
HOUSE BILL 2154

State of Washington

55th Legislature

1997 Regular Session

By Representatives Murray, Conway, Wood, Cody, Regala, Anderson, Mason, O'Brien, Gardner, Dunshee, Gombosky, Blalock, Tokuda, Doumit, Ogden and Costa

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

1 AN ACT Relating to the establishment of comprehensive quality
2 assurance standards for health carriers; and adding new sections to
3 chapter 48.43 RCW.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that comprehensive
6 quality assurance programs are essential to ensuring high quality
7 health care for enrollees in health carriers. Since financial payments
8 and incentive structures in health carriers may provide incentives to
9 limit resources, restrict access to health care services, or otherwise
10 affect and undermine the provision of quality health care services,
11 quality assurance standards must be established. Comprehensive quality
12 assurance standards will ensure that consumers receive the high quality
13 health care that they expect when they enroll in a health carrier. The
14 legislature also finds that the implementation of high quality
15 assurance standards benefits Washington's business climate as well as
16 consumers. Through the implementation of quality assurance standards,
17 employers will be assured that the health care purchased for their
18 employees meets certain minimum requirements. Public dissemination of

1 health carrier annual evaluations will assist consumers and employers
2 in choosing among health carriers.

3 NEW SECTION. **Sec. 2.** The department of health shall adopt
4 comprehensive quality assurance standards that each health carrier must
5 meet. These standards must be reviewed and modified as appropriate at
6 least every three years. Standards must include:

7 (1) A requirement for an internal quality assurance system to apply
8 to each health carrier and any entity with which it contracts for
9 services;

10 (2) Performance and outcomes-based quality standards;

11 (3) A process to take remedial action to correct quality problems;

12 (4) A process for credentialing and recredentialing of providers;

13 (5) Uniform data collection and reporting requirements; and

14 (6) Other items required by the department of health.

15 NEW SECTION. **Sec. 3.** All health carriers shall implement a
16 comprehensive quality assurance program designed to identify, evaluate,
17 and remedy problems relating to access, continuity, and quality of
18 care. Each health maintenance organization and health care service
19 contractor's quality assurance system must comply with the standards
20 adopted under section 1 of this act and must provide for:

21 (1) The designation of a corporate board, a committee, or a
22 designated executive staff person responsible for program
23 implementation and compliance;

24 (2) A detailed set of quality assurance objectives, with
25 timetables, including assurance of adequate resources to deliver a full
26 continuum of care and guaranteed geographic availability, cultural
27 sensitivity, and planning for special needs populations;

28 (3) Health service delivery standards or practice guidelines aimed
29 at curing, maintaining function, and improving quality of life, which
30 are updated continuously with provider input, disseminated to
31 providers, developed for the full spectrum of health carrier
32 populations, based on reasonable scientific knowledge, focused on
33 outcomes and access, and available to individual and group providers;

34 (4) Written guidelines for quality of care studies and monitoring,
35 including evaluation of vulnerable populations;

36 (5) A methodology for identifying quality indicators relating to
37 specific clinical or health service delivery areas that are objective,

1 measurable, and based on current knowledge and clinical experience,
2 including but not limited to the utilization of epidemiological data,
3 chart reviews, patterns of care, patient surveys, spot checks, and
4 continuous review by health professionals;

5 (6) The identification, evaluation, and remediation of problems
6 relating to access, continuity, and quality of care, including a system
7 for evaluating health outcomes consistent with current technology;

8 (7) A system to ensure compliance with all quality assurance
9 standards by any entity providing services under any contractual
10 agreements, including evidence that the health carrier will monitor
11 compliance and require all remedial actions if necessary; and

12 (8) The reporting, within thirty days, of the occurrence of any of
13 the following:

14 (a) The suspension, restriction, termination, or curtailment of
15 training, employment, or the contract for the provision of services to
16 enrollees for any reason relating to alleged mental or physical
17 impairment, incompetence, malpractice, misconduct, or impairment of
18 patient safety or welfare;

19 (b) The voluntary or involuntary resignation, termination of a
20 contract for service, or withdrawal of privileges to avoid the
21 imposition of disciplinary measures; or the receipt of information that
22 any professional licensee or medical resident has been convicted of a
23 crime; and

24 (c) The denial of staff privileges to a physician or the refusal to
25 enter into or renew a contract with a physician for the provision of
26 services if the reasons stated for denial or refusal are related to the
27 alleged physical or mental impairment, incompetence, malpractice,
28 misconduct, or impairment of patient safety or welfare.

