

# HOUSE BILL REPORT

## SSB 5589

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**As Passed House:**

March 3, 2022

**Title:** An act relating to statewide spending on primary care.

**Brief Description:** Concerning statewide spending on primary care.

**Sponsors:** Senate Committee on Health & Long Term Care (originally sponsored by Senators Robinson, Cleveland, Frockt and Randall).

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 2/21/22, 2/23/22 [DP];

Appropriations: 2/25/22, 2/28/22 [DP].

**Floor Activity:**

Passed House: 3/3/22, 96-1.

**Brief Summary of Substitute Bill**

- Directs the Health Care Cost Transparency Board to measure and report on primary care expenditures in Washington.
- Authorizes the Office of the Insurance Commissioner to conduct an assessment and review of health carriers' primary care expenditures.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** Do pass. Signed by 15 members: Representatives Cody, Chair; Bateman, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Bronoske, Davis, Harris, Macri, Maycumber, Riccelli, Rude, Simmons, Stonier, Tharinger and Ybarra.

**Staff:** Christopher Blake (786-7392).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Stokesbary, Ranking Minority Member; Chambers, Assistant Ranking Minority Member; Corry, Assistant Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Boehnke, Caldier, Chandler, Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Harris, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Rude, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

**Staff:** Meghan Morris (786-7119).

### **Background:**

#### Health Care Cost Transparency Board.

The Health Care Cost Transparency Board (Board) was established in 2020 for the purpose of calculating and analyzing information and trends related to health care costs in Washington. The Board consists of 13 members representing state agencies, local governments, consumers, employers, and Taft-Hartley health benefit plans, as well as an expert in health care finance and an actuary or health economist. Each year, the Board must calculate total health care expenditures and health care cost growth. With this information, the Board must establish a health care cost growth benchmark for increases in total health care expenditures. Beginning in 2023, the Board must analyze the impacts of cost drivers to health care, such as labor, capital cost, supply costs, and uncompensated care, and incorporate this into establishing the annual health care cost growth benchmark.

#### Primary Care Expenditures Report.

The 2019-21 State Omnibus Operating Appropriations Act directed the Office of Financial Management (OFM) to determine the annual primary care expenditures in Washington, by insurance carrier, in total and as a percentage of total medical expenditure. The report was released by the OFM in 2019 and found that in Washington for 2018, primary care expenditures as a percentage of total medical expenditures ranged from 4.4 percent, based on a narrow definition of "primary care," to 5.6 percent, based on a broad definition. These figures represent \$838 million and about \$1 billion respectively.

### **Summary of Bill:**

The Health Care Cost Transparency Board (Board) must measure and report on primary care expenditures in Washington and the progress toward increasing such spending to 12 percent of total health care expenditures. In developing the measures and the reporting, the Board may consult with primary care providers and review existing work regarding primary care, including reports from the Office of Financial Management, the Bree Collaborative, and the Advancing Integrated Mental Health Center.

The Board must submit a preliminary report related to primary care expenditures in Washington to the Governor and the relevant committees of the Legislature by December 1, 2022. The report must discuss:

- a way to define "primary care" for use when calculating primary care expenditures as a proportion of total health care expenditures in Washington and how it aligns with existing definitions;
- barriers to accessing and using the data needed to calculate primary care expenditures and solutions to those barriers;
- annual progress needed for primary care expenditures to reach 12 percent of total health care expenditures within a reasonable time;
- operational structures for annually determining whether desired levels of primary care expenditures have been met;
- methods to incentivize achieving desired levels of primary care expenditures;
- reimbursement methods for achieving and sustaining desired levels of primary care expenditures while improving health outcomes, health care experiences, and value from the health care system; and
- the ongoing role of the Board in guiding and overseeing the development and application of primary care expenditure targets and the implementation of strategies to meet them.

The Board must submit annual reports to the Governor and the relevant committees of the Legislature regarding primary care expenditures in Washington beginning August 1, 2023. The reports must include annual primary care expenditures for the most recent year for which data is available by insurance carrier, by market or payer, in total, and as a percentage of total health care expenditure. The annual report must also evaluate annual primary care expenditures by relevant characteristics, such as by type of care, by type of provider, and by payment mechanism. In addition, the report must identify any barriers to reporting requirements and provide recommendations to resolve them.

The Insurance Commissioner is authorized to include an assessment of health carriers' primary care expenditures in its reviews of health plan form or rate filings. The review must consider the definition of "primary care expenditures" and any primary care expenditure goals established by the Board.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony (Health Care & Wellness):**

(In support) Investing in primary care can improve an entire family's health trajectory. This

bill will strengthen primary care in Washington. Investing in primary care will enable practices to retain skilled staff to provide important services such as integrated behavioral health, mental health screening, care coordination, and outreach to complex patients and patients who are behind on immunizations. Hospital and specialty care is more effective when preventive health care and social determinants of health are attended to in primary care. Studies consistently show that primary care helps prevent illness and death and is associated with a more equitable distribution of health. Despite its benefits, too little is invested in primary care. In a 2019 study, the Office of Financial Management found that primary care accounts for about 5 percent of health care costs in Washington, while high performing health care systems in other countries invest two to three times as much. Investing in primary prevention saves money, promotes population health, and spends money where it really matters. A robust system of primary care is best for patients, payers, and the economy and results in better outcomes, reduced health disparities, and less overall cost. There needs to be broad and direct participation from the physician community to assure there is strong buy-in and support of the final product.

(Opposed) None.

**Staff Summary of Public Testimony (Appropriations):**

(In support) The relatively modest appropriation required to implement this legislation will support an extremely beneficial reorientation of health care in this state. A robust primary care system is best for patients and payers, resulting in better outcomes, reduced health disparities, and less overall costs. Studies consistently show primary care prevents illness and death and is associated with a more equitable distribution of health. Despite this, too little is invested in primary care. Primary care spending accounts for only roughly 5 percent of total health care expenditures in the state. While the findings are similar nationwide, high performing health care systems in other countries invest double or triple this amount. In the Organization for Economic Cooperation and Development countries, primary care is 14 percent of total health care expenditures. Like Senate Bill 5532, this bill will save the state tens of millions of dollars in a single year by providing more primary care that keeps people out of more costly care. This builds on the greater need for publicly funded universal health care that will save a lot more money in the long run.

This bill is modeled after similar efforts in other states but builds on the existing Health Care Cost Transparency Board (Board) asked to target not only how much we spend on health care, but also what those dollars buy, laying the foundation for the work of the Board, the Insurance Commissioner, and others to reassert team-based, high-quality primary care at the center of our state's health care delivery system.

(Opposed) None.

**Persons Testifying (Health Care & Wellness):** Cindi Laws, Health Care for All Washington; Mark Johnson, Washington Academy of Family Physicians; Beth Harvey,

Washington Chapter of the American Academy of Pediatrics; and Jeb Shepard, Washington State Medical Association.

**Persons Testifying (Appropriations):** Jonathan Seib, Washington Academy of Family Physicians; and Cindi Laws, Health Care for All Washington.

**Persons Signed In To Testify But Not Testifying (Health Care & Wellness):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.