

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 5084**

64th Legislature  
2015 Regular Session

Passed by the Senate April 16, 2015  
Yeas 41 Nays 6

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**President of the Senate**

Passed by the House April 14, 2015  
Yeas 82 Nays 15

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**Speaker of the House of Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Hunter G. Goodman, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 5084** as passed by Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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ENGROSSED SUBSTITUTE SENATE BILL 5084

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AS AMENDED BY THE HOUSE

Passed Legislature - 2015 Regular Session

State of Washington

64th Legislature

2015 Regular Session

By Senate Health Care (originally sponsored by Senators Becker, Frockt, Conway, Keiser, and Mullet; by request of Governor Inslee)

READ FIRST TIME 02/20/15.

1 AN ACT Relating to modifying the all payer claims database to  
2 improve health care quality and cost transparency by changing  
3 provisions related to definitions regarding data, reporting and  
4 pricing of products, responsibilities of the office of financial  
5 management and the lead organization, submission to the database, and  
6 parameters for release of information; amending RCW 43.371.010,  
7 43.371.020, 43.371.030, 43.371.040, 43.371.050, 43.371.060, and  
8 43.371.070; and adding a new section to chapter 43.371 RCW.

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

10 **Sec. 1.** RCW 43.371.010 and 2014 c 223 s 8 are each amended to  
11 read as follows:

12 The definitions in this section apply throughout this chapter  
13 unless the context clearly requires otherwise.

14 (1) "Authority" means the health care authority.

15 (2) "Carrier" and "health carrier" have the same meaning as in  
16 RCW 48.43.005.

17 (3) "Claims data" means the data required by RCW 43.371.030 to be  
18 submitted to the database, including billed, allowed and paid  
19 amounts, and such additional information as defined by the director  
20 in rule. (~~("Claims data" includes: (a) Claims data related to health~~  
21 ~~care coverage and services funded, in whole or in part, in the~~

1 omnibus appropriations act, including coverage and services funded by  
2 appropriated and nonappropriated state and federal moneys, for  
3 medicaid programs and the public employees benefits board program;  
4 and (b) claims data voluntarily provided by other data suppliers,  
5 including carriers and self-funded employers.))

6 (4) "Database" means the statewide all-payer health care claims  
7 database established in RCW 43.371.020.

8 (5) "Data vendor" means an entity contracted to perform data  
9 collection, processing, aggregation, extracts, analytics, and  
10 reporting.

11 (6) "Director" means the director of financial management.

12 ((+6)) (7) "Lead organization" means the organization selected  
13 under RCW 43.371.020.

14 ((+7)) (8) "Office" means the office of financial management.

15 (9) "Data supplier" means: (a) A carrier, third-party  
16 administrator, or a public program identified in RCW 43.371.030 that  
17 provides claims data; and (b) a carrier or any other entity that  
18 provides claims data to the database at the request of an employer-  
19 sponsored self-funded health plan or Taft-Hartley trust health plan  
20 pursuant to RCW 43.371.030(1).

21 (10) "Direct patient identifier" means a data variable that  
22 directly identifies an individual, including: Names; telephone  
23 numbers; fax numbers; social security number; medical record numbers;  
24 health plan beneficiary numbers; account numbers; certificate or  
25 license numbers; vehicle identifiers and serial numbers, including  
26 license plate numbers; device identifiers and serial numbers; web  
27 universal resource locators; internet protocol address numbers;  
28 biometric identifiers, including finger and voice prints; and full  
29 face photographic images and any comparable images.

30 (11) "Indirect patient identifier" means a data variable that may  
31 identify an individual when combined with other information.

32 (12) "Proprietary financial information" means claims data or  
33 reports that disclose or would allow the determination of specific  
34 terms of contracts, discounts, or fixed reimbursement arrangements or  
35 other specific reimbursement arrangements between an individual  
36 health care facility or health care provider, as those terms are  
37 defined in RCW 48.43.005, and a specific payer, or internal fee  
38 schedule or other internal pricing mechanism of integrated delivery  
39 systems owned by a carrier.

