Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Labor & Workforce Development Committee

HB 1869

Brief Description: Addressing occupational health best practices in industrial insurance through creation of a state-approved medical provider network and expansion of centers for occupational health and education.

Sponsors: Representatives Sells, Santos and Ormsby.

Brief Summary of Bill

- Requires the Department of Labor and Industries (Department) to establish an industrial insurance health care provider network.
- Requires workers to receive care from a network provider once a network is established in the worker's geographic area, except for the first visit.
- Requires the Department to establish additional best practice standards, and financial and nonfinancial incentives, for second tier providers.
- Requires the Department to establish additional Centers for Occupational Health and Education.

Hearing Date: 2/9/11

Staff: Joan Elgee (786-7106).

Background:

Under the state's industrial insurance laws, employers must either insure through the State Fund administered by the Department of Labor and Industries (Department) or, if qualified, may self-insure. Workers who, in the course of employment, are injured or disabled from an occupational disease are entitled to benefits, including time-loss and medical benefits. For medical care, workers are entitled to necessary and proper medical care from the provider the worker chooses.

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.

In 2002, the Department established the first Center for Occupational Health and Education (COHE). A COHE is a resource within the health care community to help providers manage and integrate the care and recovery of injured workers. The COHE efforts focus on the first 12 weeks of a claim.

The Workers Compensation Advisory Committee (WCAC) is a 10-member committee tasked with studying aspects of the workers compensation system. Workers and employers are represented on the WCAC. The Medical and Chiropractic Industrial Insurance Advisory Committees (Medical and Chiropractic Committees) also advise the Department.

Summary of Bill:

Health care provider network (network).
Intent is stated that high quality medical treatment and adherence to occupational health best practices can prevent disability and reduce loss of family income, and lower labor and insurance costs for employers.

Providers.
The Department must establish a health care provider network for workers from both State Fund and self-insured employers. Providers apply by completing an application, which is a contract. The Department must establish minimum standards for providers for acceptance into the network, including:

- current malpractice insurance;
- previous malpractice judgments or settlements that do not exceed a dollar amount, or a specific number or seriousness of malpractice suits over a specific time frame;
- no licensing or disciplinary action in any jurisdiction or loss of privileges by any board, commission, agency, public or private health care payer, or hospital;
- for some specialties such as surgeons, privileges in at least one hospital;
- whether the provider has been credentialed by another health plan that follows national quality assurance guidelines; and
- alternative criteria for providers that are not credentialed by another health plan.

The Department must develop alternative criteria as needed to address access to care concerns in certain regions. The Department may establish additional criteria and terms to monitor quality of care and assure efficient management of the network.

Providers must follow Department billing rules and must consider Department coverage decisions, policies, and treatment guidelines, as well as other industry treatment guidelines appropriate for their patient. Providers may provide reasonable and necessary treatment as ordered by the Board of Industrial Insurance Appeals or a court without removal from the network.

The Department may remove providers from the network or take other appropriate action if the provider fails to meet minimum network standards. The Department may also impose remedial steps and waiting periods for a provider. A provider may be permanently removed from the network when the provider exhibits a pattern of conduct of low quality care that exposes patients to risk of physical or psychiatric harm or death. These patterns include poor health care outcomes; however, the Department may not remove a provider for an isolated instance of poor

health and recovery outcomes. The decision to remove a provider is an appealable order. The Department or self-insurer must assist a worker under the terminated provider's care to find a new network provider.

Workers.
Once the network is established in the worker' geographic area, an injured worker may receive care from a non network provider only for an initial office or emergency room visit, and the Department or self-insurer may limit reimbursement to the Department's standard fee.

Advisory Group.
The Department must convene an advisory group made up of representatives from or designees of the WCAC and the Medical and Chiropractic Committees to advise the Department on implementation, including the development of best practices treatment guidelines. The advisory group must also recommend the minimum standards for approval or removal of a provider. The Department, in collaboration with the advisory group, must adopt policies for the development, credentialing, accreditation, and oversight of the network.

Second tier.
With the assistance of the advisory group, the Department must establish additional best practice standards for providers to qualify for a second tier, based on demonstrated use of occupational health best practices. The Department must implement financial and non financial incentives for, and also certify and decertify, second tier providers.

Self-insurers.
The Department must work with self-insurers and the Department's utilization review provider to implement utilization review for self-insurers to ensure consistent quality, cost-effective care, and to reduce the administrative burden for providers.

Centers for Occupational Health and Education (COHEs).
The COHEs are placed in statute. The Department must establish additional COHES, with the goal of extending access to at least 50 percent of injured and ill workers by December 2013, and to all injured workers by December 2015. The Department must also develop additional best practices and incentives that span the entire period of recovery, not only the first 12 weeks.

The Department must certify and decertify COHEs based on criteria including:

- institutional leadership and geographic areas covered,
- occupational health leadership and education,
- mix of participating providers necessary to address the needs of workers,
- health services coordination to deliver occupational health best practices,
- indicators to measure the success of the COHE, and
- agreement that the provider must, if feasible, treat certain injured workers if referred by the Department or a self-insurer.

Health care delivery organizations, including hospitals, affiliated clinics and providers, multispecialty clinics, health maintenance organizations, and organized systems of network physicians may apply to the Department for certification as a COHE.

In collaboration with the Department, COHEs must implement benchmark quality indicators of occupational health best practices for individual providers. Providers who do not consistently meet the benchmarks must be removed.

The Department must develop and implement financial and nonfinancial incentives for COHE providers that are based on progressive and measureable gains in occupational health best practices and that are applicable throughout the worker's care. In addition, the Department must develop electronic methods of tracking evidence-based quality measures to indentify and improve outcomes for workers at risk of developing prolonged disability. These methods must also be used to provide systematic feedback to physicians regarding quality of care, to conduct appropriate objective evaluation of COHE progress, and to allow efficient coordination of services.

Other.
The Department is given rule-making authority.

The Department must report to the WCAC and the appropriate legislative committees on December 1 of each year, beginning in 2012 and ending in 2016, on the implementation of the provider network and expansion of the COHEs. The report must include a summary of actions taken, progress toward long-term goals, outcomes of key initiatives, access to care issues, results of disputes or controversies, and whether any changes are needed.

Appropriation: None.

Fiscal Note: Requested on February 7, 2011.

Effective Date: Emergency clause takes effect July 1, 2011