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**SENATE BILL 6043**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senator Moyer

Read first time 02/28/95. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to quality assurance; adding new sections to  
2 chapter 43.70 RCW; creating a new section; repealing RCW 70.170.100,  
3 70.170.110, 70.170.120, 70.170.130, and 70.170.140; providing an  
4 effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) To promote the public interest  
7 consistent with the purposes of chapter 492, Laws of 1993 as amended by  
8 chapter . . . , Laws of 1995 (this act), the department shall continue  
9 to require hospitals to submit hospital financial and patient discharge  
10 information, which shall be collected, maintained, analyzed, and  
11 disseminated by the department. Data elements shall be reported in  
12 conformance with a uniform reporting system established by the  
13 department. This includes data elements identifying each hospital's  
14 revenues, expenses, contractual allowances, charity care, bad debt,  
15 other income, total units of inpatient and outpatient services, and  
16 other financial information reasonably necessary to fulfill the  
17 purposes of chapter 492, Laws of 1993 as amended by chapter . . . , Laws  
18 of 1995 (this act). Data elements relating to use of hospital services  
19 by patients shall be the same as those currently compiled by hospitals

1 through inpatient discharge abstracts. The department shall encourage  
2 and permit reporting by electronic transmission or hard copy as is  
3 practical and economical to reporters.

4 (2) In identifying financial reporting requirements, the department  
5 may require both annual reports and condensed quarterly reports from  
6 reporters, so as to achieve both accuracy and timeliness in reporting,  
7 but shall craft such requirements with due regard of the data reporting  
8 burdens of reporters.

9 (3) The health care data collected, maintained, and studied by the  
10 department shall only be available for retrieval in original or  
11 processed form to public and private requestors and shall be available  
12 within a reasonable period of time after the date of request. The cost  
13 of retrieving data for state officials and agencies shall be funded  
14 through the state general appropriation. The cost of retrieving data  
15 for individuals and organizations engaged in research or private use of  
16 data or studies shall be funded by a fee schedule developed by the  
17 department which reflects the direct cost of retrieving the data or  
18 study in the requested form.

19 (4) All persons subject to chapter 492, Laws of 1993 shall comply  
20 with departmental requirements established by rule in the acquisition  
21 of data.

22 NEW SECTION. **Sec. 2.** DATA STANDARDS. (1) To promote the public  
23 interest consistent with the purposes of chapter 492, Laws of 1993 as  
24 amended by chapter . . . , Laws of 1995 (this act), the department of  
25 health, in cooperation with the joint committee on health systems  
26 oversight and the information services board established under RCW  
27 43.105.032, shall develop health care data standards to be used by, and  
28 developed in collaboration with, consumers, purchasers, health  
29 carriers, providers, and state government as consistent with the intent  
30 of chapter 492, Laws of 1993 as amended by chapter . . . , Laws of 1995  
31 (this act). The data standards shall include content, coding, and  
32 transmission standards for all health care data elements necessary to  
33 support the intent of this section, and to improve administrative  
34 efficiency and reduce cost. Purchasers, as allowed by federal law,  
35 health carriers, providers, and state government shall utilize the data  
36 set in establishing, operating, and maintaining their data systems.  
37 The joint committee on health systems oversight and the information

1 services board shall oversee the standard setting process. The  
2 department shall adopt rules as necessary to implement this section.

3 (2) The department, in coordination with the joint committee on  
4 health systems oversight and the information services board, shall  
5 complete a thorough study of options for private and collaborative  
6 private-public implementation of health care information activities  
7 that improve protections for privacy and confidentiality of personal  
8 health information, reduce administrative burdens, enhance quality of  
9 care, and supply the information necessary to make health care markets  
10 more functional. On or before January 1, 1996, the department shall  
11 prepare a report to the legislature addressing the following issues:

12 (a) Methods to assure the confidentiality and privacy of personal  
13 health information regardless of record type or location;

14 (b) Applying data and technology standards to reduce administrative  
15 burden and allow for cost-effective exchange of health care  
16 information;

17 (c) Disseminating health information to consumers, providers,  
18 health carriers, purchasers, and other users for the purpose of  
19 improving quality of care, increasing personal responsibility for  
20 health status, and supporting informed decisionmaking to enhance  
21 personal choice of carrier, provider, and treatment.

