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**SUBSTITUTE HOUSE BILL 2635**

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**State of Washington**

**57th Legislature**

**2002 Regular Session**

**By** House Committee on Health Care (originally sponsored by Representatives Cody, Campbell, Schual-Berke, Conway, Dickerson, Berkey, Edwards, Chase, McIntire, Ogden, Jackley, Kenney and Kagi; by request of Governor Locke)

Read first time 02/07/2002. Referred to Committee on .

1 AN ACT Relating to development of consolidated purchasing and  
2 administration of health care services; adding new sections to chapter  
3 41.05 RCW; providing an expiration date; and declaring an emergency.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.05 RCW  
6 to read as follows:

7 (1) The administrator, in concert with other state agencies  
8 involved in state purchased health care and other interested parties  
9 designated by the administrator, will begin implementation of  
10 consolidated health care services purchasing and administration by  
11 January 1, 2003.

12 (2) The authority, in concert with the other state agencies that  
13 purchase health care, must develop and implement strategies to:

14 (a) Promote greater value, cost containment, and cost-effectiveness  
15 in health care delivery through consolidated state purchasing and  
16 contracting, giving careful consideration to both the negative and  
17 positive impacts that potential strategies for consolidated state  
18 purchasing and contracting might have upon health care providers,

1 carriers, and other health care purchasers and collective bargaining  
2 for health care benefits;

3 (b) Promote effective use of health care, patient safety, and  
4 health outcomes;

5 (c) Streamline and consolidate state health care administrative  
6 processes to promote greater efficiencies;

7 (d) Reduce the administrative burden for health care providers and  
8 patients;

9 (e) Consolidate state purchasing and administrative activities;

10 (f) Improve consumer education and achieve meaningful cost sharing;  
11 and

12 (g) Improve accountability of contractors, health plans, and  
13 providers through evaluation and monitoring of quality, service  
14 utilization, costs, access, and customer satisfaction.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW  
16 to read as follows:

17 The administrator has the following powers and duties:

18 (1) To implement consolidated health care services purchasing and  
19 administration directly, by contract, by interagency agreement, by  
20 necessary federal waivers, or by any combination thereof;

21 (2) To manage in the most cost-effective manner consolidated health  
22 care services purchasing and administration to include all state  
23 agencies that provide state purchased health care. The administrator  
24 will consolidate the various state agency administrative functions,  
25 data, and information systems, and operational activities related to  
26 the purchase and procurement of health care services necessary to  
27 implement this act. This may include, but is not limited to,  
28 purchasing and contracting, information systems for claims processing  
29 and program administration, program eligibility determinations, member  
30 benefit and provider relations services, provider credentialing,  
31 contract monitoring, and provider utilization review activities;

32 (3) To develop and implement strategies to encourage school  
33 districts, educational service districts, counties, municipalities, and  
34 other political subdivisions to participate in consolidated health care  
35 purchasing; and

36 (4) To adopt all rules necessary to implement the provisions of  
37 this act.

1        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 41.05 RCW  
2 to read as follows:

3        (1) By October 1, 2002, the administrator must submit to the  
4 governor and the health care and fiscal committees of the legislature  
5 an initial report on the potential costs and benefits to the state, and  
6 the potential costs and benefits to school districts and educational  
7 service districts and their employees of participating in consolidated  
8 purchasing under this act beginning with the 2003-04 school year. By  
9 December 1, 2002, the administrator must submit to the governor and the  
10 health care and fiscal committees of the legislature a final report on  
11 the study provided under this subsection. All school districts and  
12 educational service districts must cooperate with the authority in  
13 conducting the study required by this subsection.

14        (2) By January 1, 2003, the administrator must submit to the  
15 governor and the health care and fiscal committees of the legislature  
16 a progress report regarding the implementation of this act.

17        (3) By January 1, 2005, the administrator must submit to the  
18 governor and the health care and fiscal committees of the legislature  
19 a report on the impacts of consolidated purchasing and administration  
20 and any recommendations for modifications and improvements.

21        (4) This section expires January 1, 2005.

22        NEW SECTION.    **Sec. 4.**    This act is necessary for the immediate  
23 preservation of the public peace, health, or safety, or support of the  
24 state government and its existing public institutions, and takes effect  
25 immediately.

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