

SB 5773 - S AMD 214

By Senators Brown, Zarelli

ADOPTED 03/07/2011

1 On page 8, after line 18, insert the following:

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4 **Sec. 2.** RCW 41.05.021 and 2009 c 537 s 4 are each amended to read
5 as follows:

6 (1) The Washington state health care authority is created within
7 the executive branch. The authority shall have an administrator
8 appointed by the governor, with the consent of the senate. The
9 administrator shall serve at the pleasure of the governor. The
10 administrator may employ up to seven staff members, who shall be
11 exempt from chapter 41.06 RCW, and any additional staff members as are
12 necessary to administer this chapter. The administrator may delegate
13 any power or duty vested in him or her by this chapter, including
14 authority to make final decisions and enter final orders in hearings
15 conducted under chapter 34.05 RCW. The primary duties of the
16 authority shall be to: Administer state employees' insurance benefits
17 and retired or disabled school employees' insurance benefits;
18 administer the basic health plan pursuant to chapter 70.47 RCW; study
19 state-purchased health care programs in order to maximize cost
20 containment in these programs while ensuring access to quality health
21 care; implement state initiatives, joint purchasing strategies, and
22 techniques for efficient administration that have potential
23 application to all state-purchased health services; and administer
24 grants that further the mission and goals of the authority. The
25 authority's duties include, but are not limited to, the following:

26 (a) To administer health care benefit programs for employees and
27 retired or disabled school employees as specifically authorized in RCW

1 41.05.065 and in accordance with the methods described in RCW
2 41.05.075, 41.05.140, and other provisions of this chapter;

3 (b) To analyze state-purchased health care programs and to explore
4 options for cost containment and delivery alternatives for those
5 programs that are consistent with the purposes of those programs,
6 including, but not limited to:

7 (i) Creation of economic incentives for the persons for whom the
8 state purchases health care to appropriately utilize and purchase
9 health care services, including the development of flexible benefit
10 plans to offset increases in individual financial responsibility;

11 (ii) Utilization of provider arrangements that encourage cost
12 containment, including but not limited to prepaid delivery systems,
13 utilization review, and prospective payment methods, and that ensure
14 access to quality care, including assuring reasonable access to local
15 providers, especially for employees residing in rural areas;

16 (iii) Coordination of state agency efforts to purchase drugs
17 effectively as provided in RCW 70.14.050;

18 (iv) Development of recommendations and methods for purchasing
19 medical equipment and supporting services on a volume discount basis;

20 (v) Development of data systems to obtain utilization data from
21 state-purchased health care programs in order to identify cost
22 centers, utilization patterns, provider and hospital practice
23 patterns, and procedure costs, utilizing the information obtained
24 pursuant to RCW 41.05.031; and

25 (vi) In collaboration with other state agencies that administer
26 state purchased health care programs, private health care purchasers,
27 health care facilities, providers, and carriers:

28 (A) Use evidence-based medicine principles to develop common
29 performance measures and implement financial incentives in contracts
30 with insuring entities, health care facilities, and providers that:

31 (I) Reward improvements in health outcomes for individuals with
32 chronic diseases, increased utilization of appropriate preventive
33 health services, and reductions in medical errors; and

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1 (II) Increase, through appropriate incentives to insuring
2 entities, health care facilities, and providers, the adoption and use
3 of information technology that contributes to improved health
4 outcomes, better coordination of care, and decreased medical errors;

5 (B) Through state health purchasing, reimbursement, or pilot
6 strategies, promote and increase the adoption of health information
7 technology systems, including electronic medical records, by hospitals
8 as defined in RCW 70.41.020(4), integrated delivery systems, and
9 providers that:

10 (I) Facilitate diagnosis or treatment;

11 (II) Reduce unnecessary duplication of medical tests;

12 (III) Promote efficient electronic physician order entry;

13 (IV) Increase access to health information for consumers and their
14 providers; and

15 (V) Improve health outcomes;

16 (C) Coordinate a strategy for the adoption of health information
17 technology systems using the final health information technology
18 report and recommendations developed under chapter 261, Laws of 2005;

19 (c) To analyze areas of public and private health care
20 interaction;

