
**Innovation, Technology & Economic
Development Committee**

ESSB 5741

Brief Description: Making changes to support future operations of the state all payer claims database by transferring the responsibility to the health care authority, partnering with a lead organization with broad data experience, including with self-insured employers, and other changes to improve and ensure successful and sustainable database operations for access to and use of the data to improve health care, providing consumers useful and consistent quality and cost measures, and assess total cost of care in Washington state.

Sponsors: Senate Committee on Health & Long Term Care (originally sponsored by Senators Keiser, Rivers, Frockt and Mullet; by request of Office of Financial Management and Health Care Authority).

Brief Summary of Engrossed Substitute Bill

- Transfers authority of the statewide, all-payer health care claims database (APCD) from the Office of Financial Management (OFM) to the Washington State Health Care Authority (HCA) on January 1, 2020.
- Requires the OFM to convene a state agency coordinating structure to assess and improve APCD performance.
- Modifies the procurement process for selecting a lead organization to coordinate and manage the APCD.
- Changes certain release of claims data and APCD management requirements.

Hearing Date: 3/26/19

Staff: Kyle Raymond (786-7190).

Background:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

In 2014 the Legislature directed the Office of Financial Management (OFM) to establish a statewide all-payer health care claims database (APCD) to support transparent public reporting of health care information.

Lead Organization.

The OFM Director is required to select a lead organization to coordinate and manage the APCD. The lead organization is responsible for internal governance, management, funding, and operations of the database. At the direction of the OFM, the lead organization works with the data vendor to collect claims data, design data collection mechanisms, ensure protection of the data, provide reports from the database, develop protocols and policies, develop a plan for financial sustainability, charge fees for reports and data files, and convene advisory committees.

The OFM must initiate a competitive procurement process to select a lead organization, and the lead organization's proposal must be awarded additional scoring evaluation points for the organization's:

- degree of relevant experience in health care data collection, analysis, analytics, and security;
- long-term self-sustainable financial model;
- experience convening and effectively engaging stakeholders to develop reports;
- experience meeting budget and timelines for report generations; and
- ability to combine cost and quality data.

The lead organization must enter into a contract with a data vendor to perform data collection, processing, aggregation, extracts, and analytics.

In July 2016 the OFM Director selected the Center for Health Systems Effectiveness (CHSE) at Oregon Health and Science University as the lead organization and Onpoint Health as the data vendor to coordinate and manage the APCD.

Claims Data Management.

Data Submission. Data suppliers must submit claims data to the APCD within an established time frame. The state Medicaid program, the Public Employees' Benefits Board program, state health carriers, third-party administrators, and the Department of Labor and Industries must submit their claims data to the database, and the CHSE must submit an annual status report to the OFM regarding their compliance. Claims data consists of all data required to be submitted to the database, which includes billed amounts, allowed amounts, paid amounts, and additional information defined in rule.

Database Funding. The CHSE, in conjunction with Onpoint Health, is required to develop a financial sustainability plan for the APCD, and the database must be self-sustaining. The CHSE is permitted to charge providers or other data suppliers fees directly related to data files.

Release of Claims Data. Data from the APCD is available for retrieval by public and private requesters, and requested data must be made available within a reasonable time after the request. Requests for claims data must include information about: the requester's identity; the purpose for the request; the proposed methodology with specific variables intended for use; the requester intended data handling practices and safety measures; the data privacy and confidentiality protection; and consent to penalties for inappropriate disclosures or uses of direct patient

identifiers and proprietary financial information. The requesters must also include a description of the method by which the data will be stored, destroyed, or returned to the CHSE at the conclusion of the data agreement.

The CHSE may deny a request for data if the request does not include the required information or meet established criteria. In conjunction with the OFM and the data vendor, the CHSE must develop a process to govern levels of access to, as well as and use of, data. Data that includes proprietary financial information, direct patient identifiers, or indirect patient identifiers may only be released to researchers to the extent necessary to achieve the goals of the APCD. The OFM is required to adopt procedures for data release, penalties associated with inappropriate disclosures, and uses of patient identifiers and proprietary financial information.

Confidentiality. The CHSE and the data vendor must maintain confidentiality of claims or other data it collects, and confidentiality extends to any entity that receives data. Data recipients may only release data approved as part of the data request, which must not include proprietary financial information, direct patient identifiers, or indirect patient identifiers. Recipients of data must agree to the conditions in a data use or confidentiality agreement.

Reporting Requirements.

Under the supervision of the OFM, the CHSE is required to prepare data reports using the APCD and the Statewide Health Performance and Quality Measure to promote awareness and transparency in the health care market. The CHSE must submit a list of reports it anticipates producing during the following year to the OFM, who must submit the report to the Legislature with public comment.

