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**SUBSTITUTE SENATE BILL 5523**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Braun, Rivers, and Frockt)

AN ACT Relating to improving managed care organization performance in caring for medicaid clients; amending RCW 74.09.605; adding a new section to chapter 74.09 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  (1) The legislature finds that the state of Washington has substantial public interest in the quality, price, and cost of health care, and ensuring that managed care organizations are delivering quality health care. Oversight of performance management of managed care organizations providing health care services to medicaid clients contracted by the health care authority is necessary in order to provide accountability for state purchased health care.

(2) The legislature further finds that health care costs are rising, and that containing health care costs while ensuring positive health outcomes, appropriate performance management, and accountability for dollars spent on state purchased health care is essential. The legislature must hold both the health care authority and the managed care organizations that provide services to medicaid clients accountable for performance and performance improvement.

(3) The legislature therefore intends to ensure medicaid clients receive appropriate care in the right setting, at the right time, for the right cost, by providing appropriate oversight for performance management and accountability for state purchased health care.

**Sec.**  RCW 74.09.605 and 2013 c 320 s 7 are each amended to read as follows:

(1) The authority shall incorporate the expected outcomes and criteria to measure the performance of service coordination organizations as provided in chapter 70.320 RCW into contracts with managed care organizations that provide services to clients under this chapter.

(2)(a) The authority shall contract with an external quality improvement organization to annually analyze the performance of managed care organizations providing services to clients under this chapter in comparison to managed care organizations in other states, based on performance outcomes.

(b) The analysis required under this subsection must compare managed care organization performance in Washington against managed care organization performance in the other states, under four categories:

(i) Access to care;

(ii) Preventative care;

(iii) Chronic care management; and

(iv) Medical care utilization.

(c) Beginning November 15, 2019, and annually thereafter, the external quality improvement organization must report its findings to the authority, the governor, and the legislature.

(3)(a) Beginning in plan year 2020, four percent of the total plan year funding appropriated to each managed care organization that provides services to clients under this chapter shall be made contingent on the external quality improvement organization finding that:

(i) The managed care organization is performing at or above the national average for each of the performance measure categories reviewed pursuant to subsection (2) of this section; or

(ii) The managed care organization made statistically significant improvements on performance in the performance measure categories reviewed pursuant to subsection (2) of this section in relation to the managed care organization's performance in the prior year.

(b) For each of the four performance measure categories reviewed pursuant to subsection (2) of this section that a managed care organization preforms at or below the national average during a plan year and did not make statistically significant improvements on its performance based on the prior year, the managed care organization must remit one percent of the managed care organization's appropriated funding for that plan year back to the authority. The authority shall notify managed care organizations of any required remissions of funding for the preceding plan year no later than January 30th of each year.

(c) The authority may waive the requirement of a managed care organization to remit funding back to the authority pursuant to (b) of this subsection, if the managed care organization demonstrates to the authority adequate reasons for missing the performance measure targets and a plan to achieve the performance measure targets in the new plan year. Managed care organizations have sixty days following notice of a required remission from the authority to provide the authority with a response.

(4) For the purposes of this section, "external quality improvement organization" means an organization that meets the competence and independence requirements under 42 C.F.R. Sec. 438.354, as it existed on the effective date of this section.

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

(1) Beginning January 1, 2020, and annually thereafter, each managed care organization that provides services to clients under this chapter shall report the following information, by age and gender, where appropriate, reflective of the prior plan year, to the authority:

(a) The number of clients enrolled with the managed care organization;

(b) The number and percentage of clients who received an annual preventative screening;

(c) The number and percentage of clients who received childhood immunizations, according to standard immunization recommendations;

(d) The number and percentage of clients over the age of seventeen who received immunizations, according to standard immunization recommendations; and

(e) The number and percentage of male clients who received a prostate cancer screening.

(2) By January 1, 2020, each managed care organization that provides services to clients under this chapter shall report the following information to the authority, where available, for the managed care organization's overall book of business for Washington state, for the three plan years prior to contracting with the authority for managed care, by age and gender:

(a) The number and percentage of clients who received childhood immunizations, according to standard immunization recommendations; and

(b) The number and percentage of clients over the age of seventeen who received immunizations, according to standard immunization recommendations.

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