

# SENATE BILL REPORT

## ESHB 1589

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As Reported By Senate Committee On:  
Health & Long-Term Care, March 31, 1995  
Ways & Means, April 13, 1995

**Title:** An act relating to quality assurance.

**Brief Description:** Providing health care quality assurance.

**Sponsors:** House Committee on Health Care (originally sponsored by Representatives Backlund and Dyer).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 3/30/95, 3/31/95 [DPA]  
Ways & Means: 4/13/95 [DPA (HEA)].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass as amended.

Signed by Senators Quigley, Chair; Deccio, Fairley, Franklin, Winsley and Wood.

**Staff:** Don Sloma (786-7319)

**Background:** The 1993 Health Services Act sets forth a comprehensive health data system and health quality improvement process.

Currently, the state quality improvement and medical malpractice prevention program applies only to hospitals and does not permit related state agencies and health carriers to participate.

Presently, there are no standards with respect to ethical conduct governing the terms and conditions of a contract or agreement between providers and payers of health care.

The Comprehensive Hospital Abstract Reporting System (CHARS) was created to gather, analyze, and report hospital discharge data. To finance this activity, there is assessed against "hospitals . . . no more than four one-hundredths of 1 percent of each hospital's gross operating costs." Although there are different types of CHARS users, hospitals are the sole funding source. The Washington Health Services Act of 1993 placed a tax on hospitals of .75 percent (1994) and 1.5 percent (1995) to be deposited in the health services account for the support of health reform activities. The CHARS assessment was not repealed.

A recent medical malpractice case held a health care provider liable for the decision of the a health care payer not to provide certain services.

**Summary of Amended Bill:** By July 1, 1995, the DOH must form an interagency group with the Health Care Authority, the Department of Social and Health Services, the Office

of the Insurance Commissioner, and the Department of Labor and Industries for coordination and consultation on quality assurance activities.

The CHARS assessment on hospitals is terminated as of July 1, 1995, only if funds to continue CHARS are specifically provided in the biennial budget.

A health care payer who covers the health care services of a patient cannot disclaim liability by contract for a decision not to pay for health care services recommended by a health care provider.

**Amended Bill Compared to Substitute Bill:** Termination of the Health Services Information System is deleted. A Department of Health study on quality standards is deleted. The department's authority to regulate the ethics of health care provider/health care payer relations is deleted.

The repeal of the hospital assessment for CHARS is conditioned on alternative funding being provided in the biennial budget act.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This bill is needed to slow the process of data collection to allow for a more thorough review of the issues included. It also provides protection of patients and quality by creating ethical requirements for health insurance decisions relating to providers, and by creating potential liability for health carriers who pursue cost control to the detriment of patient safety.

**Testimony Against:** We must move at our current pace to develop a single data system as required in current law. The Department of Health is ill equipped to set ethical standards for health carrier conduct. We should not repeal the hospital assessment to fund CHARS without an alternative funding source. Making health carriers potentially liable to their payment policies will undermine their ability to control costs.

**Testified:** Jane Beyer, Asst. Secretary for Medical Assistance, DSHS; Bobbie Berkowitz, Dept. of Health; Dr. George Schneider, WA State Health Services Commission; Dave Broderick, Hospital Assn.; Cliff Webster, WA State Medical Assn.; Mike Ryherd, Pro West.

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## SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass as amended by Committee on Health & Long-Term Care.

Signed by Senators Rinehart, Chair; Loveland, Vice Chair; Bauer, Drew, Fraser, Gaspard, Hargrove, Hochstatter, Long, Moyer, Pelz, Quigley, Snyder, Spanel, Sutherland, West and Wojahn.

**Staff:** Susan Lucas (786-7711)

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.