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SENATE BILL 6375

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State of Washington

54th Legislature

1996 Regular Session

By Senators Quigley, Fairley and Sheldon

Read first time 01/12/96. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to the health care policy board; amending RCW  
2 43.73.030, 41.05.021, 43.70.054, 43.70.068, and 43.72.320; adding a new  
3 section to chapter 48.02 RCW; adding a new section to chapter 74.42  
4 RCW; adding a new section to chapter 41.05 RCW; adding a new section to  
5 chapter 43.70 RCW; recodifying RCW 43.73.030; and repealing RCW  
6 43.73.010, 43.73.020, and 43.73.040.

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

8 **Sec. 1.** RCW 43.73.030 and 1995 c 265 s 11 are each amended to read  
9 as follows:

10 The ((board)) department of health shall have the following powers  
11 and duties:

12 (1) Periodically make recommendations to the appropriate committees  
13 of the legislature and the governor on issues including, but not  
14 limited to the following:

15 (a) ~~((The scope, financing, and delivery of health care benefit  
16 plans including access for both the insured and uninsured population;~~

17 ~~(b) Long-term care services including the finance and delivery of  
18 such services in conjunction with the basic health plan by 1999;~~

1       ~~(c) The use of health care savings accounts including their impact~~  
2 ~~on the health of participants and the cost of health insurance;~~  
3       ~~(d)) Rural health care needs;~~  
4       ~~((e) Whether Washington is experiencing an increase in immigration~~  
5 ~~as a result of health insurance reforms and the availability of~~  
6 ~~subsidized and unsubsidized health care benefits;~~  
7       ~~(f)) (b) The status of medical education and make recommendations~~  
8 ~~regarding steps possible to encourage adequate availability of health~~  
9 ~~care professionals to meet the needs of the state's populations with~~  
10 ~~particular attention to rural areas; and~~  
11       ~~((g) The implementation of community rating and its impacts on the~~  
12 ~~marketplace including costs and access;~~  
13       ~~(h)) (c) The status of quality improvement programs in both the~~  
14 ~~public and private sectors;~~  
15       ~~((i) Models for billing and claims processing forms, ensuring that~~  
16 ~~these procedures minimize administrative burdens on health care~~  
17 ~~providers, facilities, carriers, and consumers. These standards shall~~  
18 ~~also apply to state purchased health services where appropriate;~~  
19       ~~(j) Guidelines to health carriers for utilization management and~~  
20 ~~review, provider selection and termination policies, and coordination~~  
21 ~~of benefits and premiums; and~~  
22       ~~(k) Study the feasibility of including long term care services in~~  
23 ~~a medicare supplemental insurance policy offered according to RCW~~  
24 ~~41.05.197;))~~  
25       (2) Review rules prepared by the insurance commissioner, health  
26 care authority, department of social and health services, and  
27 department of labor and industries, ~~((and department of health,))~~ and  
28 make recommendations where appropriate to facilitate consistency with  
29 the goals of health reform;  
30       (3) Make recommendations on a system for managing health care  
31 services to children with special needs and report to the governor and  
32 the legislature on their findings by January 1, 1997;  
33       (4) ~~((Conduct a comparative analysis of individual and group~~  
34 ~~insurance markets addressing: Relative costs; utilization rates;~~  
35 ~~adverse selection; and specific impacts upon small businesses and~~  
36 ~~individuals. The analysis shall address, also, the necessity and~~  
37 ~~feasibility of establishing explicit related policies, to include, but~~  
38 ~~not be limited to, establishing the maximum allowable individual~~  
39 ~~premium rate as a percentage of the small group premium rate. The~~

1 ~~board shall submit an interim report on its findings to the governor~~  
2 ~~and appropriate committees of the legislature by December 15, 1995, and~~  
3 ~~a final report on December 15, 1996;~~

