
SENATE BILL 5537

State of Washington 63rd Legislature 2013 Regular Session

By Senators Keiser, Schlicher, Frockt, Shin, Mullet, Rolfes, Murray, Kline, and Conway

Read first time 02/01/13. Referred to Committee on Health Care .

1 AN ACT Relating to improving the quality and value of health care
2 with greater transparency of price and quality data; and adding a new
3 chapter to Title 48 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds there is significant
6 variation in health care with regard to price, quality, and value.
7 Large purchasers, major companies purchasing health care including
8 large public purchasers, are demanding more tools that will assist them
9 in controlling costs and increasing quality. Additional price
10 transparency from health care providers and insurance carriers can
11 assist purchasers in identifying variation in price and quality, and
12 purchasing for value.

13 NEW SECTION. **Sec. 2.** The definitions in this section apply
14 throughout this chapter unless the context clearly requires otherwise.

15 (1) "Health insuring entity" or "insuring entity" means any party
16 that is by law, rule, policy, contract, or agreement legally
17 responsible for payment of a claim for a health care service including,
18 but not limited to:

1 (a) An insurance company providing disability insurance under
2 chapter 48.20 or 48.21 RCW;

3 (b) A health care service contractor providing health care coverage
4 under chapter 48.44 RCW;

5 (c) A health maintenance organization providing comprehensive
6 health care services under chapter 48.46 RCW;

7 (d) An employer or union self-insured plan;

8 (e) Any private insurer, a group health plan, or a service benefit
9 plan;

10 (f) A managed care organization;

11 (g) A pharmacy benefit manager; and

12 (h) A third-party administrator.

13 (2) "Health plan" or "plan" means any policy, contract, or
14 agreement offered by an insuring entity to provide, arrange, reimburse,
15 or pay for health care services except the following:

16 (a) Long-term care insurance governed by chapter 48.84 or 48.83
17 RCW;

18 (b) Coverage supplemental to the coverage provided under 10 U.S.C.
19 chapter 55;

20 (c) Disability income;

21 (d) Coverage incidental to a property/casualty liability insurance
22 policy such as automobile personal injury protection coverage and
23 homeowner guest medical;

24 (e) Workers' compensation coverage;

25 (f) Accident only coverage;

26 (g) Specified disease or illness-triggered fixed payment insurance,
27 hospital confinement fixed payment insurance, or other fixed payment
28 insurance offered as an independent, noncoordinated benefit; and

29 (h) Plans certified by the insurance commissioner in writing to:

30 (i) Have a short-term limited purpose or duration; or

31 (ii) Be a guaranteed renewable student-only plan available to a
32 covered person while the covered person is enrolled as a regular full-
33 time undergraduate or graduate student at an accredited higher
34 education institution.

35 (3) "Health plan statistical agent" or "statistical agent" means an
36 entity the commissioner has designated to collect health care-related
37 statistical data from insuring entities and report the data to the
38 commissioner on behalf of those insuring entities.

1 (4) "Statistical plan" means a system for collecting information
2 from insuring entities.

3 NEW SECTION. **Sec. 3.** (1) All health insuring entities must submit
4 price and quality data to the commissioner and to large group
5 purchasers that includes the information for each provider and
6 facility. Contracts with providers and facilities must include a
7 requirement that allows the release of price and quality information to
8 the commissioner and to the purchasers of the group coverage.

9 (2) The commissioner must adopt rules to clarify the required data
10 and format for submission. The types of data must include at a
11 minimum: Health care claims and enrollment data; paid health care
12 claims data; and data related to costs, prices, quality, and
13 utilization.

14 (3) The rules must establish criteria and procedures for the
15 development of limited use data sets, and criteria and procedures to
16 ensure that limited use data sets are accessible and compliant with
17 federal and state privacy laws.

18 (4) The rules must ensure that data reported to the commissioner
19 may only be disclosed in a form and manner that ensures the privacy and
20 security of personal health information as required by state and
21 federal laws. The collection, storage, and release of health care data
22 and other information under this section is subject to the requirements
23 of the federal health insurance portability and accountability act.

24 (5) The commissioner may choose to designate a health plan
25 statistical agent responsible for collection, auditing, preparation,
26 and reporting of the health care-related data and information.

27 (a) If the commissioner chooses to designate a statistical agent to
28 be responsible for the data, the commissioner must adopt rules for the
29 statistical agent to use when collecting and reporting health plan
30 statistical data.

31 (b) Rules adopted under this chapter must be consistent with
32 standards adopted by the accredited standards committee X12 of the
33 American national standards institute, the centers for medicare and
34 medicaid services, and the national council for prescription drug
35 programs. At a minimum, these rules must establish the time, place,
36 form, and manner of reporting data under this chapter, including:

37 (i) Requiring the use of unique patient and provider identifiers;

1 (ii) Specifying a uniform coding system that reflects all health
2 care utilization and costs for health care services provided to
3 Washington residents;

4 (iii) Establishing enrollment thresholds below which reporting will
5 be voluntary; and

6 (iv) Establishing the types of data insuring entities must report
7 under this chapter, including:

8 (A) Health care claims and enrollment data;

9 (B) Paid health care claims data;

10 (C) Data related to race, ethnicity, and primary language collected
11 in a manner consistent with established national standards; and

12 (D) Any other data or statistics related to health care costs,
13 prices, quality, utilization, or resources that the commissioner needs
14 to carry out the purposes of this chapter.

15 NEW SECTION. **Sec. 4.** Health insuring entities must report data
16 identified by this chapter and by the commissioner by rule under
17 section 3 of this act. Each insuring entity insurer must:

18 (1) Report its insurance statistical data to the commissioner or
19 the statistical agent designated by the commissioner;

20 (2) Comply with the reporting requirements and data quality
21 procedures published in rule; and

22 (3) Adopt edit and audit procedures to screen and check data for
23 reasonableness and accuracy.

24 NEW SECTION. **Sec. 5.** (1) Any insuring entity that fails to report
25 as required in this chapter or rules adopted by the commissioner may be
26 subject to a civil penalty.

27 (2) The commissioner must adopt a schedule of penalties not to
28 exceed five hundred dollars per day per violation, as determined by the
29 severity of the violation.

30 (3) Civil penalties imposed under this section may be remitted or
31 mitigated by the commissioner if the terms and conditions are
32 consistent with the public health and safety.

33 (4) Civil penalties incurred under any law of this state are not
34 allowable as costs for the purpose of rate determination or for
35 reimbursement by a third-party payer.

1 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act constitute
2 a new chapter in Title 48 RCW.

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