1 (13) "Unique identifier" means an obfuscated identifier assigned  
2 to an individual represented in the database to establish a basis for  
3 following the individual longitudinally throughout different payers  
4 and encounters in the data without revealing the individual's  
5 identity.

6 **Sec. 2.** RCW 43.371.020 and 2014 c 223 s 10 are each amended to  
7 read as follows:

8 (1) The office shall establish a statewide all-payer health care  
9 claims database to support transparent public reporting of health  
10 care information. The database must improve transparency to: Assist  
11 patients, providers, and hospitals to make informed choices about  
12 care; enable providers, hospitals, and communities to improve by  
13 benchmarking their performance against that of others by focusing on  
14 best practices; enable purchasers to identify value, build  
15 expectations into their purchasing strategy, and reward improvements  
16 over time; and promote competition based on quality and cost. The  
17 database must systematically collect all medical claims and pharmacy  
18 claims from private and public payers, with data from all settings of  
19 care that permit the systematic analysis of health care delivery.

20 (2) The ~~((director shall select a lead organization))~~ office  
21 shall use a competitive procurement process, in accordance with  
22 chapter 39.26 RCW, to select a lead organization from among the best  
23 potential bidders to coordinate and manage the database.

24 (a) Due to the complexities of the all payer claims database and  
25 the unique privacy, quality, and financial objectives, the office  
26 must award extra points in the scoring evaluation for the following  
27 elements: (i) The bidder's degree of experience in health care data  
28 collection, analysis, analytics, and security; (ii) whether the  
29 bidder has a long-term self-sustainable financial model; (iii) the  
30 bidder's experience in convening and effectively engaging  
31 stakeholders to develop reports; (iv) the bidder's experience in  
32 meeting budget and timelines for report generations; and (v) the  
33 bidder's ability to combine cost and quality data.

34 (b) By December 31, 2017, the successful lead organization must  
35 apply to be certified as a qualified entity pursuant to 42 C.F.R.  
36 Sec. 401.703(a) by the centers for medicare and medicaid services.

37 (3) As part of the competitive procurement process in subsection  
38 (2) of this section, the lead organization shall enter into a

1 contract with a data vendor to perform data collection, processing,  
2 aggregation, extracts, and analytics. The data vendor must:

3 (a) Establish a secure data submission process with data  
4 suppliers;

5 (b) Review data submitters' files according to standards  
6 established by the office;

7 (c) Assess each record's alignment with established format,  
8 frequency, and consistency criteria;

9 (d) Maintain responsibility for quality assurance, including, but  
10 not limited to: (i) The accuracy and validity of data suppliers'  
11 data; (ii) accuracy of dates of service spans; (iii) maintaining  
12 consistency of record layout and counts; and (iv) identifying  
13 duplicate records;

14 (e) Assign unique identifiers, as defined in RCW 43.371.010, to  
15 individuals represented in the database;

16 (f) Ensure that direct patient identifiers, indirect patient  
17 identifiers, and proprietary financial information are released only  
18 in compliance with the terms of this chapter;

19 (g) Demonstrate internal controls and affiliations with separate  
20 organizations as appropriate to ensure safe data collection, security  
21 of the data with state of the art encryption methods, actuarial  
22 support, and data review for accuracy and quality assurance;

23 (h) Store data on secure servers that are compliant with the  
24 federal health insurance portability and accountability act and  
25 regulations, with access to the data strictly controlled and limited  
26 to staff with appropriate training, clearance, and background checks;  
27 and

28 (i) Maintain state of the art security standards for transferring  
29 data to approved data requestors.

30 (4) The lead organization and data vendor must submit detailed  
31 descriptions to the office of the chief information officer to ensure  
32 robust security methods are in place. The office of the chief  
33 information officer must report its findings to the office and the  
34 appropriate committees of the legislature.

