

SSB 5523 - S AMD 400
By Senator Braun

ADOPTED 03/13/2019

1 Strike everything after the enacting clause and insert the
2 following:

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

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

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

22 **Sec. 2.** RCW 74.09.605 and 2013 c 320 s 7 are each amended to
23 read as follows:

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

29 (2)(a) The authority shall contract with an external quality
30 improvement organization to annually analyze the performance of
31 managed care organizations providing services to clients under this

1 chapter based on seven performance measures. The analysis required
2 under this subsection must:

3 (i) Measure managed care performance in three common measures
4 across each managed care organization, including:

5 (A) At least one common measure must be weighted towards having
6 the potential to impact managed care costs; and

7 (B) At least one common measure must be weighted towards
8 population health management, as defined by the measure; and

9 (ii) Measure managed care performance in an additional four
10 quality focus performance measures specific to a managed care
11 organization. Quality focus performance measures chosen by the
12 authority must:

13 (A) Be chosen from the total measures the managed care
14 organizations are required to report;

15 (B) Reflect specific measures where a managed care organization
16 has poor performance; and

17 (C) Be substantive and clinically meaningful in promoting health
18 status.

19 (b) By September 1, 2019, the authority shall set the three
20 common measures to be analyzed across all managed care organizations.

21 (c) By September 1, 2019, and every three years thereafter, the
22 authority shall set four quality focus performance measures specific
23 to each managed care organization. The authority must determine
24 performance measures for each managed care organization based on the
25 criteria established in (a)(ii) of this subsection.

26 (d) By September 15, 2019, and annually thereafter, the authority
27 shall notify each managed care organization of the performance
28 measures for the organization for the subsequent plan year.

29 (3)(a) Beginning in plan year 2020, three percent of the total
30 plan year funding appropriated to each managed care organization that
31 provides services to clients under this chapter shall be withheld.
32 Each managed care organization may earn back the annual withhold if
33 the external quality improvement organization finds that the managed
34 care organization:

35 (i) Made statistically significant improvement in the seven
36 performance measures as compared to the preceding plan year; or

37 (ii) Scored in the top quartile of the performance measures.

38 (b) The amount of withhold annually paid to each managed care
39 organization shall be proportional to findings of statistically

1 significant improvement or top quartile scoring by a managed care
2 organization.

3 (c) For no more than two of the four quality focus performance
4 measures in the first three years under this act, the authority may
5 use an alternate methodology to approximate top quartile performance
6 where top quartile performance data is unavailable.

7 (4) For the purposes of this section, "external quality
8 improvement organization" means an organization that meets the
9 competence and independence requirements under 42 C.F.R. Sec.
10 438.354, as it existed on the effective date of this section.

11 NEW SECTION. Sec. 3. A new section is added to chapter 74.09
12 RCW to read as follows:

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

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

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

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

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

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

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

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

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

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4 On page 1, line 2 of the title, after "clients;" strike the
5 remainder of the title and insert "amending RCW 74.09.605; adding a
6 new section to chapter 74.09 RCW; and creating a new section."

EFFECT: (1) Requires Managed Care Organizations (MCOs) to be measured based on 7 total performance measures, as opposed to under four general categories.

(2) Requires MCOs to be measured based on 3 common measures across all MCOs, and 4 quality focus performance measures specific to that individual MCO.

(3) Adjusts the total withhold for each MCO from 4 percent, to 3 percent.

(4) Adjusts how an MCO may earn back the withhold: Instead of performing at or above the national average, or making statistically significant improvements on performance, an MCO must either make statistically significant improvement or score in the top quartile of the performance measure.

(5) Permits HCA to use an alternative methodology to approximate top quartile performance for up to 2 of the 4 quality focus performance measures.

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