

SENATE BILL REPORT

SB 5748

As Reported By Senate Committee On:
Health & Long-Term Care, February 28, 2005

Title: An act relating to creating the office of health information and planning.

Brief Description: Creating the office of health information and planning.

Sponsors: Senators Kastama, Keiser, Poulsen and Rockefeller.

Brief History:

Committee Activity: Health & Long-Term Care: 2/14/05, 2/28/05 [DPS-WM, w/oRec].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5748 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Franklin, Kastama, Kline and Poulsen.

Minority Report: That it be referred without recommendation.

Signed by Senators Benson, Brandland and Parlette.

Staff: Jonathan Seib (786-7427)

Background: Recent studies suggest that a significant number of decisions effecting the cost and quality of health care do not reflect the use of the best available information. As a result, purchasers, providers, and patients too often take actions which increase costs while contributing little to improved health status. There is concern that the state has insufficient capacity to support quality health care decision-making, and that existing efforts in this regard are piecemeal and not properly coordinated.

The State Health Care Authority (HCA) is the state agency which designs and administers state employee insurance benefits and the Basic Health Plan (BHP), the state subsidized health insurance program for low income persons. In recent years, increasing costs have made the BHP more difficult to maintain and have forced significant changes to the program. The HCA is also generally responsible for the study and implementation of state initiatives regarding health care cost containment.

Health carriers generally offer separate products to individuals and to those enrolled in employer plans in groups of between two and fifty. Both individual and "small group" plans are subject to certain benefit and provider mandates which, it is argued, inappropriately raise the cost of such coverage. Although no longer required, at one time carriers in both the individual and small group market had to offer a plan identical to the BHP.

Summary of Substitute Bill: The HCA is to coordinate on a statewide basis the use of the best available information and data in support of better decisions regarding the allocation of

resources in the health care system, and better decisions by public and private health care purchasers, health care providers, and consumers.

The HCA is to design and implement a centralized technology assessment pilot project to strengthen the capacity of state agencies and others to evaluate evidence regarding health care procedures, services, devices and technology in support of appropriate purchasing, coverage and medical necessity decisions.

The HCA is to design and periodically update an evidence-based schedule of benefits for the BHP which: (1) includes preventive services with no enrollee cost sharing; (2) includes other benefits, not subject to state mandates, which it determines to be the most efficacious and cost effective use of the funds available; and (3) structures enrollee cost sharing to encourage only appropriate, high quality care. The HCA is to assure that the actuarial value of the BHP benefits never exceeds the actuarial value as of January 1, 2006, adjusted annually to reflect medical inflation.

The HCA is also to develop contract standards for the BHP which address the appropriate role of managed care plan administrators and health care providers in health promotion, disease management, system innovation, and quality care.

Substitute Bill Compared to Original Bill: The original bill created an "Office of Health Information and Planning" (OHIP) within the HCA and charged it with the duties that under the substitute bill are given directly to the HCA. The original bill also directed the OHIP to implement a comprehensive plan for statewide health care information and data collection, distribution and exchange. This is removed in the substitute bill. The substitute bill also removes the requirement from the original bill that carriers in the individual and small group market offer a plan identical to the BHP.

Appropriation: \$2 million.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The health care system in this country is one of the most expensive in the world, yet it does not deliver the best outcomes. Experience in other countries suggests that a health care system that lives within a budget, provides only proven care, and emphasizes prevention can reduce costs, and provide higher quality care with better health outcomes. This bill starts the state, through the Basic Health Plan, on a transition to that type of health care system.

Testimony Against: What this bill proposes is a re-engineering of the state's health care system. Past reform efforts have moved too quickly and have not been successful. We should study the issue more thoroughly before taking the steps called for in the bill. Change is good, but we should be cautious and proceed carefully.

Who Testified: PRO: Senator Kastama, prime sponsor. OTHER: Richard Onizuka, Health Care Authority.

CON: Susie Tracy, Washington State Medical Association.