35 (5) The lead organization is responsible for internal governance,  
36 management, funding, and operations of the database. At the direction  
37 of the office, the lead organization shall work with the data vendor  
38 to:

39 (a) Collect claims data from data suppliers as provided in RCW  
40 43.371.030;

1 (b) Design data collection mechanisms with consideration for the  
2 time and cost (~~(involved)~~) incurred by data suppliers and others in  
3 submission and collection and the benefits that measurement would  
4 achieve, ensuring the data submitted meet quality standards and are  
5 reviewed for quality assurance;

6 (c) Ensure protection of collected data and store and use any  
7 data (~~(with patient-specific information)~~) in a manner that protects  
8 patient privacy and complies with this section. All patient-specific  
9 information must be deidentified with an up-to-date industry standard  
10 encryption algorithm;

11 (d) Consistent with the requirements of this chapter, make  
12 information from the database available as a resource for public and  
13 private entities, including carriers, employers, providers,  
14 hospitals, and purchasers of health care;

15 (e) Report performance on cost and quality pursuant to RCW  
16 43.371.060 using, but not limited to, the performance measures  
17 developed under RCW 41.05.690;

18 (f) Develop protocols and policies, including prerelease peer  
19 review by data suppliers, to ensure the quality of data releases and  
20 reports;

21 (g) Develop a plan for the financial sustainability of the  
22 database as self-sustaining and charge fees (~~(not to exceed five~~  
23 ~~thousand dollars unless otherwise negotiated)~~) for reports and data  
24 files as needed to fund the database. Any fees must be approved by  
25 the office and (~~(must)~~) should be comparable, accounting for relevant  
26 differences across data (~~(requesters and users)~~) requests and uses.  
27 The lead organization may not charge providers or data suppliers fees  
28 other than fees directly related to requested reports; and

29 (h) Convene advisory committees with the approval and  
30 participation of the office, including: (i) A committee on data  
31 policy development; and (ii) a committee to establish a data release  
32 process consistent with the requirements of this chapter and to  
33 provide advice regarding formal data release requests. The advisory  
34 committees must include in-state representation from key provider,  
35 hospital, (~~(payer,~~) public health, health maintenance organization,  
36 large and small private purchasers, (~~(and)~~) consumer organizations,  
37 and the two largest carriers supplying claims data to the database.

38 (~~(+3)~~) (6) The lead organization governance structure and  
39 advisory committees for this database must include representation of  
40 the third-party administrator of the uniform medical plan. A payer,

1 health maintenance organization, or third-party administrator must be  
2 a data supplier to the all-payer health care claims database to be  
3 represented on the lead organization governance structure or advisory  
4 committees.

5 **Sec. 3.** RCW 43.371.030 and 2014 c 223 s 11 are each amended to  
6 read as follows:

7 (1) ~~((Data suppliers must))~~ The state medicaid program, public  
8 employees' benefits board programs, all health carriers operating in  
9 this state, all third-party administrators paying claims on behalf of  
10 health plans in this state, and the state labor and industries  
11 program must submit claims data to the database within the time  
12 frames established by the director in rule and in accordance with  
13 procedures established by the lead organization. The director may  
14 expand this requirement by rule to include any health plans or health  
15 benefit plans defined in RCW 48.43.005(26) (a) through (i) to  
16 accomplish the goals of this chapter set forth in RCW 43.371.020(1).  
17 Employer-sponsored self-funded health plans and Taft-Hartley trust  
18 health plans may voluntarily provide claims data to the database  
19 within the time frames and in accordance with procedures established  
20 by the lead organization.

21 (2) ~~((An entity that is not a data supplier but that chooses to~~  
22 ~~participate in the database shall require any third-party~~  
23 ~~administrator utilized by the entity's plan to release any claims~~  
24 ~~data related to persons receiving health coverage from the plan.))~~  
25 Any data supplier used by an entity that voluntarily participates in  
26 the database must provide claims data to the data vendor upon request  
27 of the entity.

