

FINAL BILL REPORT

2ESHB 1508

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Synopsis as Enacted

Brief Description: Improving consumer affordability through the health care cost transparency board.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Macri, Riccelli, Simmons, Fitzgibbon, Berry, Alvarado, Bateman, Ormsby, Doglio, Reed, Callan, Stonier, Tharinger and Bergquist).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long Term Care
Senate Committee on Ways & Means

Background:

The Health Care Cost Transparency Board (Transparency Board) was established in 2020 to analyze total health care expenditures in Washington, identify trends in health care cost growth, and establish a health care cost growth benchmark. Total health care expenditures include all health care expenditures in the state by public and private sources. Health care cost growth is a measure of the annual percentage change in total health care expenditures in the state. The health care cost growth benchmark is the target percentage for health care cost growth in the state. The Transparency Board must identify health care providers and payers that exceed the health care cost growth benchmark.

In 2023 the Transparency Board began incorporating an analysis of cost drivers into its total health care expenditure and health care cost growth benchmark determinations. The cost drivers include labor, capital costs, supply costs, uncompensated care, administrative and compliance costs, taxes, regional differences in input prices, and the availability of post-inpatient facilities.

The Transparency Board is supported by the Health Care Authority and consists of 13 voting members representing state agencies, local governments, consumers, Taft-Hartley

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health benefit plans, employers, persons who are actuaries or experts in health care economics, and an expert in health care financing. The Transparency Board has an advisory committee on data issues and an advisory committee of health care providers and carriers. The Transparency Board may establish other advisory committees.

Summary:

Health Care Cost Transparency Board Operations.

The membership of the Health Care Stakeholder Advisory Committee of the Health Care Cost Transparency Board (Transparency Board) is expanded to include:

- at least two members representing the interests of consumers, selected from a list of nominees submitted by consumer organizations;
- at least two members representing the interests of labor purchasers, selected from a list of nominees submitted by the Washington State Labor Council; and
- at least two members representing the interests of employer purchasers, including at least one small business representative, selected from a list of nominees submitted by business organizations.

Any standing advisory committees created by the Transparency Board must include members representing the interests of consumers, labor, and employer purchasers and may include others with expertise in the advisory committee's jurisdiction, such as health care providers, payers, and health care cost researchers. The Transparency Board must seek input and recommendations from relevant advisory committees.

The Transparency Board may use information received from existing data sources, such as publicly available information filed by health carriers and data collected by the Department of Health, the Washington Health Benefit Exchange, the All-Payers Claims Database, and the Prescription Drug Affordability Board. The Transparency Board may share its data with the Prescription Drug Affordability Board and other health care cost analysis efforts.

The date for submitting the Board's annual report is changed from August 1 to December 1.

Reports and Surveys.

Cost Drivers.

When analyzing the impacts of cost drivers on health care, the Transparency Board may consider the financial earnings of health care providers and payers, including information regarding profits, assets, accumulated surpluses, reserves, and investment income. In addition, the cost driver analysis may include utilization trends and adjustments for demographic changes and severity of illness as well as new state health insurance benefit mandates. The Transparency Board may consider other cost drivers that it determines are informative for determining annual total health care expenditures and establishing the annual health care cost growth limit.

Underinsurance Survey and Survey of Insurance Trends.

At least biennially, the Transparency Board must conduct:

- a survey of underinsurance among Washington residents; and
- a survey of insurance trends among employers and employees.

The Transparency Board must include the survey results in the annual report. The surveys may be conducted by the Authority, by private contract, or by arrangement with another state agency conducting a similar survey.

From the underinsurance survey, underinsurance is measured as the share of residents whose out-of-pocket costs over the prior 12 months, excluding premiums, equals:

- 10 percent or more of household income, for persons whose household income is over 200 percent of the federal poverty level;
- 5 percent or more of household income, for persons whose household income is less than 200 percent of the federal poverty level; or
- deductibles of 5 percent or more for any household income level.

The Transparency Board may implement improvements to the measure of underinsurance, such as a broader health care affordability index that considers health care expenses in the context of other household expenses.

The underinsurance survey must be designed to allow for analysis of the aggregate impact of out-of-pocket costs and premiums as well as analysis of the number of residents who delay or forgo care due to cost.

Health Care Cost Growth Benchmark Performance Hearing.

By December 1 each year, the Transparency Board must hold a public hearing related to the growth in total health care expenditures in relation to the health care cost growth benchmark in the previous year. The hearing must include the identification of any payers or health care providers that exceeded the health care cost growth benchmark. At the hearing, the Transparency Board may require payers or health care providers that have substantially exceeded the health care cost growth benchmark in the prior year to testify regarding the reasons for the excess health care cost growth and the measures being taken to stay within the limits of the health care cost growth benchmark in the future. The Transparency Board may also invite testimony from health care stakeholders and provide an opportunity for public comment. The annual report must include information about any testimony or public comments received at the hearing.

Additional Data Authority.

Information collected by the Authority related to prescription drug cost and utilization may be shared with the Transparency Board, subject to the same disclosure restrictions. The Prescription Drug Affordability Board may use data collected by the Transparency Board.

Votes on Final Passage:

House	57	38
House	94	3
Senate	45	2

Effective: June 6, 2024