
HOUSE BILL 2148

State of Washington

55th Legislature

1997 Regular Session

By Representatives Koster, Sherstad, D. Sommers, Sterk, Thompson, Mulliken and Boldt

Read first time 02/24/97. Referred to Committee on Health Care.

1 AN ACT Relating to eliminating the health care policy board;
2 amending RCW 41.05.021, 43.70.054, and 43.70.068; creating a new
3 section; and repealing RCW 43.72.320, 43.73.010, 43.73.020, 43.73.030,
4 and 43.73.040.

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

6 NEW SECTION. **Sec. 1.** The legislature finds it is important to
7 examine the appropriate role of government in developing policies that
8 affect health care services in the state of Washington. The
9 legislature further finds there is an overabundance of legislatively
10 created entities that are charged with monitoring the provision of and
11 access to health care services throughout the state and that the
12 efforts of these entities are uncoordinated, duplicative, and
13 excessive. The legislature recognizes that increasing state
14 bureaucracy should not be used to address uncoordinated efforts of
15 similar agencies in providing information necessary to make prudent
16 policy decisions regarding the provision of health care services in our
17 state. It is therefore the legislature's intent to eliminate the
18 health care policy board as it provides no additional service which an

1 already established state health care entity is not already able or
2 cannot be enabled to provide.

3 **Sec. 2.** RCW 41.05.021 and 1995 1st sp.s. c 6 s 7 are each amended
4 to read as follows:

5 (1) The Washington state health care authority is created within
6 the executive branch. The authority shall have an administrator
7 appointed by the governor, with the consent of the senate. The
8 administrator shall serve at the pleasure of the governor. The
9 administrator may employ up to seven staff members, who shall be exempt
10 from chapter 41.06 RCW, and any additional staff members as are
11 necessary to administer this chapter. The administrator may delegate
12 any power or duty vested in him or her by this chapter, including
13 authority to make final decisions and enter final orders in hearings
14 conducted under chapter 34.05 RCW. The primary duties of the authority
15 shall be to: Administer state employees' insurance benefits and
16 retired or disabled school employees' insurance benefits; administer
17 the basic health plan pursuant to chapter 70.47 RCW; study state-
18 purchased health care programs in order to maximize cost containment in
19 these programs while ensuring access to quality health care; and
20 implement state initiatives, joint purchasing strategies, and
21 techniques for efficient administration that have potential application
22 to all state-purchased health services. The authority's duties
23 include, but are not limited to, the following:

24 (a) To administer health care benefit programs for employees and
25 retired or disabled school employees as specifically authorized in RCW
26 41.05.065 and in accordance with the methods described in RCW
27 41.05.075, 41.05.140, and other provisions of this chapter;

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

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

36 (ii) Utilization of provider arrangements that encourage cost
37 containment, including but not limited to prepaid delivery systems,
38 utilization review, and prospective payment methods, and that ensure

1 access to quality care, including assuring reasonable access to local
2 providers, especially for employees residing in rural areas;

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

5 (iv) Development of recommendations and methods for purchasing
6 medical equipment and supporting services on a volume discount basis;
7 and

8 (v) Development of data systems to obtain utilization data from
9 state-purchased health care programs in order to identify cost centers,
10 utilization patterns, provider and hospital practice patterns, and
11 procedure costs, utilizing the information obtained pursuant to RCW
12 41.05.031;

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

14 (d) To provide information and technical and administrative
15 assistance to the board;

16 (e) To review and approve or deny applications from counties,
17 municipalities, and other political subdivisions of the state to
18 provide state-sponsored insurance or self-insurance programs to their
19 employees in accordance with the provisions of RCW 41.04.205, setting
20 the premium contribution for approved groups as outlined in RCW
21 41.05.050;

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

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

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

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

33 (a) Standardizing the benefit package;

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

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

37 (d) Monitoring the impact of the approach under this subsection
38 with regards to: Efficiencies in health service delivery, cost shifts
39 to subscribers, access to and choice of managed care plans state-wide,

1 and quality of health services. The health care authority shall also
2 advise on the value of administering a benchmark employer-managed plan
3 to promote competition among managed care plans. The health care
4 authority shall report its findings and recommendations to the
5 legislature by January 1, 1997.

