
ENGROSSED SUBSTITUTE SENATE BILL 5523

State of Washington

66th Legislature

2019 Regular Session

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

READ FIRST TIME 02/27/19.

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

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

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

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

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

5 **Sec. 2.** RCW 74.09.605 and 2013 c 320 s 7 are each amended to
6 read as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

21 (4) For the purposes of this section, "external quality
22 improvement organization" means an organization that meets the
23 competence and independence requirements under 42 C.F.R. Sec.
24 438.354, as it existed on the effective date of this section.

25 NEW SECTION. Sec. 3. A new section is added to chapter 74.09
26 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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