22 (d) A financial and technology strategy for meeting the health  
23 information needs of the public and private sector in a standardized,  
24 secure, and confidential manner.

25 In order to complete this study, the department, in collaboration  
26 with the private sector may test proposed approaches to achieving the  
27 objectives defined in this section, subject to review by the joint  
28 committee on health systems oversight and the information services  
29 board.

30 NEW SECTION. **Sec. 3.** HEALTH CARE QUALITY--FINDINGS AND INTENT.  
31 Health care reform should not be pursued at the expense of the high  
32 quality of health services available to the citizens of this state.  
33 While some managed health care plans, health care purchasers, and state  
34 health care programs use a variety of systems to ensure that consumers  
35 have access to quality care, these systems lack uniformity,  
36 completeness, and common use. Health care providers and facilities  
37 often face conflicting demands from differing quality assurance  
38 programs of public and private health plans. Consumer protection and

1 preservation of the health care provider/patient relationship requires  
2 the adoption of a uniform quality assurance program that meets the  
3 needs of consumer and employer purchasers of health plans; health care  
4 providers and facilities; and public and private health plans.  
5 Implementation of a uniform quality assurance program will preserve  
6 access to quality health care while eliminating wasteful duplication,  
7 increasing public accountability for state health programs, lowering  
8 the incidence of medical malpractice, and promoting competition among  
9 health plans.

10 The legislature intends to require health carriers, health care  
11 providers and facilities, and public agencies to participate in the  
12 development and implementation of a uniform quality assurance program.  
13 As the lead agency responsible for overseeing the development of the  
14 uniform quality assurance program, the department of health shall:

15 (1) Consider the needs of consumers, employers, health care  
16 providers and facilities, and public and private health plans;

17 (2) Take full advantage of existing national standards of quality  
18 assurance to extend to middle-income populations the protections  
19 required for state management of health programs for low-income  
20 populations;

21 (3) To the extent possible and consistent with state uniform  
22 quality assurance standards, rely upon private organizations to  
23 implement the program;

24 (4) Require health care providers and facilities to share  
25 responsibility for participation in a uniform quality assurance  
26 program; and

27 (5) Pursue a strategy of assisting health care providers,  
28 facilities, and health plans in developing and maintaining the quality  
29 assurance program rather than seeking only to enforce state rules.

30 NEW SECTION. **Sec. 4.** UNIFORM QUALITY ASSURANCE PROGRAM. (1) The  
31 department of health shall develop and implement a uniform quality  
32 assurance program for use by all public and private health plans and  
33 health care providers and facilities. In developing such program the  
34 department shall consult with:

35 (a) Public and private purchasers of health care services;

36 (b) Health carriers;

37 (c) Health care providers and facilities; and

38 (d) Consumers of health services.

1 (2) In developing the quality assurance program, the department  
2 shall adopt standards that meet the needs of affected persons and  
3 organizations, whether public or private, without creation of differing  
4 levels of quality assurance. All consumers of health services should  
5 be afforded the same level of quality assurance.

6 (3) At a minimum, the uniform quality assurance program shall  
7 include the following components:

8 (a) Health care provider and facility credentialing and  
9 recredentialing standards;

10 (b) Health care provider and facility recordkeeping and reporting  
11 standards;

12 (c) Health care utilization management that monitors trends in  
13 health service under-utilization as well as over-utilization of  
14 services;

15 (d) Health monitoring that is responsive to consumer and purchaser  
16 needs;

17 (e) Assessment of consumer satisfaction;

18 (f) Health plan and consumer rights and responsibilities; and

19 (g) Systems to ensure implementation of necessary improvements in  
20 health service quality.

