

**SB 5773** - S AMD 196

By Senators Brown, Zarelli

PULLED 03/07/2011

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

2

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

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

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

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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, 2014, 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."

6  
7 Renumber the remaining sections consecutively and correct any  
8 internal references accordingly.

9  
10 **SB 5773** - S AMD **196**

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

15 On page 1, line 3 of the title, after "41.05.065", insert "  
16 41.05.021 and 48.150.040".

17  
18 Renumber the remaining sections consecutively and correct any  
19 internal references accordingly.

EFFECT: Requires the Health Care Authority to offer in 2012  
and 2013 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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