
HOUSE BILL 2457

State of Washington

66th Legislature

2020 Regular Session

By Representatives Cody, Kloba, Robinson, Schmick, Tharinger, Macri, Pollet, and Wylie

Read first time 01/14/20. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to the establishment of a board for the
2 evaluation and containment of health care expenditures; and adding a
3 new chapter to Title 70 RCW.

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

5 NEW SECTION. **Sec. 1.** The definitions in this section apply
6 throughout this chapter unless the context clearly requires
7 otherwise.

8 (1) "Authority" means the health care authority.

9 (2) "Board" means the health care cost transparency board.

10 (3) "Health care" means items, services, and supplies intended to
11 improve or maintain human function or treat or ameliorate pain,
12 disease, condition, or injury including, but not limited to, the
13 following types of services:

14 (a) Medical;

15 (b) Behavioral;

16 (c) Substance use disorder;

17 (d) Mental health;

18 (e) Surgical;

19 (f) Optometric;

20 (g) Dental;

21 (h) Podiatric;

- 1 (i) Chiropractic;
 - 2 (j) Psychiatric;
 - 3 (k) Pharmaceutical;
 - 4 (l) Therapeutic;
 - 5 (m) Preventive;
 - 6 (n) Rehabilitative;
 - 7 (o) Supportive; or
 - 8 (p) Geriatric.
- 9 (4) "Health care cost growth" means the annual percentage change
10 in total health care expenditures in the state.
- 11 (5) "Health care cost growth benchmark" means the target
12 percentage for health care cost growth.
- 13 (6) "Health care provider" means a person or entity that is
14 licensed, certified, registered, or otherwise authorized by the law
15 of this state to provide health care in the ordinary course of
16 business or practice of a profession.
- 17 (7) "Health insurance" means policies, contracts, and agreements
18 issued by a health carrier or offered by a payer.
- 19 (8) "Net cost of private health insurance" means the difference
20 in premiums received by a payer and the claims for the cost of health
21 care paid by the payer under a policy or certificate of health
22 insurance.
- 23 (9) "Payer" means:
- 24 (a) A health carrier as defined in RCW 48.43.005;
 - 25 (b) A publicly funded health care program, including medicaid,
26 medicare, the state children's health insurance program, and public
27 and school employee benefit programs administered under chapter 41.05
28 RCW;
 - 29 (c) A third-party administrator; and
 - 30 (d) Any other public or private entity, other than an individual,
31 that pays or reimburses the cost for the provision of health care.
- 32 (10) "Total health care expenditures" means all health care
33 expenditures in this state by public and private sources, including:
- 34 (a) All payments on health care providers' claims for
35 reimbursement for the cost of health care provided;
 - 36 (b) All payments to health care providers other than payments
37 described in (a) of this subsection;
 - 38 (c) All cost-sharing paid by residents of this state, including
39 copayments, deductibles, and coinsurance; and
 - 40 (d) The net cost of private health insurance.

1 NEW SECTION. **Sec. 2.** The authority shall establish a board to
2 be known as the health care cost transparency board. The board is
3 responsible for the analysis of total health care expenditures in
4 Washington, identifying trends in health care cost growth, and
5 establishing a health care cost growth benchmark. The board shall
6 provide analysis of the factors impacting these trends in health care
7 cost growth and shall identify those health care providers and payers
8 that are exceeding the health care cost growth benchmark.

9 NEW SECTION. **Sec. 3.** (1) The board shall consist of thirteen
10 members who shall be appointed as follows:

- 11 (a) The insurance commissioner, or the commissioner's designee;
- 12 (b) The administrator of the health care authority, or the
13 administrator's designee;
- 14 (c) The secretary of labor and industries, or the secretary's
15 designee;
- 16 (d) The chief executive officer of the health benefit exchange,
17 or the chief executive officer's designee;
- 18 (e) One member representing local governments that purchase
19 health care for their employees;
- 20 (f) Two members representing consumers;
- 21 (g) One member representing Taft-Hartley health benefit plans;
- 22 (h) Two members representing large employers, at least one of
23 which is a self-funded group health plan;
- 24 (i) One member representing small businesses;
- 25 (j) One member who is an actuary or an expert in health care
26 economics; and
- 27 (k) One member who is an expert in health care financing.