29 NEW SECTION. **Sec. 4.** Annual audits of health carriers must be
30 conducted annually. One or more independent quality assurance
31 organizations shall be authorized to monitor and evaluate the quality
32 of care and services furnished by health care services contractors and
33 health maintenance organizations and utilization review entities.
34 Requests for proposals must be issued for independent quality assurance
35 organizations. Proposals submitted in response to such requests for
36 proposals must be evaluated and one or more contracts awarded to one or
37 more qualified and responsive organizations. Such quality assurance
38 organizations may not be owned, operated, or controlled by any health

1 carriers or utilization review company nor have a financial
2 relationship with any such entity. Health carrier enrollees or
3 participating providers may request that the independent quality
4 assurance organization review all or any portion of a health carrier's
5 quality assurance program, and the independent quality assurance
6 organization may do so at any time.

7 NEW SECTION. **Sec. 5.** Annual evaluations must include the
8 following:

9 (1) Compliance with performance and outcomes-based quality
10 standards established in section 1 of this act;

11 (2) Appropriateness, accessibility, timeliness, and quality of care
12 delivered by such providers;

13 (3) Coordination, management, and cost-effectiveness of care;

14 (4) Delivery of medically necessary covered services, including
15 referrals for necessary services and capacity and scope of the network
16 providers;

17 (5) Provision of all information to each enrollee in clear and
18 coherent terms that are commonly used and in a culturally and
19 linguistically appropriate and understandable manner, in light of the
20 enrollees needs, circumstances, and language proficiency; and

21 (6) Any other requirement established by the department of health.

22 NEW SECTION. **Sec. 6.** Each health carrier shall collect and submit
23 to the independent quality assurance organization or organizations
24 conducting the evaluation, in a standardized format, patient care and
25 patient satisfaction data including:

26 (1) Encounter and service utilization data including special care
27 and chronic care utilization data;

28 (2) Emergency medical care utilization data;

29 (3) Outcome-based data;

30 (4) Grievance and appeals data;

31 (5) Disenrollment data, including reasons for disenrollment;

32 (6) Access data, including waiting times, travel times, patient-to-
33 provider ratios, and unduplicated provider capacity; and

34 (7) Any other data required by the department of health.

35 NEW SECTION. **Sec. 7.** (1) The independent quality assurance
36 organization shall analyze such data and report to the governor, the

1 health care committees of the senate and the house of representatives,
2 the department of health, and the public the results of its quality
3 review and evaluation, including recommendations for remedial action,
4 on at least an annual basis. A public or private entity who in good
5 faith prepares a document of any kind that compares health carriers or
6 carriers of any kind is immune from civil liability from claims based
7 on the report, contents of the report, or the information filed by a
8 health carrier.

9 (2) There is an absolute immunity to civil liability from claims
10 based on such a comparison document and its contents if the information
11 was provided by the independent quality assurance organization's
12 report, or the information filed by a health carrier, and contained the
13 effective date of the information, if any.

14 (3) In the absence of reckless disregard for the truth proven by
15 clear and convincing evidence, there is immunity from claims based on
16 the independent quality assurance organization's report or the
17 information filed by a health carrier.

18 NEW SECTION. **Sec. 8.** (1) Health carriers and utilization review
19 entities that fail to ensure compliance with quality standards and
20 reporting requirements may be subject to enforcement actions. Material
21 violations of such standards and requirements may be punished by civil
22 penalties.

23 (2) Repeated, material violations of quality standards and
24 reporting requirements by a health carrier may be grounds for
25 revocation of the health carrier's license.

26 (3) Prior to imposing any sanction, health carriers or utilization
27 review entities must have an opportunity to be heard in connection with
28 the violations alleged and sanctions imposed. Public comment must also
29 be taken at the hearing.

30 NEW SECTION. **Sec. 9.** (1) The independent quality assurance
31 organizations shall conduct and publish surveys of health carriers'
32 enrollees and participating providers to assess satisfaction.

33 (2) Such surveys must differentiate between infrequent and frequent
34 utilizers of health carrier services.

1 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act are added
2 to chapter 48.43 RCW.

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