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**ENGROSSED SUBSTITUTE SENATE BILL 5523**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Braun, Rivers, and Frockt)

AN ACT Relating to improving managed care organization performance in caring for medicaid clients; amending RCW 74.09.605; adding a new section to chapter 74.09 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that the state of Washington has substantial public interest in the quality, price, and cost of health care, and ensuring that managed care organizations are delivering quality health care. Oversight of performance management of managed care organizations providing health care services to medicaid clients contracted by the health care authority is necessary in order to provide accountability for state purchased health care.

(2) The legislature further finds that health care costs are rising, and that containing health care costs while ensuring positive health outcomes, appropriate performance management, and accountability for dollars spent on state purchased health care is essential. The legislature must hold both the health care authority and the managed care organizations that provide services to medicaid clients accountable for performance and performance improvement.

(3) The legislature therefore intends to ensure medicaid clients receive appropriate care in the right setting, at the right time, for the right cost, by providing appropriate oversight for performance management and accountability for state purchased health care.

**Sec.**  RCW 74.09.605 and 2013 c 320 s 7 are each amended to read as follows:

(1) The authority shall incorporate the expected outcomes and criteria to measure the performance of service coordination organizations as provided in chapter 70.320 RCW into contracts with managed care organizations that provide services to clients under this chapter.

(2)(a) The authority shall contract with an external quality improvement organization to annually analyze the performance of managed care organizations providing services to clients under this chapter based on seven performance measures. The analysis required under this subsection must:

(i) Measure managed care performance in three common measures across each managed care organization, including:

(A) At least one common measure must be weighted towards having the potential to impact managed care costs; and

(B) At least one common measure must be weighted towards population health management, as defined by the measure; and

(ii) Measure managed care performance in an additional four quality focus performance measures specific to a managed care organization. Quality focus performance measures chosen by the authority must:

(A) Be chosen from the total measures the managed care organizations are required to report;

(B) Reflect specific measures where a managed care organization has poor performance; and

(C) Be substantive and clinically meaningful in promoting health status.

(b) By September 1, 2019, the authority shall set the three common measures to be analyzed across all managed care organizations.

(c) By September 1, 2019, and every three years thereafter, the authority shall set four quality focus performance measures specific to each managed care organization. The authority must determine performance measures for each managed care organization based on the criteria established in (a)(ii) of this subsection.

(d) By September 15, 2019, and annually thereafter, the authority shall notify each managed care organization of the performance measures for the organization for the subsequent plan year.

(3)(a) Beginning in plan year 2020, three percent of the total plan year funding appropriated to each managed care organization that provides services to clients under this chapter shall be withheld. Each managed care organization may earn back the annual withhold if the external quality improvement organization finds that the managed care organization:

(i) Made statistically significant improvement in the seven performance measures as compared to the preceding plan year; or

(ii) Scored in the top quartile of the performance measures.

(b) The amount of withhold annually paid to each managed care organization shall be proportional to findings of statistically significant improvement or top quartile scoring by a managed care organization.

(c) For no more than two of the four quality focus performance measures in the first three years under this act, the authority may use an alternate methodology to approximate top quartile performance where top quartile performance data is unavailable.

(4) For the purposes of this section, "external quality improvement organization" means an organization that meets the competence and independence requirements under 42 C.F.R. Sec. 438.354, as it existed on the effective date of this section.

NEW SECTION. **Sec.**  A new section is added to chapter 74.09 RCW to read as follows:

(1) Beginning January 1, 2020, and annually thereafter, each managed care organization that provides services to clients under this chapter shall report the following information, by age and gender, where appropriate, reflective of the prior plan year, to the authority:

(a) The number of clients enrolled with the managed care organization;

(b) The number and percentage of clients who received an annual preventative screening;

(c) The number and percentage of clients who received childhood immunizations, according to standard immunization recommendations;

(d) The number and percentage of clients over the age of seventeen who received immunizations, according to standard immunization recommendations; and

(e) The number and percentage of male clients who received a prostate cancer screening.

(2) By January 1, 2020, each managed care organization that provides services to clients under this chapter shall report the following information to the authority, where available, for the managed care organization's overall book of business for Washington state, for the three plan years prior to contracting with the authority for managed care, by age and gender:

(a) The number and percentage of clients who received childhood immunizations, according to standard immunization recommendations; and

(b) The number and percentage of clients over the age of seventeen who received immunizations, according to standard immunization recommendations.

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