Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Appropriations Committee

ESSB 5523

Brief Description: Improving managed care organization performance in caring for medicaid clients.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Braun, Rivers and Frockt).

Brief Summary of Engrossed Substitute Bill

- Requires the Health Care Authority (HCA) to contract with an external quality review organization (EQRO) to evaluate managed care plans under the Medicaid program.
- Makes Medicaid managed care funding contingent upon performing at or above the national average for each of four performance measure areas evaluated by the EQRO.
- Allows the HCA to waive the performance requirement once every five years.
- Adds standard reporting for performance measures for Managed Care Organizations.

Hearing Date: 4/3/19

Staff: Catrina Lucero (786-7192).

Background:

Managed care is a prepaid, comprehensive system of medical and health care delivery. It includes preventive, primary, specialty, and ancillary health services. Apple Health is Washington's Medicaid managed care program serving qualifying low-income clients. Apple Health provides eligible adults, children, pregnant women, and certain blind or disabled individuals with a complete medical benefits package.

The Health Care Authority (HCA) establishes standards for managed care organizations that seek to contract to provide services to clients in the Washington. The standards include:

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.

- obtaining a certificate of registration from the Office of the Insurance Commissioner to provide the health care services;
- accepting the HCA's managed care contract;
- demonstrating the ability to meet the HCA's network and quality standards; and
- being awarded a contract through a competitive process or an application process.

There are currently five managed care organizations (MCOs) participating in Apple Health. The Apple Health contract requires all contractors be accredited with the National Committee on Quality Assurance (NCQA). The NCQA is a private, nonprofit organization that maintains accreditation programs for several types of health care entities, including health plans, managed behavioral healthcare organizations, accountable care organizations, and wellness and health promotion programs.

Federal regulations set forth the parameters states must follow when conducting an external quality review (EQR) of their contracted MCOs and prepaid inpatient health plans (PIHPs). An EQR is the analysis and evaluation by an External Quality Review Organization (EQRO) of aggregated information on quality, timeliness, and access to the health care services that an MCO or PIHP, or their contractors, furnish to Medicaid recipients.

Summary of Bill:

The HCA must contract with an EQRO to annually analyze the performance of Washington's Medicaid MCOs on seven performance measures. The analysis must:
- measure managed care performance in three common measures across each MCO; and
- measure managed care performance in an additional four quality-focused performance measures.

The HCA must set the three common measures and the first set of four quality focused performance measures by September 1, 2019. The HCA must update the four quality focused performance measures every three years. By September 15, 2019, and each year thereafter, the HCA must notify each MCO of the performance measures for the organization for the upcoming plan year. Beginning in plan year 2020, the HCA shall withhold 3 percent of the total plan year funding. Each MCO may earn back the annual withhold if the EQRO finds that the MCO made improvement in the seven performance measures or scored in the top quartile of the performance measures.

The MCOs are required to report each year on:
- the number of enrolled clients;
- the number and percent of clients who received an annual preventative screening;
- the number and percent of clients who received childhood immunizations;
- the number and percent of clients over the age of 17 who received immunizations; and
- the number and percent of male clients who received a prostate cancer screening.

By January 1, 2020, the MCOs are further required to report the number and percent of clients who received childhood and adult immunizations according to standard recommendations for the MCOs' entire book of business for the three years prior to contracting with the HCA, where available.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 14, 2019.

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