28 (3) ~~((Each data supplier))~~ The lead organization shall submit an  
29 annual status report to the office regarding ~~((its))~~ compliance with  
30 this section. ~~((The report to the legislature required by section 2~~  
31 ~~of this act must include a summary of these status reports.))~~

32 **Sec. 4.** RCW 43.371.040 and 2014 c 223 s 12 are each amended to  
33 read as follows:

34 (1) The claims data provided to the database, the database  
35 itself, including the data compilation, and any raw data received  
36 from the database are not public records and are exempt from public  
37 disclosure under chapter 42.56 RCW.

1           (2) Claims data obtained, distributed, or reported in the course  
2 of activities undertaken pursuant to or supported under this chapter  
3 are not subject to subpoena or similar compulsory process in any  
4 civil or criminal, judicial, or administrative proceeding, nor may  
5 any individual or organization with lawful access to data under this  
6 chapter be compelled to provide such information pursuant to subpoena  
7 or testify with regard to such data, except that data pertaining to a  
8 party in litigation may be subject to subpoena or similar compulsory  
9 process in an action brought by or on behalf of such individual to  
10 enforce any liability arising under this chapter.

11           **Sec. 5.** RCW 43.371.050 and 2014 c 223 s 13 are each amended to  
12 read as follows:

13           (1) Except as otherwise required by law, claims or other data  
14 from the database shall only be available for retrieval in (~~original~~  
15 ~~or~~) processed form to public and private requesters pursuant to this  
16 section and shall be made available within a reasonable time after  
17 the request. Each request for claims data must include, at a minimum,  
18 the following information:

19           (a) The identity of any entities that will analyze the data in  
20 connection with the request;

21           (b) The stated purpose of the request and an explanation of how  
22 the request supports the goals of this chapter set forth in RCW  
23 43.371.020(1);

24           (c) A description of the proposed methodology;

25           (d) The specific variables requested and an explanation of how  
26 the data is necessary to achieve the stated purpose described  
27 pursuant to (b) of this subsection;

28           (e) How the requester will ensure all requested data is handled  
29 in accordance with the privacy and confidentiality protections  
30 required under this chapter and any other applicable law;

31           (f) The method by which the data will be stored, destroyed, or  
32 returned to the lead organization at the conclusion of the data use  
33 agreement;

34           (g) The protections that will be utilized to keep the data from  
35 being used for any purposes not authorized by the requester's  
36 approved application; and

37           (h) Consent to the penalties associated with the inappropriate  
38 disclosures or uses of direct patient identifiers, indirect patient

1 identifiers, or proprietary financial information adopted under RCW  
2 43.371.070(1).

3 (2) The lead organization may decline a request that does not  
4 include the information set forth in subsection (1) of this section  
5 that does not meet the criteria established by the lead  
6 organization's data release advisory committee, or for reasons  
7 established by rule.

8 (3) Except as otherwise required by law, the office shall direct  
9 the lead organization and the data vendor to maintain the  
10 confidentiality of claims or other data it collects for the database  
11 that include ((direct and)) proprietary financial information, direct  
12 patient identifiers, indirect patient identifiers, or any combination  
13 thereof. Any ((agency, researcher, or other person)) entity that  
14 receives claims or other data ((under this section containing direct  
15 or indirect patient identifiers)) must also maintain confidentiality  
16 and may ((not)) only release such claims ((or other data except as  
17 consistent with this section. The office shall oversee the lead  
18 organization's release of data as follows)) data or any part of the  
19 claims data if:

20 (a) The claims data does not contain proprietary financial  
21 information, direct patient identifiers, indirect patient  
22 identifiers, or any combination thereof; and

23 (b) The release is described and approved as part of the request  
24 in subsection (1) of this section.