4 (5)) Develop sample enrollee satisfaction surveys that may be used  
5 by health carriers.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.02 RCW  
7 to read as follows:

8 The insurance commissioner shall have the following powers and  
9 duties:

10 (1) Periodically make recommendations to the appropriate committees  
11 of the legislature and the governor on issues including, but not  
12 limited to the following:

13 (a) The scope, financing, and delivery of health care benefit plans  
14 including access for both the insured and uninsured population;

15 (b) The use of health care savings accounts including their impact  
16 on the health of participants and the cost of health insurance;

17 (c) Whether Washington is experiencing an increase in immigration  
18 as a result of health insurance reforms and the availability of  
19 subsidized and unsubsidized health care benefits;

20 (d) The implementation of community rating and its impacts on the  
21 marketplace including costs and access; and

22 (e) Guidelines to health carriers for utilization management and  
23 review, provider selection and termination policies, and coordination  
24 of benefits and premiums;

25 (2) Conduct a comparative analysis of individual and group  
26 insurance markets addressing: Relative costs; utilization rates;  
27 adverse selection; and specific impacts upon small businesses and  
28 individuals. The analysis shall address, also, the necessity and  
29 feasibility of establishing explicit related policies, to include, but  
30 not be limited to, establishing the maximum allowable individual  
31 premium rate as a percentage of the small group premium rate. The  
32 commissioner shall submit a final report on its findings to the  
33 governor and appropriate committees of the legislature by December 15,  
34 1996.

35 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.42 RCW  
36 to read as follows:

1 The department of social and health services, or successor agency  
2 administering payments to nursing homes on behalf of low-income adults,  
3 shall periodically make recommendations to the appropriate committees  
4 of the legislature and the governor on issues including, but not  
5 limited to, the following:

6 (1) Long-term care services including the finance and delivery of  
7 such services in conjunction with the basic health plan by 1999; and

8 (2) The feasibility of including long-term care services in a  
9 medicare supplemental insurance policy offered according to RCW  
10 41.05.197.

11 NEW SECTION. **Sec. 4.** A new section is added to chapter 41.05 RCW  
12 to read as follows:

13 The health care authority shall periodically make recommendations  
14 to the appropriate committees of the legislature and the governor on  
15 models for billing and claims processing forms, ensuring that these  
16 procedures minimize administrative burdens on health care providers,  
17 facilities, carriers, and consumers. These standards shall also apply  
18 to state-purchased health services where appropriate.

19 **Sec. 5.** RCW 41.05.021 and 1995 1st sp.s. c 6 s 7 are each amended  
20 to read as follows:

21 (1) The Washington state health care authority is created within  
22 the executive branch. The authority shall have an administrator  
23 appointed by the governor, with the consent of the senate. The  
24 administrator shall serve at the pleasure of the governor. The  
25 administrator may employ up to seven staff members, who shall be exempt  
26 from chapter 41.06 RCW, and any additional staff members as are  
27 necessary to administer this chapter. The administrator may delegate  
28 any power or duty vested in him or her by this chapter, including  
29 authority to make final decisions and enter final orders in hearings  
30 conducted under chapter 34.05 RCW. The primary duties of the authority  
31 shall be to: Administer state employees' insurance benefits and  
32 retired or disabled school employees' insurance benefits; administer  
33 the basic health plan pursuant to chapter 70.47 RCW; study state-  
34 purchased health care programs in order to maximize cost containment in  
35 these programs while ensuring access to quality health care; and  
36 implement state initiatives, joint purchasing strategies, and  
37 techniques for efficient administration that have potential application

1 to all state-purchased health services. The authority's duties  
2 include, but are not limited to, the following:

3 (a) To administer health care benefit programs for employees and  
4 retired or disabled school employees as specifically authorized in RCW  
5 41.05.065 and in accordance with the methods described in RCW  
6 41.05.075, 41.05.140, and other provisions of this chapter;

