

HOUSE BILL REPORT

ESSB 6522

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to establishing the accountable care organization pilot projects.

Brief Description: Establishing the accountable care organization pilot projects.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt and Shin).

Brief History:

Committee Activity:

Health Care & Wellness: 2/19/10, 2/23/10 [DP].

Brief Summary of Engrossed Substitute Bill

- Directs the Health Care Authority to appoint a lead organization to support two accountable care organization pilot projects.
- Directs the Health Care Authority to oversee activities related to the pilot projects to ensure antitrust laws are not violated.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 8 members: Representatives Cody, Chair; Driscoll, Vice Chair; Clibborn, Green, Kelley, Moeller, Morrell and Pedersen.

Minority Report: Do not pass. Signed by 5 members: Representatives Ericksen, Ranking Minority Member; Bailey, Campbell, Herrera and Hinkle.

Staff: Dave Knutson (786-7146).

Background:

Medical home pilot projects provide comprehensive, coordinated patient care using integrated services, health information technology, prevention, and specific ways to track patient health outcomes. Other projects seek to pay health care providers based on how treatment is rendered instead of the number of patient visits. Projects paid for in this way

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include so-called bundled payments, where physician and hospital payments are lumped together. Rather than paying on a fee-for-service basis for a particular procedure, doctors and hospitals are paid for all services to a patient in an episode of care for a particular condition. Depending on how the project is structured, an episode could be defined in several ways; a period of hospitalization, hospital care plus a period of post-acute care, a stretch of care for a chronic condition, or the entirety of the inpatient or out-patient care.

The Accountable Care Organization (ACO) model establishes a spending benchmark for health care providers in an organization based on an expected level of spending. An ACO offers provider organizations, such as a medical home or primary care practice, the opportunity to share savings from payers when savings are achieved through such practices as care coordination, wellness services, chronic care management, effective referral patterns, and other approaches that achieve quality outcomes at lower expense. The concept attempts to shift the emphasis from volume and intensity of services to incentives for efficiency and quality.

Currently, Washington health agencies lead two medical home pilot projects with 33 participating primary care practitioners.

Summary of Bill:

The Health Care Authority is directed to appoint a lead organization by January 1, 2011, to support at least two ACO pilot projects which will be implemented no later than January 1, 2012. The lead organization will contract with a reputable research organization with expertise in ACOs and payment systems. The designated lead organization will provide support for these pilots without using state funding; however, they may seek federal funds and solicit grants, donations, and other sources of funding. The ACOs in these projects are health care providers and systems that are accountable for improving quality and slowing spending. The ACOs must use spending benchmarks and report health outcomes.

Appropriation: None.

Fiscal Note: Available on substitute bill. New fiscal note requested on February 19, 2010.

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

Staff Summary of Public Testimony:

(In support) Accountable Care Organizations may be able to improve the efficiency and quality of health care, and offer the opportunity to share savings from payers when savings are achieved through such practices as care coordination, wellness services, chronic care management, effective referral patterns, and other approaches that achieve quality outcomes at lower expense. The concept attempts to shift the emphasis from volume and intensity of

services to incentives for efficiency and quality. This is a concept worth investigating as a pilot project.

(In support with concerns) It is important to include reproductive health in any health care reform pilot project.

(Opposed) None.

Persons Testifying: (In support) Senator Pflug, prime sponsor; Sydney Zvara, Association of Washington Healthcare Plans; and Michael Transue, Washington Academy of Family Physicians.

(In support with concerns) Jennifer Allen, Planned Parenthood.

Persons Signed In To Testify But Not Testifying: None.