25 (4) The lead organization shall, in conjunction with the office  
26 and the data vendor, create and implement a process to govern levels  
27 of access to and use of data from the database consistent with the  
28 following:

29 (a) Claims or other data that include ((direct or)) proprietary  
30 financial information, direct patient identifiers, indirect patient  
31 identifiers, ((as specifically defined in rule,)) unique identifiers,  
32 or any combination thereof may be released only to the extent such  
33 information is necessary to achieve the goals of this chapter set  
34 forth in RCW 43.371.020(1) to((+)

35 (i) Federal, state, and local government agencies upon receipt of  
36 a signed data use agreement with the office and the lead  
37 organization; and

38 (ii) researchers with approval of an institutional review board  
39 upon receipt of a signed data use and confidentiality agreement with  
40 ((the office and)) the lead organization. A researcher or research

1 organization that obtains claims data pursuant to this subsection  
2 must agree in writing not to disclose such data or parts of the data  
3 set to any other party, including affiliated entities, and must  
4 consent to the penalties associated with the inappropriate  
5 disclosures or uses of direct patient identifiers, indirect patient  
6 identifiers, or proprietary financial information adopted under RCW  
7 43.371.070(1).

8 (b) Claims or other data that do not contain direct patient  
9 identifiers, but that may contain proprietary financial information,  
10 indirect patient identifiers, unique identifiers, or any combination  
11 thereof may be released to:

12 (i) Federal, state, and local government agencies upon receipt of  
13 a signed data use agreement with the office and the lead  
14 organization. Federal, state, and local government agencies that  
15 obtain claims data pursuant to this subsection are prohibited from  
16 using such data in the purchase or procurement of health benefits for  
17 their employees; and

18 (ii) Any entity when functioning as the lead organization under  
19 the terms of this chapter.

20 (c) Claims or other data that do not contain proprietary  
21 financial information, direct patient identifiers, or any combination  
22 thereof, but that may contain indirect patient identifiers, unique  
23 identifiers, or a combination thereof may be released to agencies,  
24 researchers, and other ((persons)) entities as approved by the lead  
25 organization upon receipt of a signed data use agreement with the  
26 lead organization.

27 ((+e)) (d) Claims or other data that do not contain direct  
28 ((e)) patient identifiers, indirect patient identifiers, proprietary  
29 financial information, or any combination thereof may be released  
30 upon request.

31 ((+3)) (5) Reports utilizing data obtained under this section  
32 may not contain proprietary financial information, direct patient  
33 identifiers, indirect patient identifiers, or any combination  
34 thereof. Nothing in this subsection (5) may be construed to prohibit  
35 the use of geographic areas with a sufficient population size or  
36 aggregate gender, age, medical condition, or other characteristics in  
37 the generation of reports, so long as they cannot lead to the  
38 identification of an individual.

39 (6) Reports issued by the lead organization at the request of  
40 providers, facilities, employers, health plans, and other entities as

1 approved by the lead organization may utilize proprietary financial  
2 information to calculate aggregate cost data for display in such  
3 reports. The office shall approve by rule a format for the  
4 calculation and display of aggregate cost data consistent with this  
5 chapter that will prevent the disclosure or determination of  
6 proprietary financial information. In developing the rule, the office  
7 shall solicit feedback from the stakeholders, including those listed  
8 in RCW 43.371.020(5)(h), and must consider, at a minimum, data  
9 presented as proportions, ranges, averages, and medians, as well as  
10 the differences in types of data gathered and submitted by data  
11 suppliers.

12 (7) Recipients of claims or other data under subsection ((2)(a)  
13 or (b)) (4) of this section must agree in a data use agreement or a  
14 confidentiality agreement to, at a minimum:

15 (a) Take steps to protect data containing direct ((and)) patient  
16 identifiers, indirect patient ((identifying)) identifiers,  
17 proprietary financial information, or any combination thereof as  
18 described in the agreement; ((and))

19 (b) Not redisclose the claims data except ((as authorized in the  
20 agreement consistent with the purpose of the agreement or as  
21 otherwise required by law.

