

---

**SENATE BILL 5523**

---

**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators Braun, Rivers, and Frockt

Read first time 01/23/19. Referred to Committee on Health & Long Term Care.

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

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

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

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

20 (3) The legislature therefore intends to ensure medicaid clients  
21 receive appropriate care in the right setting, at the right time, for

1 the right cost, by providing appropriate oversight for performance  
2 management and accountability for state purchased health care.

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

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

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

15 (b) Beginning November 15, 2019, and annually thereafter, the  
16 external quality improvement organization must report its findings to  
17 the authority, the governor, and the legislature.

18 (3)(a) Beginning in plan year 2020, a percentage of the plan year  
19 funding appropriated to each managed care organization that provides  
20 services to clients under this chapter must be made contingent on the  
21 managed care organization ranking at or above the fiftieth percentile  
22 nationally in the performance measures. For each performance measure  
23 that a managed care organization performs at or below the fiftieth  
24 percentile nationally during a plan year, the managed care  
25 organization must remit one percent of the managed care  
26 organization's appropriated funding for that plan year back to the  
27 authority. The authority shall notify managed care organizations of  
28 any required remissions of funding for the preceding plan year no  
29 later than January 30th of each year.

30 (b) The authority may waive the requirement of a managed care  
31 organization to remit funding back to the authority pursuant to (a)  
32 of this subsection, if the managed care organization demonstrates to  
33 the authority adequate reasons for missing a performance target and a  
34 plan to achieve the performance measure target in the new plan year.

35 (i) Managed care organizations have sixty days following notice  
36 of a required remission from the authority to provide the authority  
37 with a response.

38 (ii) The authority may waive the requirement to remit funding  
39 under this subsection no more than once every five years for

1 remission related to failure to rank at or above the fiftieth  
2 percentile nationally in the same performance measure.

3 (4) The definitions in this subsection apply throughout this  
4 section unless the context clearly requires otherwise.

5 (a) "External quality improvement organization" means an  
6 organization that meets the competence and independence requirements  
7 under 42 C.F.R. Sec. 438.354.

8 (b) "Performance measure" means a health care effectiveness data  
9 and information set measure developed by the national committee for  
10 quality assurance.

--- END ---