

HOUSE BILL REPORT

SB 5700

As Passed House:

March 24, 2023

Title: An act relating to modernization of state health care authority-related laws.

Brief Description: Modernizing state health care authority related laws.

Sponsors: Senators Van De Wege, Cleveland and Dhingra; by request of Health Care Authority.

Brief History:

Committee Activity:

Health Care & Wellness: 3/15/23, 3/22/23 [DP].

Floor Activity:

Passed House: 3/24/23, 96-0.

Brief Summary of Bill

- Clarifies several responsibilities of the Health Care Authority related to the administration of various programs, including behavioral health programs, health care information systems, and the Health Care Cost Transparency Board.
- Corrects terminology and statutory references in several provisions related to the Health Care Authority and removes outdated reporting requirements.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 16 members: Representatives Riccelli, Chair; Bateman, Vice Chair; Schmick, Ranking Minority Member; Hutchins, Assistant Ranking Minority Member; Barnard, Bronoske, Davis, Graham, Harris, Macri, Mosbrucker, Orwall, Simmons, Stonier, Thai and Tharinger.

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

Staff: Christopher Blake (786-7392).

Background:

The Washington State Health Care Authority (Authority) is an executive branch agency led by a director that is appointed by the Governor. The primary duties of the Authority relate to the administration of insurance benefits for state and school employees, retirees, and their dependents; administering medical assistance programs for eligible low-income residents; and overseeing cost-containment initiatives in state-purchased health care.

The Authority administers benefits plans, forms benefits contracts, develops participation rules, and, through the Public Employees' Benefits Board (PEBB), approves schedules of rates and premiums for active state employees and retired participants. The members of the PEBB vote to approve contracts and benefits for the PEBB program. Since January 1, 2020, all school districts, educational service districts, and charter schools have been required to provide health care and related benefits to employees through the School Employees' Benefits Board program, administered by the Authority.

The Authority administers the Medicaid program which is a state-federal program that pays for health care for low-income state residents who meet certain eligibility criteria. Federal law requires each state that participates in Medicaid to designate a single state agency responsible for administration and supervision of the state's Medicaid program. Since 2011, in Washington, that agency has been the Authority. The Authority primarily administers the Medicaid program through contracts with managed care organizations under the name "Washington Apple Health." The managed care organizations provide a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services. There are currently five managed care organizations participating in Washington Apple Health.

The Authority is also responsible for several programs that coordinate the purchasing of health care services. The Health Technology Assessment Program reviews scientific, evidence-based reports about the safety and effectiveness of medical devices, procedures, and tests and a clinical committee determines whether or not the state should pay for them. The Prescription Drug Program contracts for independent reviews of prescription drugs to compare the safety, efficacy, and effectiveness of drug classes from which recommendations are made by a clinical committee for the development of a preferred drug list. The Bree Collaborative identifies health care services that have substantial variations in practice patterns or high utilization trends and investigates evidence-based practices that will improve quality and reduce variation in the use of the services.

Summary of Bill:

Health Care Authority Responsibilities and Programs.

The Director of the Health Care Authority (Authority) is expressly authorized to appoint

staff as necessary to carry out the provisions of the Involuntary Treatment Act, community behavioral health statutes, and the children's behavioral health statutes. As the state behavioral health authority, the Authority is declared to be the state opioid treatment authority, in addition to the single state authority for substance use disorders and state mental health authority.

The Authority must contract with the Department of Commerce for behavioral health consumer advocacy services delivered to Medicaid managed care organization enrollees and reimburse the Department of Commerce for those services, rather than the Medicaid managed care organizations contracting with the behavioral health consumer advocacy organization and reimbursing it directly.

Income standards for eligibility for certain categories of Medicaid beneficiaries are converted to the modified adjusted gross income standards approved by the federal Centers for Medicare and Medicaid Services. The changes apply to eligibility for different categories of children's health coverage and for the Medicaid family planning waiver.

The Washington State Health Information Technology Office (Office) is named as the office within the Authority that collaborates with other agencies to establish health care information systems. The Department of Children, Youth, and Families is included in the list of agencies that must cooperate with the Office. The Office and the identified agencies must collaborate with the Consolidated Technology Services Agency when conducting their work.

The Authority must implement and maintain, rather than just pilot, a consumer-centric health information infrastructure and state electronic health record repositories to facilitate the secure exchange of health information.

Requirements related to the issuance of an order to withhold and deliver property following service of notice of debt for overpayment is applied to overpayments to vendors, in addition to overpayments to those receiving assistance. It is specified that overpayments in medical assistance programs are subject to the Authority's interest rate provisions.

The reference to the Department of Social and Health Services administering the Medicaid Prescription Drug Assistance Program is changed to the Authority.

The Authority is authorized to adopt rules with respect to the Health Care Cost Transparency Board's activities.

The ability for an employee, spouse, or covered dependent who becomes ineligible for health coverage to continue that coverage on an individual basis without a waiting period is repealed.

The Authority's authorization to offer a Tricare supplemental insurance policy is repealed.

The Authority's blindness prevention program is repealed.

Referential Changes.

Corrects references to the "administrator" of the Authority to the "director." References to "employees and school employees" in the context of the Public Employees' Benefits Board and School Employees' Benefits Board program are changed to the term "public employee" which is defined to include both. References to "chemical dependency" are changed to the term "substance use disorder."

In medical assistance provisions, the term "managed health care system" is replaced with "managed care organization" and the same definition is applied.

Outdated references to "regional support networks" and expired statutory references are updated to reference "managed care organizations" and statutes related to children's behavioral health.

Erroneous statutory cross-references are corrected and statutory references that are no longer current or that are redundant are removed.

Outdated Reports and Provisions.

Several expired reporting requirements or requirements that agencies use specified reports in decision making are eliminated from statute, including reports on:

- coordination of strategies for asthma, diabetes, heart disease, and other chronic conditions (2009);
- strategies for the adoption of health information technology systems (2005);
- outcome goals for the employee health program (2010);
- Medicaid contracts with health care providers across the state border (2014);
- financing options for the Medicaid Prescription Drug Assistance Program (2003);
- smoking cessation benefits for Medicaid clients (2012); and
- patient-centered chronic care health homes (2012).

The requirement that the Authority submit an application to the federal Centers for Medicare and Medicaid Services to increase income eligibility to 250 percent of the federal poverty level for the family planning waiver program is removed.

Temporary uses of the Medicaid Fraud Penalty Account and the State Health Care Authority Administrative Account that have expired are removed from statute.

Appropriation: None.

Fiscal Note: Available.

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

bill is passed.

Staff Summary of Public Testimony:

(In support) This bill cleans up and modernizes statutes pertaining to the Health Care Authority (Authority). The bill is almost completely about fixing cross-references and updating language. Giving rulemaking authority to the Authority over the Health Care Cost Transparency Board (Board) fixes what was an oversight and this authority is necessary for the agency to set up the processes for data sharing needed to implement the work of the Board and meet statutory obligations. This bill allows the Authority to comply with federal requirements for funding the Behavioral Health Ombuds program.

(Opposed) None.

Persons Testifying: Shawn O'Neill, Washington State Health Care Authority.

Persons Signed In To Testify But Not Testifying: None.