SENATE BILL REPORT
SSB 5394

As Amended by House, April 7, 2011

Title: An act relating to primary care health homes and chronic care management.

Brief Description: Concerning primary care health homes and chronic care management.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser, Becker, Pflug, Conway, Kline and Parlette).

Brief History:
Committee Activity: Health & Long-Term Care: 1/27/11, 2/14/11 [DPS-WM, w/oRec].
Ways & Means: 2/24/11 [DPS(HEA)].
Passed Senate: 3/01/11, 49-0.
Passed House: 4/07/11, 53-39.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5394 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.
Signed by Senators Keiser, Chair; Conway, Vice Chair; Kline, Murray and Pridemore.

Minority Report: That it be referred without recommendation.
Signed by Senators Becker, Ranking Minority Member; Carrell, Parlette and Pflug.

Staff: Mich'l Needham (786-7442)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 5394 as recommended by Committee on Health & Long-Term Care be substituted therefor, and the substitute bill do pass.
Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Baxter, Brown, Conway, Fraser, Hatfield, Hewitt, Holmquist Newbry, Honeyford, Kastama, Keiser, Kohl-Welles, Pflug, Pridemore, Regala, Rockefeller, Schoesler and Tom.

Staff: Tim Yowell (786-7435)

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.

Background: Legislation passed in 2008 directed the Department of Health (DOH) to create a medical home learning collaborative as an opportunity to support the adoption of medical homes in a variety of primary care practice settings. The same legislation directed the Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) to assess opportunities for changing payment practices in ways that would better support development and maintenance of primary care medical homes. The three agencies jointly submitted a report on their efforts December 31, 2008.

Legislation passed in 2009 directed the HCA and DSHS to design and implement one or more primary care medical home reimbursement pilot projects. The agencies facilitated discussions with private payers and providers to collaborate and identify reimbursement methods that would align incentives to support primary care medical homes. The multi-payer pilot project has been designed, and the pilot project is on track to begin with the payment demonstration this spring.

Summary of Substitute Bill: State health care purchasing efforts for the Medicaid, Basic Health, and Public Employees Benefits Board (PEBB) programs must include provisions in contracts that encourage broad implementation of primary care health homes. Contracts must include provider reimbursement methods that incentivize chronic care management within health homes; provider reimbursement methods that reward health homes that reduce emergency department and inpatient use; and promote provider participation in the training program (medical home learning collaborative) developed by the DOH. Contract expenses must not be more than they would otherwise be without the health home provisions. DSHS must work with the federal Center for Medicare and Medicaid Innovation and seek funding opportunities to support health homes.

A health home is defined to mean primary care provided by a primary care provider who coordinates all medical care, with a multi-disciplinary health care team. A health care team includes, but is not limited to, medical specialists, nurses, pharmacists, nutritionists, dieticians, social workers, behavioral and mental health providers including substance use disorder prevention and treatment providers, chiropractors, physical therapists, alternative medicine practitioners and physicians assistants.

Services must include comprehensive care management including chronic care treatment and management; extended hours of service; multiple ways for patients to communicate with the team; education of patients on self-care, prevention and health promotion, including the use of patient decision aids; coordination of transitions from inpatient care; individual and family support; use of information technology; and on-going performance reporting.

The HCA must establish a collaborative workgroup to encourage input from insurance carriers, self-insured plans and Taft-Hartley plans, third-party payers, public payers, and providers to promote primary care health homes for employees with chronic and multiple conditions. The discussion and development of any payment reforms are provided immunity from federal antitrust laws through the state action doctrine. Beginning in December 2012, the HCA must report annually to the Legislature on the efforts of the collaborative workgroup to implement health homes. The report must include information from private insurance carriers and progress made in the publicly purchased health programs.

Insurance carriers must participate in the collaborative workgroup and provide information the HCA needs for annual reports to the Legislature.

