
SUBSTITUTE SENATE BILL 5523

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Braun, Rivers, and Frockt)

READ FIRST TIME 02/27/19.

1 AN ACT Relating to improving managed care organization
2 performance in caring for medicaid clients; amending RCW 74.09.605;
3 adding a new section to chapter 74.09 RCW; and creating a new
4 section.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that the state
7 of Washington has substantial public interest in the quality, price,
8 and cost of health care, and ensuring that managed care organizations
9 are delivering quality health care. Oversight of performance
10 management of managed care organizations providing health care
11 services to medicaid clients contracted by the health care authority
12 is necessary in order to provide accountability for state purchased
13 health care.

14 (2) The legislature further finds that health care costs are
15 rising, and that containing health care costs while ensuring positive
16 health outcomes, appropriate performance management, and
17 accountability for dollars spent on state purchased health care is
18 essential. The legislature must hold both the health care authority
19 and the managed care organizations that provide services to medicaid
20 clients accountable for performance and performance improvement.

1 (3) The legislature therefore intends to ensure medicaid clients
2 receive appropriate care in the right setting, at the right time, for
3 the right cost, by providing appropriate oversight for performance
4 management and accountability for state purchased health care.

5 **Sec. 2.** RCW 74.09.605 and 2013 c 320 s 7 are each amended to
6 read as follows:

7 (1) The authority shall incorporate the expected outcomes and
8 criteria to measure the performance of service coordination
9 organizations as provided in chapter 70.320 RCW into contracts with
10 managed care organizations that provide services to clients under
11 this chapter.

12 (2)(a) The authority shall contract with an external quality
13 improvement organization to annually analyze the performance of
14 managed care organizations providing services to clients under this
15 chapter in comparison to managed care organizations in other states,
16 based on performance outcomes.

17 (b) The analysis required under this subsection must compare
18 managed care organization performance in Washington against managed
19 care organization performance in the other states, under four
20 categories:

21 (i) Access to care;

22 (ii) Preventative care;

23 (iii) Chronic care management; and

24 (iv) Medical care utilization.

25 (c) Beginning November 15, 2019, and annually thereafter, the
26 external quality improvement organization must report its findings to
27 the authority, the governor, and the legislature.

28 (3)(a) Beginning in plan year 2020, four percent of the total
29 plan year funding appropriated to each managed care organization that
30 provides services to clients under this chapter shall be made
31 contingent on the external quality improvement organization finding
32 that:

33 (i) The managed care organization is performing at or above the
34 national average for each of the performance measure categories
35 reviewed pursuant to subsection (2) of this section; or

36 (ii) The managed care organization made statistically significant
37 improvements on performance in the performance measure categories
38 reviewed pursuant to subsection (2) of this section in relation to
39 the managed care organization's performance in the prior year.

1 (b) For each of the four performance measure categories reviewed
2 pursuant to subsection (2) of this section that a managed care
3 organization preforms at or below the national average during a plan
4 year and did not make statistically significant improvements on its
5 performance based on the prior year, the managed care organization
6 must remit one percent of the managed care organization's
7 appropriated funding for that plan year back to the authority. The
8 authority shall notify managed care organizations of any required
9 remissions of funding for the preceding plan year no later than
10 January 30th of each year.

11 (c) The authority may waive the requirement of a managed care
12 organization to remit funding back to the authority pursuant to (b)
13 of this subsection, if the managed care organization demonstrates to
14 the authority adequate reasons for missing the performance measure
15 targets and a plan to achieve the performance measure targets in the
16 new plan year. Managed care organizations have sixty days following
17 notice of a required remission from the authority to provide the
18 authority with a response.

19 (4) For the purposes of this section, "external quality
20 improvement organization" means an organization that meets the
21 competence and independence requirements under 42 C.F.R. Sec.
22 438.354, as it existed on the effective date of this section.

23 NEW SECTION. Sec. 3. A new section is added to chapter 74.09
24 RCW to read as follows:

25 (1) Beginning January 1, 2020, and annually thereafter, each
26 managed care organization that provides services to clients under
27 this chapter shall report the following information, by age and
28 gender, where appropriate, reflective of the prior plan year, to the
29 authority:

30 (a) The number of clients enrolled with the managed care
31 organization;

32 (b) The number and percentage of clients who received an annual
33 preventative screening;

34 (c) The number and percentage of clients who received childhood
35 immunizations, according to standard immunization recommendations;

36 (d) The number and percentage of clients over the age of
37 seventeen who received immunizations, according to standard
38 immunization recommendations; and

1 (e) The number and percentage of male clients who received a
2 prostate cancer screening.

3 (2) By January 1, 2020, each managed care organization that
4 provides services to clients under this chapter shall report the
5 following information to the authority, where available, for the
6 managed care organization's overall book of business for Washington
7 state, for the three plan years prior to contracting with the
8 authority for managed care, by age and gender:

9 (a) The number and percentage of clients who received childhood
10 immunizations, according to standard immunization recommendations;
11 and

12 (b) The number and percentage of clients over the age of
13 seventeen who received immunizations, according to standard
14 immunization recommendations.

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