21 (d) To provide information and technical and administrative
22 assistance to the board;

23 (e) To review and approve or deny applications from counties,
24 municipalities, and other political subdivisions of the state to
25 provide state-sponsored insurance or self-insurance programs to their
26 employees in accordance with the provisions of RCW 41.04.205 and (g)
27 of this subsection, setting the premium contribution for approved
28 groups as outlined in RCW 41.05.050;

29 (f) To review and approve or deny the application when the
30 governing body of a tribal government applies to transfer their
31 employees to an insurance or self-insurance program administered under
32 this chapter. In the event of an employee transfer pursuant to this
33 subsection (1)(f), members of the governing body are eligible to be
34 included in such a transfer if the members are authorized by the

1 tribal government to participate in the insurance program being
2 transferred from and subject to payment by the members of all costs of
3 insurance for the members. The authority shall: (i) Establish the
4 conditions for participation; (ii) have the sole right to reject the
5 application; and (iii) set the premium contribution for approved
6 groups as outlined in RCW 41.05.050. Approval of the application by
7 the authority transfers the employees and dependents involved to the
8 insurance, self-insurance, or health care program approved by the
9 authority;

10 (g) To ensure the continued status of the employee insurance or
11 self-insurance programs administered under this chapter as a
12 governmental plan under section 3(32) of the employee retirement
13 income security act of 1974, as amended, the authority shall limit the
14 participation of employees of a county, municipal, school district,
15 educational service district, or other political subdivision, or a
16 tribal government, including providing for the participation of those
17 employees whose services are substantially all in the performance of
18 essential governmental functions, but not in the performance of
19 commercial activities;

20 (h) To establish billing procedures and collect funds from school
21 districts in a way that minimizes the administrative burden on
22 districts;

23 (i) To publish and distribute to nonparticipating school districts
24 and educational service districts by October 1st of each year a
25 description of health care benefit plans available through the
26 authority and the estimated cost if school districts and educational
27 service district employees were enrolled;

28 (j) To apply for, receive, and accept grants, gifts, and other
29 payments, including property and service, from any governmental or
30 other public or private entity or person, and make arrangements as to
31 the use of these receipts to implement initiatives and strategies
32 developed under this section;

33 (k) To issue, distribute, and administer grants that further the
34 mission and goals of the authority;

1 (1) To adopt rules consistent with this chapter as described in
2 RCW 41.05.160 including, but not limited to:

3 (i) Setting forth the criteria established by the board under RCW
4 41.05.065 for determining whether an employee is eligible for
5 benefits;

6 (ii) Establishing an appeal process in accordance with chapter
7 34.05 RCW by which an employee may appeal an eligibility
8 determination;

9 (iii) Establishing a process to assure that the eligibility
10 determinations of an employing agency comply with the criteria under
11 this chapter, including the imposition of penalties as may be
12 authorized by the board.

13 (2) On and after January 1, 1996, the public employees' benefits
14 board may implement strategies to promote managed competition among
15 employee health benefit plans. Strategies may include but are not
16 limited to:

17 (a) Standardizing the benefit package;

18 (b) Soliciting competitive bids for the benefit package;

19 (c) Limiting the state's contribution to a percent of the lowest
20 priced qualified plan within a geographical area;

21 (d) Monitoring the impact of the approach under this subsection
22 with regards to: Efficiencies in health service delivery, cost shifts
23 to subscribers, access to and choice of managed care plans statewide,
24 and quality of health services. The health care authority shall also
25 advise on the value of administering a benchmark employer-managed plan
26 to promote competition among managed care plans.

27 (3)(a) During the 2013 and 2014 plan years, the authority must
28 include in its provider network for a self-insured health benefit plan
29 a direct patient-provider primary care practice as provided in chapter
30 48.150 RCW.

31 (b) The authority shall use best efforts to enroll at least one
32 thousand members residing in King, Pierce, or Thurston
33 counties.

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1 (c) To participate in the network, a practice must have prior
2 experience with at least two thousand direct patients, as defined in
3 RCW 48.150.010, and must have the capability to produce and analyze
4 data on disease management, prevention measures, practice utilization,
5 medication utilization, and referrals and be able to link to
6 downstream utilization data provided by the plan.