7 (b) To analyze state-purchased health care programs and to explore  
8 options for cost containment and delivery alternatives for those  
9 programs that are consistent with the purposes of those programs,  
10 including, but not limited to:

11 (i) Creation of economic incentives for the persons for whom the  
12 state purchases health care to appropriately utilize and purchase  
13 health care services, including the development of flexible benefit  
14 plans to offset increases in individual financial responsibility;

15 (ii) Utilization of provider arrangements that encourage cost  
16 containment, including but not limited to prepaid delivery systems,  
17 utilization review, and prospective payment methods, and that ensure  
18 access to quality care, including assuring reasonable access to local  
19 providers, especially for employees residing in rural areas;

20 (iii) Coordination of state agency efforts to purchase drugs  
21 effectively as provided in RCW 70.14.050;

22 (iv) Development of recommendations and methods for purchasing  
23 medical equipment and supporting services on a volume discount basis;  
24 and

25 (v) Development of data systems to obtain utilization data from  
26 state-purchased health care programs in order to identify cost centers,  
27 utilization patterns, provider and hospital practice patterns, and  
28 procedure costs, utilizing the information obtained pursuant to RCW  
29 41.05.031;

30 (c) To analyze areas of public and private health care interaction;

31 (d) To provide information and technical and administrative  
32 assistance to the board;

33 (e) To review and approve or deny applications from counties,  
34 municipalities, and other political subdivisions of the state to  
35 provide state-sponsored insurance or self-insurance programs to their  
36 employees in accordance with the provisions of RCW 41.04.205, setting  
37 the premium contribution for approved groups as outlined in RCW  
38 41.05.050;

1 (f) To appoint a health care policy technical advisory committee as  
2 required by RCW 41.05.150;

3 (g) To establish billing procedures and collect funds from school  
4 districts and educational service districts under RCW 28A.400.400 in a  
5 way that minimizes the administrative burden on districts; and

6 (h) To promulgate and adopt rules consistent with this chapter as  
7 described in RCW 41.05.160.

8 (2) On and after January 1, 1996, the public employees' benefits  
9 board may implement strategies to promote managed competition among  
10 employee health benefit plans. Strategies may include but are not  
11 limited to:

12 (a) Standardizing the benefit package;

13 (b) Soliciting competitive bids for the benefit package;

14 (c) Limiting the state's contribution to a percent of the lowest  
15 priced qualified plan within a geographical area;

16 (d) Monitoring the impact of the approach under this subsection  
17 with regards to: Efficiencies in health service delivery, cost shifts  
18 to subscribers, access to and choice of managed care plans state-wide,  
19 and quality of health services. The health care authority shall also  
20 advise on the value of administering a benchmark employer-managed plan  
21 to promote competition among managed care plans. The health care  
22 authority shall report its findings and recommendations to the  
23 legislature by January 1, 1997.

24 (3) The health care authority shall, no later than July 1, 1996,  
25 submit to the appropriate committees of the legislature, proposed  
26 methods whereby, through the use of a voucher-type process, state  
27 employees may enroll with any health carrier to receive employee  
28 benefits. Such methods shall include the employee option of  
29 participating in a health care savings account, as set forth in Title  
30 48 RCW.

31 (4) The ((~~Washington health care policy board~~)) insurance  
32 commissioner shall study the necessity and desirability of the health  
33 care authority continuing as a self-insuring entity and make  
34 recommendations to the appropriate committees of the legislature by  
35 December 1, 1996.

