

# SENATE BILL REPORT

## SB 6228

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As Reported by Senate Committee On:  
Health Care, February 6, 2014

**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:** Senators Mullet, Tom, Keiser, Frockt, Parlette, Hatfield, Cleveland, Fain, Becker, Ericksen, Rolfes and Pedersen.

**Brief History:**

**Committee Activity:** Health Care: 1/28/14, 2/06/14 [DPS].

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** That Substitute Senate Bill No. 6228 be substituted therefor, and the substitute bill do pass.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Pedersen, Ranking Member; Angel, Bailey, Cleveland, Keiser and Parlette.

**Staff:** Mich'l Needham (786-7442)

**Background:** Some consumers have experienced difficulty getting an estimate for health care costs in advance of receiving services that is valuable in calculating possible out-of-pocket expenses or comparing choices of health care providers or facilities. Information on charges for common services is becoming more available; however, the data displaying charges does not incorporate the insurance coverage a consumer may have.

To assist with transparency, the Washington State Hospital Association developed a hospital database with information on charges and utilization for each hospital and common procedures. The database is searchable and allows comparisons of facilities. In 2013 the Centers for Medicare and Medicaid Services (CMS) released data that displays hospital average charges for the 100 most common Medicare claims, and in January 2014, CMS released data on provider charges for 30 common outpatient services.

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The Washington Health Alliance, formerly the Puget Sound Health Alliance, has been working to produce health care data on cost and quality that will help inform purchasers. The most recent release of their report Community Checkup with data on quality of care, includes county-level results for the entire state.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Recommended Substitute):** Health insurance carriers offering benefit plans on or after January 1, 2016, must offer member transparency tools with certain price and quality information to enable the member to make treatment decisions based on cost, quality, and patient experience.

The transparency tools must aim for best practices and include the following:

- a display of cost data for common treatments for the following categories: in-patient treatments, outpatient treatments, diagnostic treatments, and office visits;
- tools that are encouraged to display the cost for prescription medications on the member website or through a link to the third party that manages the prescription benefits;
- a patient review option or method for members to provide a rating or feedback on their experience with the medical provider;
- an option to allow people to access the estimated costs on a portable electronic device;
- a display of the estimated cost of the treatment and the estimated out-of-pocket costs for the member, with a display of personalized benefits such as the deductible and cost sharing;
- a display of quality information on providers when available; and
- tools are encouraged to display alternatives that are more cost effective when there are alternatives available, such as using an ambulatory surgical center.

The member transparency tools must include information to allow a provider search of in-network providers, with additional information including the following: specialists; distance from the patient; the provider's contact information; the provider's education, board certification, and other credentials; malpractice history and disciplinary actions; affiliated hospitals and other providers in a clinic; and maps and driving directions.

**EFFECT OF CHANGES MADE BY HEALTH CARE COMMITTEE (Recommended Substitute as Passed Committee):** Clarifies the date for contracts renewed on or after January 1, 2016 as opposed to December 31, 2015. Makes the display of pharmacy costs permissive, and allows the prices to be on the website or through a link to a third party that manages the prescription benefits. Clarifies that the patient review is about the patient experience with the provider. Removes the Office of Insurance Commissioner verification. Plans must attest that their transparency tools meet the requirements and are available on the home page within the plan's secured member site.

**Appropriation:** None.

**Fiscal Note:** Available on original.

**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 Proposed Substitute as Heard in Committee:**

PRO: The policy objective is to reward high quality, low-cost providers with more customers and to actively engage customers in managing their health care. Consumers need additional tools to make more informed choices and this bill provides more information without requiring any paperwork from providers or hospitals. This may help drive down the cost of health care by providing consumers with more information to make informed choices. It is high time consumers had access to important information like this to inform their purchases. The Affordable Care Act now requires all individuals to have insurance, so it is only fair to make sure consumers have the information they need to make rational, informed decisions. We hope this leads to even more transparency across plans. Consumers are being faced with ever higher deductibles and cost sharing and it is important to get as much information as possible to improve decision making, especially on items that have high cost sharing such as pharmaceutical where the co-pay may be 50 percent of the cost but then it is not possible to find out which drugs are in that category until a person is enrolled in the plan. This should go even further and make that information available before purchasing the plan. Perhaps we could have the Exchange build this into their comparison information. We have a long-standing commitment to investing in transparency and helping patients and providers make informed choices. Additional information has beneficial impacts on cost and quality. We suggest amending the section that has the Office of the Insurance Commissioner completing the review. Displaying the pharmacy costs is a bit more difficult, because many plans use a pharmacy benefit manager that has separate tools and a separate platform. We might suggest amendments for functionality.

**Persons Testifying:** PRO: Senator Mullet, prime sponsor; Mark Johnson, WA Retail Assn.; Patrick Connor, National Federation of Independent Business, WA; Len Sorrin, Premera; Chris Bandoli, Regence BlueShield; Jim Freeburg, National Multiple Sclerosis Society.