
7 this section shall:

8 (a) Be representative of health care providers and payors across
9 the state;

10 (b) Have expertise and knowledge in medical payment and practice
11 reform;

12 (c) Be able to support the costs of its work without recourse to
13 state funding. The administrator and the lead organization are
14 authorized and encouraged to seek federal funds, as well as solicit,
15 receive, contract for, collect, and hold grants, donations, and gifts
16 to support the implementation of this section and may scale back
17 implementation to fall within resulting resource parameters;

18 (d) In collaboration with the health care authority, identify and
19 convene work groups, as needed, to accomplish the goals of this act;
20 and

21 (e) Submit regular reports to the administrator on the progress of
22 implementing the requirements of this act.

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

29 (a) Local accountability:

30 (i) Accountable care organizations must be composed of local
31 delivery systems; and

32 (ii) Accountable care organizations spending benchmarks must make
33 the local system accountable for cost, quality, and capacity;

34 (b) Appropriate payment and delivery models:

35 (i) Accountable care organizations with expenditures below
36 benchmarks are recognized and rewarded with appropriate financial
37 incentives;

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

4 (iii) Patient-centered medical homes are an integral component to
5 an accountable care organization with a focus on improving patient
6 outcomes, optimizing the use of health care information technology,
7 patient registries, and chronic disease management, thereby improving
8 the primary care team, and achieving cost savings through lowering
9 health care utilization;

10 (c) Performance measurement:

11 (i) Measurement is essential to ensure that appropriate care is
12 being delivered and that cost savings are not the result of limiting
13 necessary care; and

14 (ii) Accountable care organizations must report patient experience
15 data in addition to clinical process and outcome measures.

16 (4) The lead organization, subject to available resources, shall
17 research other opportunities to establish accountable care organization
18 pilot projects, which may become available through participation in a
19 demonstration project in medicaid, payment reform in medicare, national
20 health care reform, or other federal changes that support the
21 development of accountable care organizations.

22 (5) The lead organization, subject to available resources, shall
23 coordinate the accountable care organization selection process with the
24 primary care medical home reimbursement pilot projects established in
25 RCW 70.54.380 and the ongoing joint project of the department of health
26 and the Washington academy of family physicians patient-centered
27 medical home collaborative being put into practice under section 2,
28 chapter 295, Laws of 2008, as well as other private and public efforts
29 to promote adoption of medical homes within the state.

30 (6) The lead organization shall make a report to the health care
31 committees of the legislature, by January 1, 2013, on the progress of
32 the accountable care organization pilot projects, recommendations about
33 further expansion, and needed changes to the statute to more broadly
34 implement and oversee accountable care organizations in the state.

35 (7) As used in this section, "administrator," "health care
36 provider," "lead organization," and "payor" have the same meaning as

1 provided in RCW 41.05.036.

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