The OFM is required to submit a report to the Legislature every six months detailing all grants it receives or extends. The OFM must also report the cost, performance, and effectiveness of the APCD and the performance of the CHSE to the Legislature biennially. The report must use independent economic expertise to evaluate the lead organization's performance and whether the APCD has advanced its stated goals. The report must also make recommendations on: (1) how the database could be improved; (2) whether the contract with the lead organization should be modified, renewed, or terminated; and (3) the impact the database has had on competition.

Summary of Bill:

Statewide Health Care Database Transfer.

The Office of Financial Management (OFM) must transfer authority and oversight of the statewide, all-payer health care claims database (APCD) to the Washington State Health Care Authority (HCA) on January 1, 2020. The OFM and the HCA are required to develop a transition plan by July 1, 2019, that sustains operations.

The OFM must deliver all materials necessary for the HCA to transfer the database, including reports, documents, records, and other written materials. All OFM funds, credits, or specific appropriations that are solely for the purpose of coordinating or managing the APCD must be assigned to the HCA.

The HCA will continue to act on all OFM rules, pending business, and existing contracts and obligations. The transfer of the powers, duties, and functions to the HCA does not affect the validity of any OFM act performed.

The OFM Director must make final determination on any questions that arise related to the APCD transfer, and the OFM Director must also certify any budgeted fund allotments required as a result of the transfer to the agencies affected, the Washington State Auditor, and the Office of the State Treasurer.

The HCA maintains the OFM requirement to biennially report the cost, performance, and effectiveness of the APCD and the lead organization's performance under its contract with the HCA. The HCA grant reporting requirement to the Legislature is extended from six months to one year.

Lead Organization Procurement.

The HCA's procurement process for selecting a lead organization to coordinate and manage the database is modified to:

- authorize the lead organization to contract with multiple data vendors; and
- require the HCA to give strong consideration to, rather than award extra evaluation points for, the lead organization's procurement criteria.

In conducting the procurement process, the HCA must ensure that no officer or employee participating in the procurement process: (1) has a conflict with the proper discharge of their duties; or (2) is a member of a bidding organization's board of directors, advisory committee, or similar group. Any officer or employee with a prohibited relationship must withdraw from the procurement process.

Claims Data Management.

Any claims data collected in the database is owned by the state. Data ownership cannot be transferred to the lead organization or the data vendor through a contract.

The lead organization may not publish any Medicaid data that is in conflict with the biannual Medicaid forecast.

Data Submission. The School Employees Benefit Board (SEBB) is added to the list of entities that must provide data to the APCD, requiring the SEBB to submit claims data beginning July 1, 2020.

Database Funding. The requirement that the financial sustainability plan be self-sustaining is removed. Instead, the plan must be reasonable and customary as compared to other states' databases.

Release of Claims Data. Claims or data recipients are required to destroy the data they obtain at the conclusion of the data agreement. The release of claims requirement for requesters to identify the method by which data will be sorted and returned is removed. Claims or other data that do not contain direct patient identifiers, but that may contain proprietary information, indirect patient identifiers, and unique identifiers may be released to the Washington Health

Benefit Exchange upon receipt of a signed data use agreement with the HCA and the lead organization, as directed by HCA rules.

The HCA must adopt rules to establish a minimum threshold below which the data supplier is not required to submit data.

The lead organization and the HCA must provide any person or entity with a signed data use agreement in effect on June 1, 2019 with an option to extend the agreement through June 30, 2020. The fee schedule is maintained for any person or entity that chooses to extend the data use agreement

State Agency Coordinating Structure.

The OFM must convene a state agency coordinating structure to assess and improve APCD performance by state agencies and other data users. The structure must consist of state agencies with related data needs, as well as the Washington Health Benefit Exchange, to ensure effectiveness of the database and the agencies' program. The structure must consult with the OFM in developing APCD policies and rules, including ensuring agency access to the database. The coordinating structure must also collaborate, both publicly and privately, with the lead organization and other partners, including Accountable Communities of Health.

The OFM must participate as a key part of the coordinating structure and evaluate progress towards meeting the APCD's goals. The OFM may recommend strategies for maintaining and promoting the progress of the database as needed and report its findings to the Legislature annually. The OFM must have all necessary access to APCD processes, procedures, methodologies, and outcomes to perform these functions. The annual review shall, at a minimum, assess the:

- list of approved agency case projects and related data requirements;
- successful and unsuccessful data requests and outcomes related to health researchers;
- online data portal access and effectiveness related to research requests and data provider review and reconsideration;
- adequacy of data security and the consistency of security policy with the Office of the Chief Information Officer;
- timeliness, adequacy, and responsiveness of the database requests; and
- potential improvements in data sharing, data processing, and communication.

The OFM and the HCA must jointly develop an effectiveness review process for the HCA Statewide Common Measure Set, and the OFM may make recommendations for improvements, as needed.

Appropriation: None.

Fiscal Note: Available for Substitute Senate Bill 5741. New fiscal note requested on March 20th, 2019.

Effective Date: The bill contains an emergency clause and takes effect immediately.