

SENATE BILL REPORT

SB 5390

As Reported By Senate Committee On:
Health & Long-Term Care, February 9, 2005

Title: An act relating to incentives to improve quality of care in state purchased health care programs.

Brief Description: Concerning improving the quality of care in state-purchased health care programs.

Sponsors: Senators Keiser, Parlette, Franklin, Kastama, Johnson, Shin, Kohl-Welles and Kline.

Brief History:

Committee Activity: Health & Long-Term Care: 1/27/05, 2/9/05 [DPS].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5390 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Thibaudeau, Vice Chair; Deccio, Ranking Minority Member; Benson, Brandland, Johnson, Kline and Parlette.

Staff: Jonathan Seib (786-7427)

Background: The State Health Care Authority (HCA) is the state agency which administers state employee insurance benefits and the basic health plan, the state subsidized health insurance program for low income persons. The HCA is also generally responsible for the study and implementation of state initiatives regarding health care cost containment.

The Medical Assistance Administration, which is a part of the Department of Social and Health Services, administers Medicaid and other state health care program.

Recent studies suggest that a significant number of patients nationwide do not receive the treatment for a given condition that evidence indicates will result in the best health outcome. In part, this is attributed to reimbursement systems that fail to measure and reward quality care, and the inadequate use of information technology to support better treatment decisions.

Summary of Substitute Bill: The Administrator of the Health Care Authority and the Secretary of the Department of Social and Health Services, in collaboration with others in the public and private sector, are to use evidence-based medicine principles to develop common performance measures and implement financial incentives in contracts with insuring entities and providers that (1) reward improvements in health outcomes for individuals with chronic disease, increased use of preventive services, and reductions in medical errors; and (2) increase the adoption and use of information technology that contributes to improved health outcomes, better coordination of care, and decreased medical errors. This must be done in a

way that does not impose significant cost or administrative burden on insuring entities or providers.

Substitute Bill Compared to Original Bill: The substitute bill adds language reiterating the requirement that the agencies act in collaboration with providers, and requiring that insurers and providers not be subject to significant cost or administrative burden. It also removes an explicit reference to preventive services for children, although the reference to preventive services generally remains.

Appropriation: None.

Fiscal Note: Available

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: The bill is consistent with the current goals and activities of state health care agencies. Doctors appreciate an incentive-based program, and it is important that performance standards be uniform. A great deal of progress can be made when there is collaboration on the use of evidence based medicine by purchasers, providers and health plan. We support the use of performance measures and financial incentives that appropriately award improvements in health outcomes; the issues are complex, but worth the investment in time and effort.

Testimony Against: None.

Who Testified: Richard Onizuka, Health Care Authority; Len Eddinger, Washington State Medical Association; Ken Bertrand, Group Health.