SENATE BILL REPORT
SB 5741

As of February 18, 2019

Title: An act relating to making changes to support future operations of the state all payer claims database by transferring the responsibility to the health care authority, partnering with a lead organization with broad data experience, including with self-insured employers, and other changes to improve and ensure successful and sustainable database operations for access to and use of the data to improve health care, providing consumers useful and consistent quality and cost measures, and assess total cost of care in Washington state.

Brief Description: Making changes to support future operations of the state all payer claims database by transferring the responsibility to the health care authority, partnering with a lead organization with broad data experience, including with self-insured employers, and other changes to improve and ensure successful and sustainable database operations for access to and use of the data to improve health care, providing consumers useful and consistent quality and cost measures, and assess total cost of care in Washington state.

Sponsors: Senators Keiser, Rivers, Frockt and Mullet; by request of Office of Financial Management and Health Care Authority.

Brief History:
Committee Activity: Health & Long Term Care: 2/18/19.

Brief Summary of Bill

- Transfers authority and oversight of the All Payer Claims Database (APCD) from the Office of Financial Management to the Health Care Authority.
- Permits the lead organization to enter into a contract with multiple data vendors.
- Permits tribal agencies and the Health Benefit Exchange to access and use data from the APCD not containing direct patient identifiers.
- Establishes a state agency coordinating structure.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: Evan Klein (786-7483)

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.

Background: The 2014 Legislature directed the Office of Financial Management (OFM) to establish a statewide all-payer health care claims database. The goals of the database are to improve transparency to:

- assist patients, providers, and hospitals to make informed choices about care;
- enable providers, hospitals, and communities to benchmark their performance;
- enable purchasers to identify value, build expectations into their purchasing strategies, and reward improvements over time; and
- promote competition based on quality and cost.

The director of the OFM is required to select a lead organization to coordinate and manage the database, and the lead organization is responsible for collecting claims data and reporting performance on cost and quality. At the direction of OFM, the lead organization must, among other things:

- design collection mechanisms with consideration for time, cost, and benefits;
- ensure protection of collected data;
- make information from the database available as a resource;
- develop policies to ensure quality of data releases;
- develop a plan for financial sustainability and charge fees; and
- appoint advisory committees on data policy and the data release process.

Data suppliers must submit claims data to the database within the time frames established by OFM and in accordance with procedures established by the lead organization. Claims data includes (1) data related to health care coverage and services funded in the operating budget for Medicaid programs and the Public Employees Benefits Board program; and (2) data voluntarily provided by other data suppliers, including carriers and self-funded employers. An entity that is not a data supplier but chooses to participate in the database must require any third-party administrator to release any claims data related to persons receiving health coverage from the entity's plan.

The lead organization must maintain the confidentiality of the data it collects including direct or indirect patient identifiers. Any person who receives data with patient identifiers must also maintain confidentiality and may not release the information. Data with direct or indirect patient identifiers may be released to (1) federal, state, and local government agencies upon receipt of a signed data use agreement and (2) researchers with approval of an institutional review board upon receipt of a signed confidentiality agreement. Data with indirect patient identifiers may be released to an agency, researcher, and other person upon receipt of a signed data use agreement. Data not containing direct or indirect patient identifiers may be released upon request.

Recipients of data with patient identifiers must agree in a data use agreement and confidentiality agreement to take steps protecting patient identifying information and not re-disclose the data except, as authorized in the agreement or as otherwise required by law. Recipients of data may not attempt to determine patients' identity or use the data in a manner identifying individuals or their families.

Under the supervision of OFM, the lead organization must use statewide performance measures and the database to prepare health care data reports. Prior to releasing reports using claims data, the lead organization must submit the reports to OFM for review and approval.

Comparisons of costs among systems must account for differences, including acuity of patients.

Summary of Bill: The authority and oversight of the APCD are moved from OFM to the Health Care Authority (HCA). By July 1, 2019, OFM and HCA must develop a transition plan to sustain operations.

Requiring the APCD lead organization to be selected from among the best potential bidders is removed. When determining the appropriate lead organization contractor, the HCA must consider:

- the organization's degree of experience in health care data collection;
- whether the organization has a long-term self-sustaining model;
- the organizations experience convening stakeholders, especially among groups of health providers, carriers, and self-insured purchasers;
- the organizations experience in meeting budget and timelines for reports; and
- the organization's ability to combine cost and quality data, especially among groups of health providers, carriers, and self-insured purchasers.

The lead organization is permitted to enter into a contract with multiple data vendors.

Requiring the lead organization to develop a plan for the APCD to be self-sustaining is removed. The lead organization must develop a plan for the financial sustainability of the APCD, as may be reasonable and customary, compared to other states' databases.

Requiring each request for claims data to include the method by which the data will be stored or returned to the lead organization is removed.

Tribal agencies and the Washington Health Benefit Exchange, upon receipt of a signed data use agreement, are permitted to access and use data from the APCD not containing direct patient identifiers, but that may contain proprietary financial information, indirect patient identifiers, or unique identifiers.

HCA is required to report on any grants received to the Legislature annually.

HCA is directed to convene a state agency coordinating structure, consisting of agencies with related data needs, to assess and improve performance of the APCD. The coordinating structure must collaborate in a private or public manner with the lead organization, and consult with HCA in any development of database policies and rules. OFM must be a key part of the coordinating structure and evaluate progress towards meeting the goals of the APCD. OFM must annually assess:

- the list of approved agency use case projects;
- successful and unsuccessful data requests;
- on-line data portal access;
- adequacy of data security; and
- timeliness, adequacy, and responsiveness of the APCD regarding requests for access to data.

HCA and OFM, in consultation with the agency coordinating structure, lead organization, data vendor, and the performance management coordinating committee, must jointly develop an effectiveness review process for the state common measure set.

Appropriation: None.

Fiscal Note: Requested on January 30, 2019.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony: PRO: The APCD took several years to establish, and OFM did a fantastic job setting it up. However, the APCD does not include a large swath of the market, because self-insured health plans are not currently reporting to the APCD. The hope is to establish a state agency coordinating structure that will help institutionalize the program. The Washington Health Alliance supports a single APCD in Washington, managed by the Alliance. A single database will save money and lead to efficiencies in reporting claims data in Washington. The Alliance represents purchasers, payers, and consumers. The trusted relationships developed by the Alliance can help unify the two all payer claims databases. There is concern about the sustainability of the APCD. Moving forward, the state should set reasonable expectations. The APCD is a tool that makes price and quality data transparent. A single sustainable APCD is more important now than ever, in order to move towards value based purchasing and affordable health care. The Health Benefit Exchange has been purchasing data from the APCD, and has found the data extremely helpful.

OTHER: The bill needs to clarify exactly how the data in the Alliance's current database is going to be used, and that the protections under the current APCD are maintained.

Persons Testifying: PRO: Fred Jarrett, Washington Health Alliance; Steve Mullin, Washington Roundtable; Sue Birch, HCA Director; Pam MacEwen, CEO, Washington HBE; Marc Baldwin, OFM.

OTHER: Meg Jones, Association of Washington Healthcare Plans.

Persons Signed In To Testify But Not Testifying: No one.