22 (4) Recipients of the claims or other data under subsection  
23 (2)(b) of this section must not attempt to determine the identity of  
24 persons whose information is included in the data set or use the  
25 claims or other data in any manner that identifies the individuals or  
26 their families.

27 (5) For purposes of this section, the following definitions apply  
28 unless the context clearly requires otherwise.

29 (a) "Direct patient identifier" means information that identifies  
30 a patient.

31 (b) "Indirect patient identifier" means information that may  
32 identify a patient when combined with other information)) pursuant to  
33 subsection (3) of this section;

34 (c) Not attempt to determine the identity of any person whose  
35 information is included in the data set or use the claims or other  
36 data in any manner that identifies any individual or their family or  
37 attempt to locate information associated with a specific individual;

38 (d) Destroy or return claims data to the lead organization at the  
39 conclusion of the data use agreement; and

1 (e) Consent to the penalties associated with the inappropriate  
2 disclosures or uses of direct patient identifiers, indirect patient  
3 identifiers, or proprietary financial information adopted under RCW  
4 43.371.070(1).

5 **Sec. 6.** RCW 43.371.060 and 2014 c 223 s 14 are each amended to  
6 read as follows:

7 (1)(a) Under the supervision of and through contract with the  
8 office, the lead organization shall prepare health care data reports  
9 using the database and the statewide health performance and quality  
10 measure set(~~(, including only those measures that can be completed~~  
11 ~~with readily available claims data)~~). Prior to the lead organization  
12 releasing any health care data reports that use claims data, the lead  
13 organization must submit the reports to the office for review (~~and~~  
14 ~~approval~~)).

15 (b) By October 31st of each year, the lead organization shall  
16 submit to the director a list of reports it anticipates producing  
17 during the following calendar year. The director may establish a  
18 public comment period not to exceed thirty days, and shall submit the  
19 list and any comment to the appropriate committees of the legislature  
20 for review.

21 (2)(a) Health care data reports that use claims data prepared by  
22 the lead organization (~~that use claims data must assist~~) for the  
23 legislature and the public (~~with~~) should promote awareness and  
24 (~~promotion of~~) transparency in the health care market by reporting  
25 on:

26 (i) Whether providers and health systems deliver efficient, high  
27 quality care; and

28 (ii) Geographic and other variations in medical care and costs as  
29 demonstrated by data available to the lead organization.

30 (b) Measures in the health care data reports should be stratified  
31 by demography, income, language, health status, and geography when  
32 feasible with available data to identify disparities in care and  
33 successful efforts to reduce disparities.

34 (c) Comparisons of costs among providers and health care systems  
35 must account for differences in (~~acuity~~) the case mix and severity  
36 of illness of patients and populations, as appropriate and feasible,  
37 and must take into consideration the cost impact of subsidization for  
38 uninsured and (~~governmental~~) government-sponsored patients, as well  
39 as teaching expenses, when feasible with available data.

1 (3) The lead organization may not publish any data or health care  
2 data reports that:

3 (a) Directly or indirectly identify individual patients;

4 (b) ~~((Disclose specific terms of contracts, discounts, or fixed  
5 reimbursement arrangements or other specific reimbursement  
6 arrangements between an individual provider and a specific payer))~~  
7 Disclose a carrier's proprietary financial information; or

8 (c) Compare~~((s))~~ performance in a report generated for the  
9 general public that includes any provider in a practice with fewer  
10 than ~~((five))~~ four providers.

11 (4) The lead organization may not release a report that compares  
12 and identifies providers, hospitals, or data suppliers unless ~~((it))~~:

13 (a) It allows the data supplier, the hospital, or the provider to  
14 verify the accuracy of the information submitted to the ~~((lead  
15 organization))~~ data vendor, comment on the reasonableness of  
16 conclusions reached, and submit to the lead organization and data  
17 vendor any corrections of errors with supporting evidence and  
18 comments within ~~((forty-five))~~ thirty days of receipt of the report;  
19 ~~((and))~~

20 (b) It corrects data found to be in error within a reasonable  
21 amount of time; and

22 (c) The report otherwise complies with this chapter.

