
SENATE BILL 6360

State of Washington

62nd Legislature

2012 Regular Session

By Senators Keiser, Pflug, and Shin

Read first time 01/19/12. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to health care facilities oversight and payment
2 reform; and adding a new chapter to Title 70 RCW.

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

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that the public
5 interest is served when business is held accountable to the people
6 through oversight and transparency of rates charged for services in a
7 number of areas. Since statehood, there has been a requirement for the
8 review of rates charged to customers, beginning with the railroad
9 development. The review of rates continues today with the utility and
10 transportation commission review of rates and projected costs. The
11 focus on rate review and regulatory review of various business models
12 has shifted over the last century and adapted to emerging technologies,
13 such as the development of electric power and gas services, and the
14 development of telephones and public water systems.

15 (2) Similarly, health insurance carriers must file their rates for
16 review and assessment with the office of the insurance commissioner to
17 ensure rates charged for medical premiums are appropriate for the
18 expenses predicted. However, while the state requires transparency in
19 the insurance market, major service providers who drive rates are not

1 required to provide similar transparency. As the rate review and
2 regulation of emerging utility interests and business models have
3 shifted over time, the legislature finds that the review of rates
4 charged for medical expenses and business practices needs to evolve to
5 include other business models.

6 (3) Therefore, the legislature intends to create a health care cost
7 commission to provide oversight of health care facility rates, guide
8 payment reform, and ensure accountability and transparency for the
9 public.

10 NEW SECTION. **Sec. 2.** For the purposes of this chapter, unless the
11 context clearly requires otherwise, "commission" means the Washington
12 health care cost commission created in section 3 of this act.

13 NEW SECTION. **Sec. 3.** (1) There is hereby created and established
14 a state commission to be known and designated as the Washington health
15 care cost commission.

16 (2) The commission must be composed of three members, appointed by
17 the governor, with the consent of the senate. Not more than two
18 members of the commission may belong to the same political party.

19 (3) Each commissioner must be appointed and hold office for the
20 term of six years. The governor shall designate one of the
21 commissioners to be chair of the commission during the term of the
22 governor.

23 (4) Each commissioner must receive a salary as may be fixed by the
24 governor in accordance with the provisions of RCW 43.03.040.

25 (5) Any vacancy arising in the office of commissioner must be
26 filled by appointment by the governor, and, except for persons
27 appointed as pro tempore commissioners, an appointee selected to fill
28 a vacancy shall hold office for the balance of the full term for which
29 his or her predecessor on the commission was appointed.

30 (6) If a vacancy occurs while the senate is not in session, the
31 governor shall make a temporary appointment until the next meeting of
32 the senate, when he or she shall present to the senate his or her
33 nomination or nominations for the office to be filled.

34 NEW SECTION. **Sec. 4.** Each commissioner shall, before entering
35 upon the duties of his or her office, take and subscribe the

1 constitutional oath of office. A commissioner or any person to be
2 appointed to the commission may not be employed by, or hold any
3 official relation to, any corporation or person that is subject in
4 whole or in part to regulation by the commission. The commissioner or
5 appointee may not own stocks or bonds of any such corporation or person
6 or become pecuniarily interested in the corporation. However, if a
7 commissioner becomes the owner of such stocks or bonds or becomes
8 pecuniarily interested in the corporation otherwise than voluntarily,
9 the commissioner shall within a reasonable time divest himself or
10 herself of ownership or interest, and failing to do so, the
11 commissioner may no longer serve on the commission and his or her
12 position becomes vacant.

13 NEW SECTION. **Sec. 5.** The commission shall appoint and employ an
14 executive director and other qualified staff as may be necessary to
15 carry out the work of the commission. The commission may delegate to
16 the executive director or other staff the authority to perform, in the
17 name of the commission, duties of the commission as it deems expedient.
18 Delegated powers and duties may be exercised in the name of the
19 commission. The commission by rule shall implement a process by which
20 notice must be provided of matters designated for delegation. Any such
21 matter must be heard or reviewed by commissioners at the request of any
22 commissioner or any affected person.

23 NEW SECTION. **Sec. 6.** (1) When a commissioner has heard all or a
24 substantial part of an adjudicative proceeding and leaves office before
25 entry of a final order in the proceeding, at the request of the
26 remaining commissioners the commissioner leaving office may be
27 appointed by the governor as commissioner pro tempore to complete the
28 proceeding. A commissioner pro tempore must receive a reasonable
29 compensation to be fixed by the remaining members of the commission.

30 (2) A proceeding is completed when the commission enters a final
31 order purporting to resolve all contested issues therein, from which no
32 party seeks clarification or reconsideration, or upon entry of an order
33 on clarification or reconsideration, even though the order is subject
34 to a petition for judicial review.

1 NEW SECTION. **Sec. 7.** The Washington health care cost commission
2 shall:

3 (1) Exercise all the powers and perform all the duties prescribed
4 by this chapter;

5 (2) Regulate in the public interest, as provided by the public
6 service laws, all health care facilities charging for services. For
7 the purposes of the commission, health care facilities includes but is
8 not limited to hospitals licensed under chapter 70.41 RCW and all
9 facilities owned by hospitals;

10 (3) Require, at a minimum, that the rates that are charged for
11 services must be filed with the commission for review of the components
12 that make up the rate to ensure the rates relate to the cost of
13 proposed services;

14 (4) Require information from each facility that allows appropriate
15 oversight of the rates charged, including information on any facility
16 mergers or affiliations, expansions of facilities or services, and
17 other areas the commission deems in the public interest;

18 (5) Develop methodologies to expedite the adoption of payment
19 reform efforts, including the capitation, pay for performance, bundled
20 payments, and alternative payment mechanisms that incentivize providers
21 to improve quality and efficiency;

22 (6) Consider the option to develop an all-payer billing system such
23 as that utilized in Maryland, that ensures the costs of care for the
24 population are equally distributed across payers including the public
25 medicaid and medicare programs;

26 (7) Determine the regulatory fees payable by all types of health
27 care facilities; and

28 (8) Make rules necessary to carry out its other powers and duties.

29 NEW SECTION. **Sec. 8.** There is created in the state treasury a
30 health care cost public service revolving fund. Regulatory fees
31 payable by all types of health care facilities must be deposited to the
32 credit of the health care cost public service revolving fund. All
33 expenses of operation of the Washington health care cost commission
34 must be paid out of the health care cost public service revolving fund.

35 NEW SECTION. **Sec. 9.** All proceedings of the commission and all

1 documents and records in its possession are public records, and it
2 shall adopt and use an official seal.

3 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act constitute
4 a new chapter in Title 70 RCW.

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