HOUSE BILL REPORT
ESSB 6228

As Reported by House Committee On:
Health Care & Wellness
Appropriations

Title: An act relating to transparency tools for consumer information on health care cost and quality.

Brief Description: Concerning transparency tools for consumer information on health care cost and quality.

Sponsors: Senate Committee on Health Care (originally sponsored by Senators Mullet, Tom, Keiser, Frockt, Parlette, Hatfield, Cleveland, Fain, Becker, Ericksen, Rolfes and Pedersen).

Brief History:
Committee Activity:
Health Care & Wellness: 2/24/14, 2/26/14 [DPA];
Appropriations: 2/27/14, 3/1/14 [DPA(HCW)].

Brief Summary of Engrossed Substitute Bill
(As Amended by Committee)

- Requires health carriers to offer transparency tools for members with certain price and quality information.
- Directs a stakeholder committee to identify and recommend statewide measures of health performance, and requires state agencies to use the measures to inform purchasing and set benchmarks.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 14 members: Representatives Cody, Chair; Riccelli, Vice Chair; Schmick, Ranking Minority Member; Harris, Assistant Ranking Minority Member; Green, G. Hunt, Jinkins, Manweller, Morrell, Rodne, Ross, Short, Tharinger and Van De Wege.

Staff: Alexa Silver (786-7190).

Background:

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.

Several resources are currently available for consumers to compare hospitals and providers based on quality measures and cost.

- The Centers for Medicare and Medicaid Services (CMS) operates Hospital Compare and Physician Compare, websites that provide information about the quality of care provided by Medicare-enrolled providers and at Medicare-certified hospitals. The Office of Financial Management provides an information system, Washington State MONAHRQ, with information on hospital quality, utilization, avoidable hospitalizations, and county rates of hospital use.
- The Washington Health Alliance's Community Checkup compares the quality of care provided by medical groups, clinics, and hospitals based on several measures. For example, the Community Checkup allows users to compare clinics based on measures related to primary care, health conditions, and patient experience.
- The Washington State Hospital Association maintains a website that allows comparisons of hospitals based on certain quality indicators, as well as the average cost of services.
- Some health carriers offer transparency tools to allow their members to compare providers and facilities based on cost, quality, and patient reviews.

The Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) are directed to adopt performance measures by September 1, 2014, to determine whether service contracting entities are achieving specified outcomes for clients. By July 1, 2015, the HCA and the DSHS are required to include outcomes and performance measures in their contracts with service contracting entities, such as regional support networks and managed care organizations.

The State Health Care Innovation Plan (Innovation Plan) released in December 2013 recognizes that the state will continue to develop measures to be included in a statewide measure set to evaluate performance. The Innovation Plan describes the measure set as including dimensions of prevention, effective management of chronic disease, and use of the lowest cost, highest quality care for acute conditions. Examples of potential elements of the measure set that are identified in the Innovation Plan include the proportion of children with a healthy weight, the rate of avoidable emergency room usage for individuals with chronic conditions, and the per capita rate of procedures where evidence of overuse exists.

Summary of Amended Bill:

Health Carrier Transparency Tools.

Each health carrier that offers or renews a health benefit plan on or after January 1, 2016, must offer transparency tools with certain price and quality information to enable members to make decisions based on cost, quality, and patient experience. The tools must aim for best practices. Member transparency tools must include the following features on cost and quality:

- The tools must display cost data for common inpatient treatments, outpatient treatments, diagnostic tests, and office visits. A health maintenance organization with an integrated delivery system may meet this requirement by providing meaningful

consumer data based on the total cost of care. The transparency tools must also display the estimated out-of-pocket costs for the member and apply personalized benefits, such as deductibles and cost-sharing. The estimated cost of treatment or total cost of care should be accessible on a portable electronic device. The tools are encouraged to display cost-effective alternatives when available.

- The tools must include a patient review option for members to provide a rating or feedback on their experience with a provider, with reviews visible to other members. Feedback must be monitored for appropriateness and validity, and the site may include independently compiled quality of care ratings. Where available, the tools must also display quality information on providers.
- The tools are encouraged to display the cost for prescription medications, either on the member website or through a link to a third party that manages prescription benefits.
- The tools must display options based on search criteria for comparison and must also allow provider and hospital searches that provide specified provider information, including affiliated hospitals and where to find information about malpractice history and disciplinary actions.

Carriers must also prominently display information on cost and quality performance on their website alongside other consumer tools. The website must provide performance information for the following programs or indicate the carrier does not participate in the program:

- the National Business Coalition on Health performance measures, with scores and comparisons with national and regional benchmarks;
- the National Committee for Quality Assurance quality compass, with Washington rankings for the prior three years;
- the National Committee for Quality Assurance accreditation, with the report card on plan type, overall accreditation status, and star rating; and
- the carrier's Medicare five-star rating if the carrier participates in Medicare Advantage.

The Insurance Commissioner must prepare a brief, standardized statement for each of these programs to explain to consumers how to use the information to make comparisons. Carriers must display this statement with the cost and quality performance information.

