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**SUBSTITUTE SENATE BILL 6522**

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**State of Washington**

**61st Legislature**

**2010 Regular Session**

**By** Senate Health & Long-Term Care (originally sponsored by Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt, and Shin)

READ FIRST TIME 02/03/10.

1           AN ACT Relating to establishing the accountable care organization  
2 pilot projects; adding a new section to chapter 70.54 RCW; and creating  
3 a new section.

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

5           NEW SECTION.    **Sec. 1.**    (1)(a) The legislature finds that a  
6 necessary component of bending the health care cost curve is innovative  
7 payment and practice reforms that capitalize on current incentives and  
8 create new incentives in the delivery system to further the goals of  
9 increased quality, accessibility, and affordability.

10           (b) The legislature further finds that accountable care  
11 organizations have received significant attention in the recent health  
12 care reform debate and have been found by the congressional budget  
13 office to be one of the few comprehensive reform models that can be  
14 relied on to reduce costs.

15           (c) The legislature further finds that accountable care  
16 organizations present an intriguing path forward on reform that builds  
17 on current provider referral patterns and offers shared savings  
18 payments to providers willing to be held accountable for quality and  
19 costs.

1 (d) The legislature further finds that the accountable care  
2 organization framework offers a basic method of decoupling volume and  
3 intensity from revenue and profit and is thus a crucial step toward  
4 achieving a truly sustainable health care delivery system.

5 (2) The legislature declares that collaboration among public  
6 payors, private health carriers, third-party purchasers, health care  
7 delivery systems, and providers to identify appropriate reimbursement  
8 methods to align incentives in support of accountable care  
9 organizations is in the best interest of the public. The legislature  
10 therefore intends to exempt from state antitrust laws, and to provide  
11 immunity from federal antitrust laws through the state action doctrine,  
12 for activities undertaken pursuant to pilots designed and implemented  
13 under section 2 of this act that might otherwise be constrained by such  
14 laws. The legislature does not intend and does not authorize any  
15 person or entity to engage in activities or to conspire to engage in  
16 activities that would constitute per se violations of state and federal  
17 antitrust laws including, but not limited to, agreements among  
18 competing health care providers or health carriers as to the price or  
19 specific level of reimbursement for health care services.

20 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.54 RCW  
21 to read as follows:

22 (1) The administrator shall appoint a lead organization by January  
23 1, 2011, to support at least one integrated health care delivery system  
24 and one network of nonintegrated community health care providers in  
25 establishing two distinct accountable care organization pilot projects.  
26 The intent is that at least two accountable care organization pilot  
27 projects be in the process of implementation no later than January 1,  
28 2012. In order to obtain expert guidance and consultation in design  
29 and implementation of the pilots, the lead organization shall contract  
30 with a recognized national learning collaborative with a reputable  
31 research organization having expertise in the development and  
32 implementation of accountable care organizations and payment systems.

33 (2) The lead organization designated by the administrator under  
34 this section shall:

35 (a) Be representative of health care providers and payors across  
36 the state;

1 (b) Have expertise and knowledge in medical payment and practice  
2 reform;

3 (c) Be able to support the costs of its work without recourse to  
4 state funding. The administrator and the lead organization are  
5 authorized and encouraged to seek federal funds, as well as solicit,  
6 receive, contract for, collect, and hold grants, donations, and gifts  
7 to support the implementation of this section and may scale back  
8 implementation to fall within resulting resource parameters;

9 (d) In collaboration with the health care authority, identify and  
10 convene work groups, as needed, to accomplish the goals of this act;  
11 and

12 (e) Submit regular reports to the administrator on the progress of  
13 implementing the requirements of this act.

14 (3) As used in this section, an "accountable care organization" is  
15 an entity that enables networks consisting of health care providers or  
16 a health care delivery system to become accountable for the overall  
17 costs and quality of care for the population they jointly serve and to  
18 share in the savings created by improving quality and slowing spending  
19 growth while relying on the following principles:

20 (a) Local accountability:

21 (i) Accountable care organizations must be composed of local  
22 delivery systems; and

23 (ii) Accountable care organizations spending benchmarks must make  
24 the local system accountable for cost, quality, and capacity;

25 (b) Appropriate payment models:

26 (i) Accountable care organizations with expenditures below  
27 benchmarks are recognized and rewarded with appropriate financial  
28 incentives.

29 (ii) Payment models have financial incentives that allow  
30 stakeholders to make investments that improve care and slow cost growth  
31 such as health information technology;

32 (c) Performance measurement:

33 (i) Measurement is essential to ensure that appropriate care is  
34 being delivered and that cost savings are not the result of limiting  
35 necessary care.

36 (ii) Accountable care organizations must report patient experience  
37 data in addition to clinical process and outcome measures.

1           (4) The lead organization, subject to available resources, shall  
2 research other opportunities to establish accountable care organization  
3 pilot projects, which may become available through participation in a  
4 demonstration project in medicaid, payment reform in medicare, national  
5 health care reform, or other federal changes that support the  
6 development of accountable care organizations.

7           (5) The lead organization, subject to available resources, shall  
8 coordinate the accountable care organization selection process with the  
9 primary care medical home reimbursement pilot projects established in  
10 RCW 70.54.380 and the ongoing department of health medical home  
11 collaborative under section 2, chapter 295, Laws of 2008, as well as  
12 other private and public efforts to promote adoption of medical homes  
13 within the state.

14           (6) The lead organization shall make a report to the health care  
15 committees of the legislature, by January 1, 2013, on the progress of  
16 the accountable care organization pilot projects, recommendations about  
17 further expansion, and needed changes to the statute to more broadly  
18 implement and oversee accountable care organizations in the state.

19           (7) As used in this section, "administrator," "health care  
20 provider," "lead organization," and "payor" have the same meaning as  
21 provided in RCW 41.05.036.

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