Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

HB 1276

Brief Description: Creating a pilot project to test a three-part aim solution that improves health and health care in a manner that lowers overall health care costs in a normally distributed population.

Sponsors: Representatives Rodne and Haler.

Brief Summary of Bill

- Requires the Health Care Authority to conduct a pilot project involving a three-part aim solution that improves health and health care in a manner that lowers overall health care costs.

Hearing Date: 1/27/17

Staff: Jim Morishima (786-7191).

Background:

The Public Employees Benefits Board (PEBB), an entity within the Health Care Authority (HCA), develops benefit plans, forms benefit contracts, develops participation rules, and approves rate and premium schedules for state employees and their covered dependents. One of the benefit plans designed by the PEBB is the Uniform Medical Plan (UMP). The UMP is a self-insured preferred provider organization and is administered by a third party administrator, Regence Blue Shield. Enrollees in the UMP are eligible for financial incentives for wellness activities, but there are no encounter-based financial incentive programs for providers.

The Uniform Medical Plan Benefits Administrative Account is a non-appropriated account containing receipts from amounts due from, or on behalf of, UMP enrollees for expenditures related to benefits administration. Moneys in the account may only be used for contracted expenditures for UMP claims administration, data analysis, utilization management, preferred provider administration, activities related to benefits administration where the level of services provided pursuant to a contract fluctuate as a direct result of changes in UMP enrollment, and

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administrative activities required to respond to new and unforeseen conditions that impact the UMP.

Summary of Bill:

The HCA must conduct a pilot project for enrollees in the UMP to test a three-part aim solution (TPAS) that improves health and health care in a manner that lowers overall costs in a normally distributed population. At a minimum, the TPAS must:

- offer financial incentives to providers and patients for declaring and demonstrating to one another adherence to best clinical practices and healthy behaviors;
- incorporate evidence-based medicine treatment guidelines and information therapy (providing a patient with the right educational material at the right time so the patient can make an informed health decision);
- be voluntary on an encounter-by-encounter basis;
- compensate providers for declaring to their patients their adherence or reasons for non-adherence to evidence-based medicine treatment guidelines and for providing relevant educational materials as information to their patients;
- offer a financial reward to the patient for responding to the delivery of information therapy by:
    - demonstrating an understanding of his or her condition and recommended care;
    - declaring or demonstrating adherence or providing a reason for non-adherence to recommended care;
    - agreeing to allow the provider to view the patient's responses and acknowledge the patient's health accomplishments; and
    - rating the quality of care provided to the patient against the treatment guidelines and recommended care;
- be delivered through an internet application that facilitates the solution's objectives and provides features such as scalability, accessibility, ease of use, documentation of provider and patient activity, and the overall administration of the solution; and
- allow the provider and patient to earn additional financial incentives by applying the TPAS to wellness, prevention, and care management regimens, such as health risk assessments and screenings, smoking cessation, weight loss and fitness programs, and disease management.

The HCA must conduct a matched cohort study to determine the cost containment capabilities of the TPAS. The pilot and the matched cohort study must:

- commence at the beginning of the 2018 plan year and continue at least two years;
- involve an intervention group consisting of a subset of UMP enrollees to be covered by the TPAS that is matched to the UMP's overall population in terms of age, gender, and other pertinent and accessible variables. The intervention group must consist of a population determined by the Board to be statistically significant, but not less than 25 percent of the total number of UMP beneficiaries; and
- compare the overall annual per member health care costs of the intervention group, including the costs of the TPAS, to the overall annual per member health care costs of the control group consisting of a matched population of the UMP beneficiaries not covered by the TPAS.

The HCA must contract with a vendor that offers a TPAS meeting the requirements of the pilot. The vendor must have at least a five-year track record of delivering its TPAS and must be willing to subject its TPAS to a publicly conducted, matched cohort study.

The HCA must provide the vendor with the necessary support and access to pilot project data. The pilot project data must be collected and analyzed by an independent evaluator that is acceptable to the vendor and a recognized expert in the area of health reform research and matched cohort studies. The evaluator must compare the intervention group's results with the control group's results. The evaluator must report its findings to the HCA and the vendor at least annually and within six months of the pilot's anniversary and must submit a final report within six months of the pilot's conclusion. The final report must address the financial sustainability of the TPAS, its effectiveness in controlling costs, and other relevant objectives. The HCA must submit the pilot project reports, with commentary by the HCA and the vendor, to the Governor, the Legislature, and the Public Employees' Benefit Board (PEBB) within 30 days of receipt from the evaluator.

Unless disapproved by the Governor, the HCA must expand the TPAS to cover all UMP enrollees for at least three years if the evaluator's analysis determines that the TPAS controls costs enough to at least achieve self-funding.

The HCA must use funds from the UMP Benefits Administration Account for the cost of the pilot project and may not pass the cost on to participating agencies, other entities participating in the PEBB, or providers.

Appropriation: None.

Fiscal Note: Requested on January 17, 2017.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.