

SENATE BILL REPORT

SB 5443

As of February 6, 2015

Title: An act relating to disclosure of provider compensation programs by health plan carriers.

Brief Description: Concerning disclosure of provider compensation programs by health plan carriers.

Sponsors: Senators Dammeier, Frockt, Parlette, Keiser, Hill, Jayapal and Chase.

Brief History:

Committee Activity: Health Care: 2/05/15.

SENATE COMMITTEE ON HEALTH CARE

Staff: Mich'l Needham (786-7442)

Background: The 2000 Legislature passed a patient bill of rights establishing requirements for health insurance carriers, including information that must be available to potential purchasers before the purchase. Information that must be available upon request includes a listing of covered benefits, prescription drug benefits and a copy of the current formulary if any is used, policies regarding coverage of drugs such as how drugs are approved or removed from the formulary, any coverage exclusions or limitations, and any coverage criteria which may be applied when determining what is a covered service, among other things.

A number of provider incentive models have emerged in recent years that focus on improving quality of care or implementing evidence-based practices. Incentive models may include quality bonuses, performance pay, quality grants, performance profiling, and practice sanctions, among others. A new cost management practice is beginning to emerge in insurance practices in some states where insurance carriers are providing incentive payments for certain prescribing practices.

Summary of Bill: The information that health plans must provide to potential purchasers is modified to include information on incentive payments for the prescription of specific formulary and non-formulary medications.

Health plans must make available descriptions and justifications for all provider compensation programs, including any incentive or penalty programs that are intended to encourage providers to withhold services, or to minimize or avoid referrals to specialists.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: While it is important to reduce costs of health care and improve quality, some practices aimed at reducing costs may be problematic and could interfere with the provider-patient relationship. It is a barrier for a patient to overcome to get information on payments that may be influencing a provider's practice. Providing transparency about these arrangements will help patients make informed choices. It is not reasonable to expect a patient to ask their doctor for information that may influence their practice. It is much more reasonable to get the information from the insurance plan. Nine states have pay-to-prescribe programs and it is important for patients to have full disclosure.

CON: This transparency focus misses the mark. Transparency should be applied to all areas including pharmacy company incentives to prescribe in certain ways. There are no health plans in Washington using these types of pharmacy incentives. All health plans have incentive programs that are focused on quality improvement and it would be a real tragedy if we impact the quality improvement programs. No plans in Washington use pay to prescribe. The language creates some additional administrative burden with the move from one type of reporting to another.

Persons Testifying: PRO: Senator Dammeier, prime sponsor; BJ Cavnor, One in Four; Lorren Sandt, Caring Ambassadors; Sheila Stickel, Jennifer Vandavelde, National Patient Advocate Foundation; Shari McClure, Seattle Cancer Care Alliance; Susan Nakagawa, citizen.

CON: Sydney Zvara, Assn. of WA Healthcare Plans; Chris Bandoli, Regence BlueShield; Len Sorrin, Premera Blue Cross.