21 NEW SECTION. **Sec. 5. QUALITY ASSURANCE--INTERAGENCY COOPERATION.**

22 (1) No later than July 1, 1995, the department of health together with  
23 the health care authority, the department of social and health  
24 services, the office of the insurance commissioner, and the department  
25 of labor and industries shall form an interagency group for  
26 coordination and consultation on quality assurance activities. To  
27 become effective, a rule of the department of health implementing the  
28 provisions of sections 1 through 7 of this act must be approved by a  
29 minimum of three agencies of the group.

30 (2) The department shall coordinate its development of the quality  
31 assurance program with rules adopted by the insurance commissioner  
32 governing subjects that affect quality assurance including any  
33 insurance commissioner rules governing health carrier utilization  
34 review, grievance procedures, and reporting requirements. The  
35 department of health and the insurance commissioner shall work together  
36 to ensure that requirements for quality assurance complement rules  
37 governing health carriers.

1 (3) The department shall not adopt any rule implementing the  
2 uniform quality assurance program with an effective date earlier than  
3 July 1, 1996.

4 NEW SECTION. **Sec. 6.** ELIMINATION AND COORDINATION OF DUPLICATE  
5 STATE PROGRAMS. The interagency group created under section 5 of this  
6 act shall review all state agency programs governing health service  
7 quality assurance and shall recommend the consolidation, coordination,  
8 or elimination of rules and programs made unnecessary through the  
9 adoption of a uniform quality assurance program.

10 NEW SECTION. **Sec. 7.** The secretary of health shall appoint a  
11 five-member health services effectiveness committee whose members  
12 possess a breadth of experience and knowledge in the treatment,  
13 research, and public and private funding of health care services. The  
14 committee shall have the following responsibilities:

15 (1) Advise the health care authority and joint committee on health  
16 systems oversight on the content of the standard benefits package and  
17 related matters;

18 (2) Determine that a particular procedure, treatment, drug, or  
19 other health care service is no longer experimental or investigative.  
20 Such determination shall be specific and binding to named procedures,  
21 treatments, drugs, or health services and shall apply without variation  
22 or modification to all carriers. Every health plan issued or renewed  
23 on or after the date upon which the health services effectiveness  
24 committee makes a determination that a particular procedure, treatment,  
25 drug, or other health care service is no longer experimental or  
26 investigative shall be interpreted in a manner consistent with the  
27 committee's determination. Carriers may appear before the committee,  
28 but shall have no appeal rights to the secretary. The office of the  
29 insurance commissioner may adopt rules enforcing the findings of the  
30 committee. The secretary shall adopt rules on these requirements no  
31 later than July 1, 1996; and

32 (3) Establish guidelines for providers dealing with terminal or  
33 static conditions, taking into consideration the ethics of providers,  
34 patient and family wishes, costs, and survival possibilities.

35 NEW SECTION. **Sec. 8.** The following acts or parts of acts are each  
36 repealed:

- 1 (1) RCW 70.170.100 and 1993 c 492 s 259, 1990 c 269 s 12, & 1989  
2 1st ex.s. c 9 s 510;  
3 (2) RCW 70.170.110 and 1993 c 492 s 260 & 1989 1st ex.s. c 9 s 511;  
4 (3) RCW 70.170.120 and 1993 c 492 s 261;  
5 (4) RCW 70.170.130 and 1993 c 492 s 262; and  
6 (5) RCW 70.170.140 and 1993 c 492 s 263.

7 NEW SECTION. **Sec. 9.** Sections 1 through 7 of this act are each  
8 added to chapter 43.70 RCW.

9 NEW SECTION. **Sec. 10.** CAPTIONS. Captions as used in this act  
10 constitute no part of the law.

11 NEW SECTION. **Sec. 11.** This act is necessary for the immediate  
12 preservation of the public peace, health, or safety, or support of the  
13 state government and its existing public institutions, and shall take  
14 effect July 1, 1995.

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