

SENATE BILL REPORT

SB 5589

As of January 19, 2022

Title: An act relating to statewide spending on primary care.

Brief Description: Concerning statewide spending on primary care.

Sponsors: Senators Robinson, Cleveland, Frockt and Randall.

Brief History:

Committee Activity: Health & Long Term Care: 1/21/22.

Brief Summary of Bill

- Directs the Health Care Cost Transparency Board to measure and report on primary care expenditures in Washington.
- Authorizes the Office of the Insurance Commissioner to assess and review carriers' primary care expenditures.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: LeighBeth Merrick (786-7445)

Background: Health Care Cost Transparency Board. In 2020, the Legislature directed the Health Care Authority to establish the Health Care Cost Transparency Board (Board). The Board must annually calculate the total health care expenditures in Washington and establish a health care cost growth benchmark. The Board is comprised of 14 members appointed by the Governor, with two required advisory committees, the Advisory Committee for Health Care Providers and Carriers and the Advisory Committee on Data Issues. The Board has authority to establish additional advisory committees on relevant topics. In August 2021, the Board released an initial progress report. The Board plans to identify the health care cost growth benchmark by this summer and measure performance against the benchmark and identify cost drivers by August 2023.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Office of Financial Management Primary Care Expenditures Report. In 2019, the Legislature directed the Office of Financial Management (OFM) to determine the annual primary care medical expenditures as a percentage of total medical expenditures by carrier. OFM released the report in 2019 and found in Washington for 2018, primary care expenditures as a percentage of total medical expenditures ranged from 4.4 percent—about \$838 million—to 5.6 percent—about \$1 billion—based on either a narrow or broad definition, respectively, of primary care. Primary care spending as a percentage of total spending was highest for people under 18 years and lowest in people 65 years and older.

Office of the Insurance Commissioner Health Plan Form and Rate Filings. The Office of the Insurance Commissioner (OIC) regulates commercial health insurance carriers and requires them to submit details about their plans and rates for the OIC to review.

Summary of Bill: The Board must measure and report on primary care expenditures in Washington and the progress towards increasing it to 12 percent of total health care expenditures. In developing the measures and report, the Board must review existing work in this and other states regarding primary care. By December 1, 2022, the Board must report to the Governor and Legislature on:

- how to define primary care;
- barriers to accessing the necessary data and how to overcome these barriers;
- annual progress needed for primary care expenditures to reach 12 percent of total health care expenditures;
- how and whom determines the annual desired spending level for primary care;
- incentives for achieving the desired spending levels;
- reimbursement methods for achieving the desired spending levels combined with improved health outcomes, value and health care experience; and
- the Board's ongoing role in developing desired spending levels and implementing and evaluating strategies to achieve them.

Beginning August 1, 2023, the Board must annually report the primary care expenditures for the most recent year with available data to the Governor and Legislature. If possible, the expenditures must be broken down by insurance carrier, market or payer, provider type, payment mechanism, and in total and as a percentage of total health care expenditure. If necessary, the report may identify barriers to the reporting requirements and propose recommendations for how to overcome them.

OIC is authorized to assess carriers' primary care expenditures in the previous plan year or anticipated for the upcoming plan year when it reviews the carriers' health plan forms or rate filings. When conducting the review, OIC must consider the primary care expenditure's definition and desired spending levels established by the Board. OIC may determine the form and content for the carriers to report their primary care expenditures.

Appropriation: None.

Fiscal Note: Requested on January 10, 2022.

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

Effective Date: Ninety days after adjournment of session in which bill is passed.