CERTIFICATION OF ENROLLMENT

ENGROSSED SUBSTITUTE SENATE BILL 6522

Chapter 220, Laws of 2010

61st Legislature
2010 Regular Session

ACCOUNTABLE CARE ORGANIZATION PILOT PROJECTS

EFFECTIVE DATE: 06/10/10

Passed by the Senate February 16, 2010
YEAS 48 NAYS 0

BRAD OWEN

President of the Senate

Passed by the House March 2, 2010
YEAS 86 NAYS 11

FRANK CHOPP

Speaker of the House of Representatives

Approved March 25, 2010, 4:07 p.m.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **ENGROSSED SUBSTITUTE SENATE BILL 6522** as passed by the Senate and the House of Representatives on the dates hereon set forth.

THOMAS HOEMANN

Secretary

FILED

March 26, 2010

Secretary of State
State of Washington

ENGROSSED SUBSTITUTE SENATE BILL 6522

Passed Legislature - 2010 Regular Session

State of Washington 61st Legislature 2010 Regular Session

By Senate Health & Long-Term Care (originally sponsored by Senators Pflug, Keiser, Swecker, Murray, Honeyford, Kline, Hewitt, and Shin)

READ FIRST TIME 02/03/10.

AN ACT Relating to establishing the accountable care organization pilot projects; adding a new section to chapter 70.54 RCW; and creating a new section.

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

NEW SECTION. **Sec. 1.** (1)(a) The legislature finds that a necessary component of bending the health care cost curve is innovative payment and practice reforms that capitalize on current incentives and create new incentives in the delivery system to further the goals of increased quality, accessibility, and affordability.

(b) The legislature further finds that accountable care organizations have received significant attention in the recent health care reform debate and have been found by the congressional budget office to be one of the few comprehensive reform models that can be relied on to reduce costs.

(c) The legislature further finds that accountable care organizations present an intriguing path forward on reform that builds on current provider referral patterns and offers shared savings payments to providers willing to be held accountable for quality and costs.

(d) The legislature further finds that the accountable care organization framework offers a basic method of decoupling volume and intensity from revenue and profit and is thus a crucial step toward achieving a truly sustainable health care delivery system.

(2) The legislature declares that collaboration among public payors, private health carriers, third-party purchasers, health care delivery systems, and providers to identify appropriate reimbursement methods to align incentives in support of accountable care organizations is in the best interest of the public. The legislature therefore intends to exempt from state antitrust laws, and to provide immunity from federal antitrust laws through the state action doctrine, for activities undertaken pursuant to pilots designed and implemented under section 2 of this act that might otherwise be constrained by such laws. The legislature does not intend and does not authorize any person or entity to engage in activities or to conspire to engage in activities that would constitute per se violations of state and federal antitrust laws including, but not limited to, agreements among competing health care providers or health carriers as to the price or specific level of reimbursement for health care services.

(3) The legislature further finds that public-private partnerships and joint projects, such as the Washington patient-centered medical home collaborative administered and funded jointly between the department of health and the Washington academy of family physicians, are research-supported, evidence-based primary care delivery projects that should be encouraged to the fullest extent possible because they improve health outcomes for patients and increase primary care clinical effectiveness, thereby reducing the overall costs in our health care system.

NEW SECTION. **Sec. 2.** A new section is added to chapter 70.54 RCW to read as follows:

(1) The administrator shall within available resources appoint a lead organization by January 1, 2011, to support at least one integrated health care delivery system and one network of nonintegrated community health care providers in establishing two distinct accountable care organization pilot projects. The intent is that at least two accountable care organization pilot projects be in the process of implementation no later than January 1, 2012. In order to

obtain expert guidance and consultation in design and implementation of the pilots, the lead organization shall contract with a recognized national learning collaborative with a reputable research organization having expertise in the development and implementation of accountable care organizations and payment systems.

(2) The lead organization designated by the administrator under this section shall:

(a) Be representative of health care providers and payors across the state;

(b) Have expertise and knowledge in medical payment and practice reform;

(c) Be able to support the costs of its work without recourse to state funding. The administrator and the lead organization are authorized and encouraged to seek federal funds, as well as solicit, receive, contract for, collect, and hold grants, donations, and gifts to support the implementation of this section and may scale back implementation to fall within resulting resource parameters;

(d) In collaboration with the health care authority, identify and convene work groups, as needed, to accomplish the goals of this act; and

(e) Submit regular reports to the administrator on the progress of implementing the requirements of this act.

(3) As used in this section, an "accountable care organization" is an entity that enables networks consisting of health care providers or a health care delivery system to become accountable for the overall costs and quality of care for the population they jointly serve and to share in the savings created by improving quality and slowing spending growth while relying on the following principles:

(a) Local accountability:

(i) Accountable care organizations must be composed of local delivery systems; and

(ii) Accountable care organizations spending benchmarks must make the local system accountable for cost, quality, and capacity;

(b) Appropriate payment and delivery models:

(i) Accountable care organizations with expenditures below benchmarks are recognized and rewarded with appropriate financial incentives;

(ii) Payment models have financial incentives that allow stakeholders to make investments that improve care and slow cost growth such as health information technology; and

(iii) Patient-centered medical homes are an integral component to an accountable care organization with a focus on improving patient outcomes, optimizing the use of health care information technology, patient registries, and chronic disease management, thereby improving the primary care team, and achieving cost savings through lowering health care utilization;

(c) Performance measurement:

(i) Measurement is essential to ensure that appropriate care is being delivered and that cost savings are not the result of limiting necessary care; and

(ii) Accountable care organizations must report patient experience data in addition to clinical process and outcome measures.

(4) The lead organization, subject to available resources, shall research other opportunities to establish accountable care organization pilot projects, which may become available through participation in a demonstration project in medicaid, payment reform in medicare, national health care reform, or other federal changes that support the development of accountable care organizations.

(5) The lead organization, subject to available resources, shall coordinate the accountable care organization selection process with the primary care medical home reimbursement pilot projects established in RCW 70.54.380 and the ongoing joint project of the department of health and the Washington academy of family physicians patient-centered medical home collaborative being put into practice under section 2, chapter 295, Laws of 2008, as well as other private and public efforts to promote adoption of medical homes within the state.

(6) The lead organization shall make a report to the health care committees of the legislature, by January 1, 2013, on the progress of the accountable care organization pilot projects, recommendations about further expansion, and needed changes to the statute to more broadly implement and oversee accountable care organizations in the state.

(7) As used in this section, "administrator," "health care provider," "lead organization," and "payor" have the same meaning as

provided in RCW 41.05.036.

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