23 (5) The office and the lead organization may use claims data to  
24 identify and make available information on payers, providers, and  
25 facilities, but may not use claims data to recommend or incentivize  
26 direct contracting between providers and employers.

27 (6)(a) The lead organization shall ~~((ensure that no individual  
28 data supplier comprises more than twenty-five percent of the claims  
29 data used in any report or other analysis generated from the  
30 database. For purposes of this subsection, a "data supplier" means a  
31 carrier and any self-insured employer that uses the carrier's  
32 provider contracts))~~ distinguish in advance to the office when it is  
33 operating in its capacity as the lead organization and when it is  
34 operating in its capacity as a private entity. Where the lead  
35 organization acts in its capacity as a private entity, it may only  
36 access data pursuant to RCW 43.371.050(4) (c) or (d).

37 (b) Except as provided in RCW 43.371.050(4), claims or other data  
38 that contain direct patient identifiers or proprietary financial  
39 information must remain exclusively in the custody of the data vendor  
40 and may not be accessed by the lead organization.

1       **Sec. 7.** RCW 43.371.070 and 2014 c 223 s 15 are each amended to  
2 read as follows:

3       (1) The director shall adopt any rules necessary to implement  
4 this chapter, including:

5       (a) Definitions of claim and data files that data suppliers must  
6 submit to the database, including: Files for covered medical  
7 services, pharmacy claims, and dental claims; member eligibility and  
8 enrollment data; and provider data with necessary identifiers;

9       (b) Deadlines for submission of claim files;

10       (c) Penalties for failure to submit claim files as required;

11       (d) Procedures for ensuring that all data received from data  
12 suppliers are securely collected and stored in compliance with state  
13 and federal law; (~~and~~)

14       (e) Procedures for ensuring compliance with state and federal  
15 privacy laws;

16       (f) Procedures for establishing appropriate fees;

17       (g) Procedures for data release; and

18       (h) Penalties associated with the inappropriate disclosures or  
19 uses of direct patient identifiers, indirect patient identifiers, and  
20 proprietary financial information.

21       (2) The director may not adopt rules, policies, or procedures  
22 beyond the authority granted in this chapter.

23       NEW SECTION.   **Sec. 8.** A new section is added to chapter 43.371  
24 RCW to read as follows:

25       (1) By December 1st of 2016 and 2017, the office shall report to  
26 the appropriate committees of the legislature regarding the  
27 development and implementation of the database, including but not  
28 limited to budget and cost detail, technical progress, and work plan  
29 metrics.

30       (2) Every two years commencing two years following the year in  
31 which the first report is issued or the first release of data is  
32 provided from the database, the office shall report to the  
33 appropriate committees of the legislature regarding the cost,  
34 performance, and effectiveness of the database and the performance of  
35 the lead organization under its contract with the office. Using  
36 independent economic expertise, subject to appropriation, the report  
37 must evaluate whether the database has advanced the goals set forth  
38 in RCW 43.371.020(1), as well as the performance of the lead  
39 organization. The report must also make recommendations regarding but

1 not limited to how the database can be improved, whether the contract  
2 for the lead organization should be modified, renewed, or terminated,  
3 and the impact the database has had on competition between and among  
4 providers, purchasers, and payers.

5 (3) Beginning July 1, 2015, and every six months thereafter, the  
6 office shall report to the appropriate committees of the legislature  
7 regarding any additional grants received or extended.

8 NEW SECTION. **Sec. 9.** If any provision of this act or its  
9 application to any person or circumstance is held invalid, the  
10 remainder of the act or the application of the provision to other  
11 persons or circumstances is not affected.

--- END ---