

# SENATE BILL REPORT

## 2ESHB 1508

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As Passed Senate, February 28, 2024

**Title:** An act relating to improving consumer affordability through the health care cost transparency board.

**Brief Description:** Improving consumer affordability through the health care cost transparency board.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Macri, Riccelli, Simmons, Fitzgibbon, Berry, Alvarado, Bateman, Ormsby, Doglio, Reed, Callan, Stonier, Tharinger and Bergquist).

**Brief History:** Passed House: 2/6/24, 94-3.

**Committee Activity:** Health & Long Term Care: 3/17/23; 2/15/24, 2/15/24 [DP-WM, w/oRec].

Ways & Means: 2/20/24, 2/23/24 [DP, w/oRec].

**Floor Activity:** Passed Senate: 2/28/24, 45-2.

### Brief Summary of Bill

- Directs the Health Care Cost Transparency Board (Transparency Board) to conduct an annual survey of underinsurance among Washington residents and a survey of insurance trends among employers and employees.
- Requires the Transparency Board to hold a public hearing each year to discuss the growth in total health care expenditures in relation to the health care cost growth benchmark and identify payers or health care providers whose health care cost growth exceeded the health care cost growth benchmark.
- Increases the membership of the Transparency Board's Health Care Stakeholder Advisory Committee by adding members representing the interests of consumers, labor purchasers, and employer purchasers.

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*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.*

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## SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators Cleveland, Chair; Robinson, Vice Chair; Rivers, Ranking Member; Muzzall, Assistant Ranking Member; Conway, Dhingra, Holy, Randall and Van De Wege.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Padden.

**Staff:** Greg Attanasio (786-7410)

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Warnick, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Muzzall, Pedersen, Randall, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Keiser.

**Staff:** Sandy Stith (786-7710)

**Background:** The Health Care Cost Transparency Board (Transparency Board) was established in 2020, to analyze total health care expenditures in Washington, identify trends in health care cost growth, and establish a health care cost growth benchmark. Total health care expenditures include all health care expenditures in the state by public and private sources. Health care cost growth is a measure of the annual percentage change in total health care expenditures in the state. The health care cost growth benchmark is the target percentage for health care cost growth in the state. The Transparency Board must identify health care providers and payers that exceed the health care cost growth benchmark.

The Transparency Board is supported by the Health Care Authority (HCA) and consists of 13 voting members representing state agencies, local governments, consumers, Taft-Hartley health benefit plans, employers, persons who are actuaries or experts in health care economics, and an expert in health care financing. The Transparency Board has an advisory committee on data issues and an advisory committee of health care providers and carriers. The Transparency Board may establish other advisory committees.

**Summary of Bill:** Transparency Board Operations. The membership of the Health Care Stakeholder Advisory Committee of the Transparency Board is expanded to include:

- at least two members representing the interests of consumers, selected from a list of nominees submitted by consumer organizations;
- at least two members representing the interests of labor purchasers, selected from a list of nominees submitted by the Washington State Labor Council; and
- at least two members representing the interests of employer purchasers, including at least one small business representative, selected from a list of nominees submitted by business organizations.

Any standing advisory committees of the Transparency Board, other than the Health Care Stakeholder Advisory Committee and the Advisory Committee on Data Issues, must include members representing the interests of consumers, labor, and employer purchasers and may include others with expertise in the advisory committee's jurisdiction, such as health care providers, payers, and health care cost researchers. The Transparency Board must seek input and recommendations from relevant advisory committees.

The Transparency Board may use information received from existing data sources, such as publicly available information filed by health carriers and data collected by the Department of Health, the Washington Health Benefit Exchange, the All-Payers Claims Database, and the Prescription Drug Affordability Board. The Transparency Board may share its data with the Prescription Drug Affordability Board and other health care cost analysis efforts.

The date for submitting the Board's annual report is changed from August 1st to December 1st.

Cost Driver Analysis. When considering the impacts of cost drivers on health care, the Transparency Board may consider the financial earnings of health care providers and payers, including information regarding profits, assets, accumulated surpluses, reserves, and investment income. In addition, the cost driver analysis may include utilization trends and adjustments for demographic changes and severity of illness as well as new state health insurance benefit mandates. The Transparency Board may consider other cost drivers that it determines are informative for determining annual total health care expenditures and establishing the annual health care cost growth limit.

Underinsurance Survey. At least biennially, the Transparency Board must conduct an annual survey of underinsurance among Washington residents and include the survey results in the annual report. Underinsurance is measured as the share of residents whose out-of-pocket costs over the prior 12 months, excluding premiums, equals:

- 10 percent or more of household income, for persons whose household income is over 200 percent of the federal poverty level;
- 5 percent or more of household income, for persons whose household income is less than 200 percent of the federal poverty level; or
- deductibles of 5 percent or more for any household income level.

The Transparency Board may implement improvements to the measure of underinsurance,

such as a broader health care affordability index that considers health care expenses in the context of other household expenses. The survey must be designed to allow for analysis of the aggregate impact of out-of-pocket costs and premiums as well as analysis of the number of residents who delay or forgo care due to cost.

At least biennially, the Transparency Board must conduct a survey of insurance trends among employers and employees and include the survey results in the annual report. The surveys may be conducted by the HCA, by private contract, or by arrangement with another state agency conducting a similar survey.

Public Hearing Requirement. By December 1st each year, the Transparency Board must hold a public hearing related to the growth in total health care expenditures in relation to the health care cost growth benchmark in the previous year. The hearing must include the identification of any payers or health care providers that exceeded the health care cost growth benchmark. At the hearing, the Transparency Board may require payers or health care providers that have substantially exceeded the health care cost growth benchmark in the prior year to testify regarding the reasons for the excess health care cost growth and the measures being taken to stay within the limits of the health care cost growth benchmark in the future. The Transparency Board may also invite testimony from health care stakeholders and provide an opportunity for public comment. The annual report must include information about any testimony or public comments received at the hearing.

Data Sharing. Information collected by HCA related to prescription drug cost and utilization may be shared with the Transparency Board, subject to the same disclosure restrictions. The Prescription Drug Affordability Board may use data collected by the Transparency Board.

**Appropriation:** None.

**Fiscal Note:** Available.

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

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

**Staff Summary of Public Testimony (Health & Long Term Care):** PRO: This bill takes good steps forward to strengthen the Transparency Board and address the rising cost of health care.

OTHER: The additions to the advisory committees and allowing the Transparency Board to consider the impact of new insurance mandates on the cost of health care improved the bill.

**Persons Testifying (Health & Long Term Care):** PRO: Emily Brice, Northwest Health Law Advocates.

OTHER: Jennifer Ziegler, Association of Washington Health Care Plans; Sean Graham, Washington State Medical Association (WSMA).

**Persons Signed In To Testify But Not Testifying (Health & Long Term Care):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: When the Health Care Cost Transparency Board was established, the goal was to take a look at what was driving health care spending growth. Health care costs continue to grow. A survey last year showed that about half of the people who went without care did so because of cost. This year there was a 9 percent increase in premiums on top of 8 percent last year. This bill will help us better understand the affordability problem in our state.

**Persons Testifying (Ways & Means):** PRO: Emily Brice, Northwest Health Law Advocates.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.