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HOUSE BILL 2502

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State of Washington

64th Legislature

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By Representatives Caldier, Manweller, DeBolt, Harris, and Rodne

Read first time 01/14/16. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to the suspension of the health care authority  
2 rule-making authority related to dentists; and amending RCW  
3 41.05.021.

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

5 **Sec. 1.** RCW 41.05.021 and 2012 c 87 s 23 are each amended to  
6 read as follows:

7 (1) The Washington state health care authority is created within  
8 the executive branch. The authority shall have a director appointed  
9 by the governor, with the consent of the senate. The director shall  
10 serve at the pleasure of the governor. The director may employ a  
11 deputy director, and such assistant directors and special assistants  
12 as may be needed to administer the authority, who shall be exempt  
13 from chapter 41.06 RCW, and any additional staff members as are  
14 necessary to administer this chapter. The director may delegate any  
15 power or duty vested in him or her by law, including authority to  
16 make final decisions and enter final orders in hearings conducted  
17 under chapter 34.05 RCW. The primary duties of the authority shall be  
18 to: Administer state employees' insurance benefits and retired or  
19 disabled school employees' insurance benefits; administer the basic  
20 health plan pursuant to chapter 70.47 RCW; administer the children's  
21 health program pursuant to chapter 74.09 RCW; study state purchased

1 health care programs in order to maximize cost containment in these  
2 programs while ensuring access to quality health care; implement  
3 state initiatives, joint purchasing strategies, and techniques for  
4 efficient administration that have potential application to all  
5 state-purchased health services; and administer grants that further  
6 the mission and goals of the authority. The authority's duties  
7 include, but are not limited to, the following:

8 (a) To administer health care benefit programs for employees and  
9 retired or disabled school employees as specifically authorized in  
10 RCW 41.05.065 and in accordance with the methods described in RCW  
11 41.05.075, 41.05.140, and other provisions of this chapter;

12 (b) To analyze state purchased health care programs and to  
13 explore options for cost containment and delivery alternatives for  
14 those programs that are consistent with the purposes of those  
15 programs, including, but not limited to:

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

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

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

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

29 (v) Development of data systems to obtain utilization data from  
30 state purchased health care programs in order to identify cost  
31 centers, utilization patterns, provider and hospital practice  
32 patterns, and procedure costs, utilizing the information obtained  
33 pursuant to RCW 41.05.031; and

34 (vi) In collaboration with other state agencies that administer  
35 state purchased health care programs, private health care purchasers,  
36 health care facilities, providers, and carriers:

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

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

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

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

13 (I) Facilitate diagnosis or treatment;

14 (II) Reduce unnecessary duplication of medical tests;

15 (III) Promote efficient electronic physician order entry;

16 (IV) Increase access to health information for consumers and  
17 their providers; and

18 (V) Improve health outcomes;

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

22 (c) To analyze areas of public and private health care  
23 interaction;

24 (d) To provide information and technical and administrative  
25 assistance to the board;

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

32 (f) To review and approve or deny the application when the  
33 governing body of a tribal government applies to transfer their  
34 employees to an insurance or self-insurance program administered  
35 under this chapter. In the event of an employee transfer pursuant to  
36 this subsection (1)(f), members of the governing body are eligible to  
37 be included in such a transfer if the members are authorized by the  
38 tribal government to participate in the insurance program being  
39 transferred from and subject to payment by the members of all costs  
40 of insurance for the members. The authority shall: (i) Establish the

1 conditions for participation; (ii) have the sole right to reject the  
2 application; and (iii) set the premium contribution for approved  
3 groups as outlined in RCW 41.05.050. Approval of the application by  
4 the authority transfers the employees and dependents involved to the  
5 insurance, self-insurance, or health care program approved by the  
6 authority;

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

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

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

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

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

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

35 (i) Setting forth the criteria established by the board under RCW  
36 41.05.065 for determining whether an employee is eligible for  
37 benefits;

38 (ii) Establishing an appeal process in accordance with chapter  
39 34.05 RCW by which an employee may appeal an eligibility  
40 determination;

1 (iii) Establishing a process to assure that the eligibility  
2 determinations of an employing agency comply with the criteria under  
3 this chapter, including the imposition of penalties as may be  
4 authorized by the board;

5 (m)(i) To administer the medical services programs established  
6 under chapter 74.09 RCW as the designated single state agency for  
7 purposes of Title XIX of the federal social security act;

8 (ii) To administer the state children's health insurance program  
9 under chapter 74.09 RCW for purposes of Title XXI of the federal  
10 social security act;

11 (iii) To enter into agreements with the department of social and  
12 health services for administration of medical care services programs  
13 under Titles XIX and XXI of the social security act. The agreements  
14 shall establish the division of responsibilities between the  
15 authority and the department with respect to mental health, chemical  
16 dependency, and long-term care services, including services for  
17 persons with developmental disabilities. The agreements shall be  
18 revised as necessary, to comply with the final implementation plan  
19 adopted under section 116, chapter 15, Laws of 2011 1st sp. sess.;

20 (iv)(A) To adopt rules to carry out the purposes of chapter 74.09  
21 RCW.

22 (B) The authority to adopt rules that affect dental providers is  
23 suspended until the health care authority has established contracts  
24 with at least the same number of dentists as had been contracted with  
25 as of July 1, 2009;

26 (v) To appoint such advisory committees or councils as may be  
27 required by any federal statute or regulation as a condition to the  
28 receipt of federal funds by the authority. The director may appoint  
29 statewide committees or councils in the following subject areas: (A)  
30 Health facilities; (B) children and youth services; (C) blind  
31 services; (D) medical and health care; (E) drug abuse and alcoholism;  
32 (F) rehabilitative services; and (G) such other subject matters as  
33 are or come within the authority's responsibilities. The statewide  
34 councils shall have representation from both major political parties  
35 and shall have substantial consumer representation. Such committees  
36 or councils shall be constituted as required by federal law or as the  
37 director in his or her discretion may determine. The members of the  
38 committees or councils shall hold office for three years except in  
39 the case of a vacancy, in which event appointment shall be only for  
40 the remainder of the unexpired term for which the vacancy occurs. No

1 member shall serve more than two consecutive terms. Members of such  
2 state advisory committees or councils may be paid their travel  
3 expenses in accordance with RCW 43.03.050 and 43.03.060 as now  
4 existing or hereafter amended;

5 (n) To review and approve or deny the application from the  
6 governing board of the Washington health benefit exchange to provide  
7 state-sponsored insurance or self-insurance programs to employees of  
8 the exchange. The authority shall (i) establish the conditions for  
9 participation; (ii) have the sole right to reject an application; and  
10 (iii) set the premium contribution for approved groups as outlined in  
11 RCW 41.05.050.

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

- 16 (a) Standardizing the benefit package;
- 17 (b) Soliciting competitive bids for the benefit package;
- 18 (c) Limiting the state's contribution to a percent of the lowest  
19 priced qualified plan within a geographical area;
- 20 (d) Monitoring the impact of the approach under this subsection  
21 with regards to: Efficiencies in health service delivery, cost shifts  
22 to subscribers, access to and choice of managed care plans statewide,  
23 and quality of health services. The health care authority shall also  
24 advise on the value of administering a benchmark employer-managed  
25 plan to promote competition among managed care plans.

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