36 **Sec. 6.** RCW 43.70.054 and 1995 c 267 s 2 are each amended to read  
37 as follows:

1 (1) To promote the public interest consistent with chapter 267,  
2 Laws of 1995, the department of health, in cooperation with (~~the~~  
3 ~~health care policy board~~ and)) the information services board  
4 established under RCW 43.105.032, shall develop health care data  
5 standards to be used by, and developed in collaboration with,  
6 consumers, purchasers, health carriers, providers, and state government  
7 as consistent with the intent of chapter 492, Laws of 1993 as amended  
8 by chapter 267, Laws of 1995, to promote the delivery of quality health  
9 services that improve health outcomes for state residents. The data  
10 standards shall include content, coding, confidentiality, and  
11 transmission standards for all health care data elements necessary to  
12 support the intent of this section, and to improve administrative  
13 efficiency and reduce cost. Purchasers, as allowed by federal law,  
14 health carriers, health facilities and providers as defined in chapter  
15 48.43 RCW, and state government shall utilize the data standards. The  
16 information and data elements shall be reported as the department of  
17 health directs by rule in accordance with data standards developed  
18 under this section.

19 (2) The health care data collected, maintained, and studied by the  
20 department under this section(~~(, the health care policy board,)~~) or any  
21 other entity: (a) Shall include a method of associating all  
22 information on health care costs and services with discrete cases; (b)  
23 shall not contain any means of determining the personal identity of any  
24 enrollee, provider, or facility; (c) shall only be available for  
25 retrieval in original or processed form to public and private  
26 requesters; (d) shall be available within a reasonable period of time  
27 after the date of request; and (e) shall give strong consideration to  
28 data standards that achieve national uniformity.

29 (3) The cost of retrieving data for state officials and agencies  
30 shall be funded through state general appropriation. The cost of  
31 retrieving data for individuals and organizations engaged in research  
32 or private use of data or studies shall be funded by a fee schedule  
33 developed by the department that reflects the direct cost of retrieving  
34 the data or study in the requested form.

35 (4) All persons subject to this section shall comply with  
36 departmental requirements established by rule in the acquisition of  
37 data, however, the department shall adopt no rule or effect no policy  
38 implementing the provisions of this section without an act of law.

1 (5) The department shall submit developed health care data  
2 standards to the appropriate committees of the legislature by December  
3 31, 1995.

4 **Sec. 7.** RCW 43.70.068 and 1995 c 267 s 5 are each amended to read  
5 as follows:

6 No later than July 1, 1995, the (~~health care policy board together~~  
7 ~~with the~~) department of health, the health care authority, the  
8 department of social and health services, the office of the insurance  
9 commissioner, and the department of labor and industries shall form an  
10 interagency group for coordination and consultation on quality  
11 assurance activities and collaboration on final recommendations for the  
12 study required under RCW 43.70.066. By December 31, 1996, the group  
13 shall review all state agency programs governing health service quality  
14 assurance, in light of legislative actions pursuant to RCW  
15 43.70.066(6), and shall recommend to the legislature, the  
16 consolidation, coordination, or elimination of rules and programs that  
17 would be made unnecessary pursuant to the development of a uniform  
18 quality assurance and improvement program.

19 **Sec. 8.** RCW 43.72.320 and 1995 c 267 s 10 are each amended to read  
20 as follows:

21 (~~(1)~~) Effective (~~July 1, 1995, except as provided in subsection~~  
22 ~~(2) of this section~~) the effective date of this act, the duties of the  
23 health services commission under RCW 43.72.310 shall be carried out by  
24 the (~~health care policy board established in section 9, chapter 265,~~  
25 ~~Laws of 1995~~) attorney general.

26 (~~(2) For purposes of the transfer of duties under this section to~~  
27 ~~the health care policy board, legislative members are not appointed to~~  
28 ~~the board and are not members of the board.~~)

29 NEW SECTION. **Sec. 9.** The following acts or parts of acts are each  
30 repealed:

- 31 (1) RCW 43.73.010 and 1995 c 265 s 9;  
32 (2) RCW 43.73.020 and 1995 c 265 s 10; and  
33 (3) RCW 43.73.040 and 1995 c 265 s 12.



1        NEW SECTION.    **Sec. 10.**    RCW 43.73.030 is recodified in chapter  
2 43.70 RCW.

--- **END** ---