
HOUSE BILL 2826

State of Washington

57th Legislature

2002 Regular Session

By Representatives Schual-Berke, Benson, Cody, Campbell, Kagi, Skinner, Jackley, Lysen and Chase

Read first time 01/29/2002. Referred to Committee on Health Care.

1 AN ACT Relating to standards for health care system administration;
2 adding new sections to chapter 48.43 RCW; adding a new section to
3 chapter 41.05 RCW; adding a new section to chapter 70.47 RCW; adding a
4 new section to chapter 74.09 RCW; creating new sections, and making an
5 appropriation.

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

7 NEW SECTION. **Sec. 1.** FINDINGS. The legislature finds that
8 current administrative requirements placed upon providers and
9 facilities by health carriers and other payers, including state
10 purchased health care programs, are burdensome. They have the
11 unintended consequence of increasing health care costs and reducing
12 time available for direct patient care. Greater scrutiny of the value
13 added by imposing administrative requirements, and greater focus on
14 consistency of requirements across carriers and payers can help
15 decrease health system costs and increase time available for direct
16 patient care.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 48.43 RCW
18 to read as follows:

1 DEFINITIONS--STANDARDS COMMITTEE CREATION AND DUTIES. (1) For the
2 purposes of this section:

3 (a) "Administrative requirement" or "requirement" means a
4 requirement placed primarily upon a health care provider or health care
5 facility by a carrier and other payer, including state purchased health
6 care programs, as defined in RCW 41.05.011(2), for the purpose of
7 contracting, billing, claims processing, eligibility determination,
8 treatment authorization, credentialing, utilization management, data
9 sharing, or other requirements conditioned on payment that do not
10 involve direct patient care.

11 (b) "Committee" means the committee on health care system
12 administrative standards created in subsection (2) of this section.

13 (2)(a) The committee on health care system administrative standards
14 is created. No later than July 1, 2002, the commissioner shall convene
15 the committee. The committee shall consist of representatives of
16 health care purchasers, carriers, health care facilities, health care
17 providers, and consumers. The committee also shall include the
18 following ex officio members: The assistant secretary for the medical
19 assistance administration in the department of social and health
20 services, the assistant administrator of the basic health plan in the
21 health care authority, and the assistant administrator of the public
22 employees' benefits board plan in the health care authority.

23 (b) Committee members shall receive no compensation for their
24 service, except that nonagency members may have travel expenses
25 reimbursed consistent with available funds and under RCW 43.03.050 and
26 43.03.060.

27 (c) The commissioner shall provide administrative support for the
28 committee and consistent with available funds may hire staff or
29 contract for professional assistance.

30 (d) The committee shall comply with the public disclosure
31 requirements set forth in chapter 42.17 RCW and the open public
32 meetings provisions of chapter 42.30 RCW.

33 (e) The committee has the following duties:

34 (i) Review existing administrative requirements in a manner that
35 groups those requirements related to specific goals, such as provider
36 credentialing or prior authorization for services, and for each group
37 of requirements, identifies:

38 (A) The source of the requirements;

1 (B) The basis for the requirements, such as federal statute or
2 regulation, state statute or rule, or contract;

3 (C) The original purpose or intent of the requirements, as related
4 to appropriateness of care, cost containment, or other goals;

5 (D) The degree to which the requirements, as currently implemented,
6 have proven to add value in achieving their original intent or goal;

7 (E) The extent to which the requirements contribute to the
8 efficiency and effectiveness of the health care system;

9 (F) The extent to which there is consistency of requirements within
10 each grouping across carriers and purchasers;

11 (G) Whether the group of requirements will be standardized at all
12 under regulations implementing the federal health insurance portability
13 and accountability act;

14 (H) The extent to which the requirements detract from direct
15 patient care; and

16 (I) Costs associated with the requirements for governmental
17 programs, carriers, other payers, providers, facilities, and consumers;

18 (ii) Review similar efforts in the public and private sector to
19 improve administrative efficiency and coordinate committee activities
20 with related organizations, if appropriate;

21 (iii) Conduct necessary analyses, and prepare a health care system
22 administrative improvement report that includes findings and
23 recommendations addressing at least the following:

24 (A) A general description of appropriate purposes of administrative
25 requirements and a set of principles to be used as guidance for
26 requirement development, modification, consolidation, and elimination;

27 (B) Requirements that should be eliminated completely because they
28 do not add value to the health care delivery system, or that should be
29 modified or consolidated to bring greater consistency and value in
30 administrative requirements across programs and payers;

31 (C) Methods to ensure that appropriate reductions in administrative
32 requirements result in increased resources for direct patient care; and

33 (D) Statutory or regulatory modification necessary to implement the
34 recommendations; and

35 (iv) Submit the initial health care system administrative
36 improvement report to the commissioner, the governor, the house of
37 representatives health care committee, and the senate health and long-
38 term care committee by July 1, 2003.

1 (f) The commissioner may reconvene the committee, as necessary, and
2 when doing so, may modify the timelines under this section.

3 NEW SECTION. **Sec. 3.** A new section is added to chapter 48.43 RCW
4 to read as follows:

5 ADMINISTRATIVE STANDARDS--RULES AND ENFORCEMENT. (1) Upon review
6 of the health care system administrative improvement report established
7 under section 2 of this act, the commissioner shall adopt necessary
8 rules implementing the report's recommendations to the extent permitted
9 by law and under chapter 34.05 RCW.

10 (2) On a date set by the commissioner, but in no case earlier than
11 July 1, 2004, the following entities must comply with the rules adopted
12 under this section: Health carriers in providing health benefit plans;
13 the state health care authority in providing public employee benefits,
14 under chapter 41.05 RCW, and the basic health plan, under chapter 70.47
15 RCW; and the department of social and health services in providing
16 medical assistance and other medical services programs, under chapter
17 74.09 RCW.

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

20 ADMINISTRATIVE STANDARDS--HEALTH CARE AUTHORITY. Beginning July 1,
21 2004, or a subsequent date set by the insurance commissioner under
22 section 2(f) of this act, the administrator shall comply with the
23 health care system administrative standards adopted under sections 2
24 and 3 of this act.

25 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.47 RCW
26 to read as follows:

27 ADMINISTRATIVE STANDARDS--BASIC HEALTH PLAN. Beginning July 1,
28 2004, or a subsequent date set by the insurance commissioner under
29 section 2(f) of this act, the administrator shall comply with the
30 health care system administrative standards adopted under sections 2
31 and 3 of this act.

32 NEW SECTION. **Sec. 6.** A new section is added to chapter 74.09 RCW
33 to read as follows:

34 ADMINISTRATIVE STANDARDS--MEDICAL ASSISTANCE. Beginning January 1,
35 2004, or a subsequent date set by the insurance commissioner under

1 section 2(f) of this act, the secretary shall comply with the health
2 care system administrative standards adopted under sections 2 and 3 of
3 this act to the extent those standards are consistent with the
4 requirements of title XIX of the federal social security act.

5 NEW SECTION. **Sec. 7.** CAPTIONS NOT LAW. Captions used in this act
6 are not any part of the law.

7 NEW SECTION. **Sec. 8.** APPROPRIATION. The sum of one hundred
8 thousand dollars, or as much thereof as may be necessary, is
9 appropriated for the biennium ending June 30, 2003, from the insurance
10 commissioner's regulatory account to the insurance commissioner for the
11 purposes set forth in sections 2 and 3 of this act.

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