Within 30 days of offering or renewing a plan, a carrier must attest to the Office of the Insurance Commissioner (OIC) that the carrier's member transparency tools meet these requirements and are available on a secure member website.

Performance Measures Committee.

A performance measures committee is established to identify and recommend standard statewide measures of health performance to inform health care purchasers and set benchmarks. Members of the committee must represent state agencies, small and large employers, health plans, patient groups, consumers, academic experts, hospitals, physicians, and other providers. Members must represent diverse geographic locations and rural and urban communities. The Governor appoints members to the committee, except that statewide associations representing hospitals and physicians appoint those members. The committee is chaired by the Director of the HCA.

The committee must develop a transparent process to select performance measures, including an opportunity for public comment. The committee is directed to submit the measures to the HCA by January 1, 2015. The measures must include dimensions of prevention and screening, effective management of chronic conditions, key health outcomes, care coordination and patient safety, and use of the lowest cost, highest quality care for acute conditions.

The committee must develop a measure set that:

- is of a manageable size;
- gives preference to nationally reported measures and, when those may not be appropriate, measures used by the Health Benefit Exchange and state agencies;
- focuses on overall performance of the system;
- is aligned with the Governor's performance management system measures and common measure requirements specific to Medicaid delivery systems;
- considers needs of different stakeholders and populations; and
- is usable by multiple payers, providers, purchasers, and communities.

State agencies must use the measure set to inform purchasing decisions and set benchmarks. The committee must establish a public process to periodically evaluate and make additions or changes to the measure set.

Amended Bill Compared to Engrossed Substitute Bill:

The amended bill added the provisions related to the performance measures committee. With respect to the transparency tools, the amended bill added the requirements related to displaying performance information for certain programs. It also modified the requirements applicable to the tools by requiring that the tools allow hospital searches, requiring the tools to display cost data for diagnostic tests (rather than diagnostic treatments), deleting the requirement that the tools be accessible while sitting in a doctor's office, requiring the tools to include information on where to find malpractice history and disciplinary actions (rather than the malpractice history and disciplinary actions themselves), and requiring the tools to include directions to provider offices and hospitals (rather than maps and directions). The amended bill also removed the restriction on rulemaking by the OIC.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 26, 2014.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The policy goal of this bill is to make sure that consumers know about companies that provide high quality, low cost care. Transparency will improve quality of

care, control costs, and help health care purchasers make better informed decisions. The cost of procedures and prescriptions has skyrocketed, in part due to overuse.

This bill provides a balance between providing standards and leaving flexibility for future innovation. Some insurance companies have a platform for developing the types of tools envisioned by the bill. This bill does not place an undue burden on doctors and does not reveal rates negotiated between doctors and insurance companies.

The bill is a step in the right direction, but information on health care costs and quality should be available on the public portion of the carrier's website to allow consumers to compare costs between insurance companies and pick the best plan for them. The bill should also require prescription drug costs to be included in the tools. The out-of-pocket costs for multiple sclerosis drugs can vary significantly among plans.

(In support with amendments) The bill is a good first step. Adding other standard benchmark quality programs to the tools would provide useful information for consumers and others. The tools should provide information on plan performance on quality and cost, in addition to information about providers. Cost calculators on the public portion of the carrier's website would help consumers select a plan. The changes in the bill related to validity and appropriateness of feedback regarding physicians are appreciated.

(Opposed) None.

Persons Testifying: (In support) Senator Mullet, prime sponsor; Chris Bandoli, Regence Blue Shield; Sheela Tallman, Premera Blue Cross; Sheri Nelson, Association of Washington Business; Jim Freeburg, National Multiple Sclerosis Society; Yanling Yu, Washington Advocates for Patient Safety; and Rex Johnson.

(In support with amendments) Scott Plack, Group Health Cooperative; and Katie Kolan, Washington State Medical Association.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Health Care & Wellness. Signed by 18 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Carlyle, Cody, Dunshee, Green, Haigh, Hudgins, S. Hunt, Jinkins, Kagi, Lytton, Morrell, Pettigrew, Seaquist, Springer, Sullivan and Tharinger.

Minority Report: Do not pass. Signed by 13 members: Representatives Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Buys, Christian, Dahlquist, Fagan, Haler, Harris, G. Hunt, Parker, Schmick and Taylor.

Staff: Erik Cornellier (786-7116).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 26, 2014.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(In support with concerns) Implementing the performance measures portion of the bill would be a useful exercise for the state to take. Having fewer, broader, and more meaningful measures is a wonderful goal for the state.

The consumer transparency portion of the bill is desirable with one exception: the requirement that carriers put a list of quality and accreditation standards on their web sites. It is unclear where this list came from and how it will help consumers. There was no discussion with the insurers about where this list came from. The list should be removed. The bill already requires insurers to provide information on quality.

(Opposed) None.

Persons Testifying: Len Sorrin, Premera Blue Cross; and Chris Bandoli, Regence Blue Shield.

Persons Signed In To Testify But Not Testifying: None.