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 on Original Bill (Health & Long-Term Care): PRO: There is a growing body of evidence that coordinated care leads to more satisfied patients with better health outcomes and overall savings with reductions in emergency room use and hospital inpatient days. The bill attempts to bring more standardization to definitions and procedures and broaden the use of the primary care health home to ensure better management of chronic health conditions. It is important to integrate oral health care with primary care. The mouth is an integral part of the body and the overall health, and better coordination of periodontal disease would lead to better outcomes. Please add the intent that primary care health homes should coordinate with elder care services. Please consider refining the definitions to tighten up the primary care provider and medical care services references, and remove specialists from the definition or very narrowly define it to maintain the principles of focusing on primary care. Premera is submitting an amendment to tighten up the reporting of information to protect proprietary information. It is important to recognize the development of primary care and the shift to different payment mechanisms is a journey that may take us a while. We don't know what the right model looks like yet; but with time and experimentation, we will find the right model for everybody. The definition of designated professionals should include registered nurses – they are a core component and are trained with this model in mind. Please ensure the PEBB sections apply to all plans and explore alternatives to allow incentives for enrollees not just providers. The benefit design should be modified to include incentives and ban any financial disincentive to access care. New payment systems should reward for outcomes, not volume. Critical mental health is an integral part of primary care and chronic care management. We have models all over with primary care and mental health care integrating, and it results in better coordinated care. Consider adding pharmacists to the health care team, and add medication therapy management to the bill as a component of chronic care management. Add pediatric patients with chronic disease and reimbursement for pediatric providers. Add physical therapists as primary care providers.

OTHER: Please add direct practice providers in the model – we would like to have insurance wrap around the direct primary care we provide now. We already provide primary care medical homes, and we have great outcomes, with significant reductions in emergency room use and hospital use.

Persons Testifying (Health & Long-Term Care): PRO: Senator Keiser, prime sponsor; Russell Maier, WA Dental Service Foundation; Jennifer Estroff, Children's Alliance; Jerry Reilly, Eldercare Alliance; Michael Transue, WA Academy of Family Physicians; Jack McRae, Premera Blue Cross; Joe Gifford, Regence Blue Shield; Joe King, Group Health;

Sofia Aragon, WA State Nurses Assn.; Jonathan Rosenbloom, SEIU 1199 NW; Ann Christian, WA Community Mental Health Council; Dedi Hitchens, WA State Pharmacy Assn.; Lis Houchen, National Assn. of Chain Drug Stores; Chris Olson, WA Chapter American Academy of Pediatrics; Melissa Johnson, Physical Therapy Assn.; Rashi Gupta, Assn. of WA Counties.

OTHER: Erika Bliss, Lisa Thatcher, Qliance.

Staff Summary of Public Testimony on Recommended Substitute (Ways & Means): PRO: The bill was inspired by reports on the very effective chronic care management program operated for Boeing employees by Regence Blue Shield and the Everett Clinic, which reduced expenditures by 20 percent. We need to bring that kind of cost control to state-purchased medical programs. Less than half of all children presently have a primary care medical home.

Persons Testifying (Ways & Means): PRO: Senator Keiser, prime sponsor; Beth Harvey, Washington Chapter of the American Academy of Pediatrics.

House Amendment(s):

- The intent statement is broadened to include coordination between primary care providers, long-term care workers, and other long-term care service providers, including area agencies on aging. Primary care providers should consider oral health coordination through collaboration with dental providers and delivery of oral health prevention services when possible.
- The definition of primary care health home services is clarified to include those services defined as a health home in federal law. The phrase "coordinating all medical care services" shall not be construed to require prior authorization by a primary care provider in order for a patient to receive treatment for covered services by an optometrist.
- The multidisciplinary health care team is clarified to include home care and other long-term care providers. Primary care provider is broadened to include physician assistant and osteopathic physician assistant.
- The state purchased contracts for Medicaid, Basic Health, and PEBB must include a requirement for chronic care management within health homes may prioritize health home services to enrollees with complex, high cost, or multiple chronic conditions. All PEBB contracts must be within existing budget resources, but in addition, the PEBB contract with a third-party health plan administering the self-insured plan must not require resources beyond those provided in the budget.
- The collaborative work group on reimbursement methods for health homes is removed and replaced with the requirement for the HCA to coordinate a discussion with carriers to learn from successful chronic care management models and develop principles for effective reimbursement methods to align incentives in support of patient centered chronic care health homes. The HCA must submit a report to the Legislature by December 1, 2012, describing the principles developed from the discussion and any steps taken to implement the principles.