6 (3) The health care authority shall, no later than July 1, 1996,
7 submit to the appropriate committees of the legislature, proposed
8 methods whereby, through the use of a voucher-type process, state
9 employees may enroll with any health carrier to receive employee
10 benefits. Such methods shall include the employee option of
11 participating in a health care savings account, as set forth in Title
12 48 RCW.

13 ~~((4) The Washington health care policy board shall study the
14 necessity and desirability of the health care authority continuing as
15 a self-insuring entity and make recommendations to the appropriate
16 committees of the legislature by December 1, 1996.))~~

17 **Sec. 3.** RCW 43.70.054 and 1995 c 267 s 2 are each amended to read
18 as follows:

19 (1) To promote the public interest consistent with chapter 267,
20 Laws of 1995, the department of health, in cooperation with the
21 ~~((health care policy board and the))~~ information services board
22 established under RCW 43.105.032, shall develop health care data
23 standards to be used by, and developed in collaboration with,
24 consumers, purchasers, health carriers, providers, and state government
25 as consistent with the intent of chapter 492, Laws of 1993 as amended
26 by chapter 267, Laws of 1995, to promote the delivery of quality health
27 services that improve health outcomes for state residents. The data
28 standards shall include content, coding, confidentiality, and
29 transmission standards for all health care data elements necessary to
30 support the intent of this section, and to improve administrative
31 efficiency and reduce cost. Purchasers, as allowed by federal law,
32 health carriers, health facilities and providers as defined in chapter
33 48.43 RCW, and state government shall utilize the data standards. The
34 information and data elements shall be reported as the department of
35 health directs by rule in accordance with data standards developed
36 under this section.

37 (2) The health care data collected, maintained, and studied by the
38 department under this section~~((, the health care policy board,))~~ or any

1 other entity: (a) Shall include a method of associating all
2 information on health care costs and services with discrete cases; (b)
3 shall not contain any means of determining the personal identity of any
4 enrollee, provider, or facility; (c) shall only be available for
5 retrieval in original or processed form to public and private
6 requesters; (d) shall be available within a reasonable period of time
7 after the date of request; and (e) shall give strong consideration to
8 data standards that achieve national uniformity.

9 (3) The cost of retrieving data for state officials and agencies
10 shall be funded through state general appropriation. The cost of
11 retrieving data for individuals and organizations engaged in research
12 or private use of data or studies shall be funded by a fee schedule
13 developed by the department that reflects the direct cost of retrieving
14 the data or study in the requested form.

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

19 (5) The department shall submit developed health care data
20 standards to the appropriate committees of the legislature by December
21 31, 1995.

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

24 No later than July 1, 1995, (~~the health care policy board together~~
25 ~~with~~) the department of health, the health care authority, the
26 department of social and health services, the office of the insurance
27 commissioner, and the department of labor and industries shall form an
28 interagency group for coordination and consultation on quality
29 assurance activities and collaboration on final recommendations for the
30 study required under RCW 43.70.066. By December 31, 1996, the group
31 shall review all state agency programs governing health service quality
32 assurance, in light of legislative actions pursuant to RCW
33 43.70.066(6), and shall recommend to the legislature, the
34 consolidation, coordination, or elimination of rules and programs that
35 would be made unnecessary pursuant to the development of a uniform
36 quality assurance and improvement program.

1 NEW SECTION. **Sec. 5.** The following acts or parts of acts are each
2 repealed:

3 (1) RCW 43.72.320 and 1995 c 267 s 10;

4 (2) RCW 43.73.010 and 1995 c 265 s 9;

5 (3) RCW 43.73.020 and 1995 c 265 s 10;

6 (4) RCW 43.73.030 and 1995 c 265 s 11; and

7 (5) RCW 43.73.040 and 1995 c 265 s 12.

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