7 (d) By November 30, 2015, the authority shall submit to the
8 legislature a performance evaluation of direct patient-provider
9 primary care practices participation under this subsection. The
10 evaluation shall include the cost effectiveness of this model and the
11 impact on employee access to quality, affordable health care.

12 (e) Funding for services provided by a direct patient-provider
13 primary care practice under this section must not increase the
14 resources provided by employer funding rates provided for employee
15 health benefits in the omnibus appropriations act in the absence of
16 these provisions.

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19 **Sec. 3.** RCW 48.150.040 and 2009 c 552 s 2 are each amended to
20 read as follows:

21 (1) Direct practices may not:

22 (a) Enter into a participating provider contract as defined in RCW
23 48.44.010 or 48.46.020 with any carrier or with any carrier's
24 contractor or subcontractor, or plans administered under chapter
25 ~~((41.057))~~ 70.47~~((7))~~ or 70.47A RCW, to provide health care services
26 through a direct agreement except as set forth in subsection (2) of
27 this section;

28 (b)(i) Submit a claim for payment to any carrier or any carrier's
29 contractor or subcontractor, or plans administered under chapter
30 ~~((41.057))~~ 70.47~~((7))~~ or 70.47A RCW, for health care services provided
31 to direct patients as covered by their agreement; or

32 (ii) Submit a claim for payment, other than the direct fee and any
33 other negotiated ancillary costs, to any plan administered under
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1 chapter 41.05 RCW, for health care services provided to direct
2 patients as covered by their agreement;

3 (c) With respect to services provided through a direct agreement,
4 be identified by a carrier or any carrier's contractor or
5 subcontractor, or plans administered under chapter (~~41.057~~)
6 70.47(~~7~~) or 70.47A RCW, as a participant in the carrier's or any
7 carrier's contractor or subcontractor network for purposes of
8 determining network adequacy or being available for selection by an
9 enrollee under a carrier's benefit plan; or

10 (d) Pay for health care services covered by a direct agreement
11 rendered to direct patients by providers other than the providers in
12 the direct practice or their employees, except as described in
13 subsection (2)(b) of this section.

14 (2) Direct practices and providers may:

15 (a) Enter into a participating provider contract as defined by RCW
16 48.44.010 and 48.46.020 or plans administered under chapter 41.05,
17 70.47, or 70.47A RCW for purposes other than payment of claims for
18 services provided to direct patients through a direct agreement. Such
19 providers shall be subject to all other provisions of the
20 participating provider contract applicable to participating providers
21 including but not limited to the right to:

22 (i) Make referrals to other participating providers;

23 (ii) Admit the carrier's members to participating hospitals and
24 other health care facilities;

25 (iii) Prescribe prescription drugs; and

26 (iv) Implement other customary provisions of the contract not
27 dealing with reimbursement of services;

28 (b) Pay for charges associated with the provision of routine lab
29 and imaging services. In aggregate such payments per year per direct
30 patient are not to exceed fifteen percent of the total annual direct
31 fee charged that direct patient. Exceptions to this limitation may
32 occur in the event of short-term equipment failure if such failure
33 prevents the provision of care that should not be delayed; and

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1 (c) Charge an additional fee to direct patients for supplies,
2 medications, and specific vaccines provided to direct patients that
3 are specifically excluded under the agreement, provided the direct
4 practice notifies the direct patient of the additional charge, prior
5 to their administration or delivery."

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7 Renumber the remaining sections consecutively and correct any
8 internal references accordingly.

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12 On page 1, line 2 of the title, after "health plan", insert "
13 option and a direct patient-provider primary care practice option".

14 On page 1, line 3 of the title, after "41.05.065", insert "
15 41.05.021 and 48.150.040".

EFFECT: Requires the Health Care Authority to offer in 2013
and 2014 the option for employees living in King, Pierce, and
Thurston counties to enroll in a plan providing direct patient-
provider primary care services.

Establishes criteria for an eligible participating direct practice.

Allows direct practices to enter into a participating provider
contract with state employee benefit plans.

Amends the title to reflect the inclusion of the new requirement.

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