28 (2) The governor shall appoint the members of the board. For the
29 members of the board identified in subsection (1)(f) through (k) of
30 this section, each of the two largest caucuses of each chamber of the
31 legislature shall submit one nominee for each of the eight positions.
32 The nominees may not be legislators and, except for the members of
33 the board identified in subsection (1)(j) and (k) of this section,
34 the nominees may not be employees of the state or its political
35 subdivisions. No caucus may submit the same nominee. The governor
36 must choose at least one nominee from each caucus.

37 (3) The governor shall appoint the chair of the board.

1 (4) (a) Initial members of the board shall serve staggered terms
2 not to exceed four years. Members appointed thereafter shall serve
3 two-year terms.

4 (b) A member of the board whose term has expired or who otherwise
5 leaves the board shall be replaced by gubernatorial appointment. Upon
6 the expiration of a member's term, the member shall continue to serve
7 until a successor has been appointed and has assumed office. When the
8 person leaving was nominated by one of the caucuses of the house of
9 representatives or the senate, his or her replacement shall be
10 appointed from a list of five nominees submitted by that caucus
11 within thirty days after the person leaves. If the member to be
12 replaced is the chair, the governor shall appoint a new chair within
13 thirty days after the vacancy occurs. A person appointed to replace a
14 member who leaves the board prior to the expiration of his or her
15 term shall serve only the duration of the unexpired term. Members of
16 the board may be reappointed to multiple terms.

17 (5) Members of the board must be reimbursed for their travel
18 expenses while on official business in accordance with RCW 43.03.050
19 and 43.03.060. The board shall prescribe rules for the conduct of its
20 business. Meetings of the board are subject to the call of the chair.

21 (6) The board and its subcommittees are subject to the provisions
22 of chapter 42.30 RCW, the open public meetings act, and chapter 42.56
23 RCW, the public records act. The board and its subcommittees may not
24 disclose any health care information that identifies or could
25 reasonably identify the patient or consumer who is the subject of the
26 health care information.

27 (7) Members of the board are not civilly or criminally liable and
28 may not have any penalty or cause of action of any nature arise
29 against them for any action taken or not taken, including any
30 discretionary decision or failure to make a discretionary decision,
31 when the action or inaction is done in good faith and in the
32 performance of the powers and duties under this chapter.

33 NEW SECTION. **Sec. 4.** (1) The board shall establish an advisory
34 committee on data issues and an advisory committee of health care
35 providers and carriers. The board may establish other advisory
36 committees as it finds necessary.

37 (2) Appointments to the advisory committee on data issues shall
38 be made by the board. Members of the committee must have expertise in

1 health data collection and reporting, health care claims data
2 analysis, health care economic analysis, and actuarial analysis.

3 (3) Appointments to the advisory committee of health care
4 providers and carriers shall be made by the board and must include
5 the following membership:

6 (a) One member representing hospitals and hospital systems,
7 selected from a list of three nominees submitted by the Washington
8 state hospital association;

9 (b) One member representing federally qualified health centers,
10 selected from a list of three nominees submitted by the Washington
11 association for community health;

12 (c) One physician, selected from a list of three nominees
13 submitted by the Washington state medical association;

14 (d) One primary care physician, selected from a list of three
15 nominees submitted by the Washington academy of family physicians;

16 (e) One member representing behavioral health providers, selected
17 from a list of three nominees submitted by the Washington council for
18 behavioral health;

19 (f) One member representing pharmacists and pharmacies, selected
20 from a list of three nominees submitted by the Washington state
21 pharmacy association;

22 (g) One member representing a health maintenance organization,
23 selected from a list of three nominees submitted by the association
24 of Washington healthcare plans;

25 (h) One member representing a managed care organization that
26 contracts with the authority to serve medical assistance enrollees,
27 selected from a list of three nominees submitted by the association
28 of Washington healthcare plans;

29 (i) One member representing a health care service contractor,
30 selected from a list of three nominees submitted by the association
31 of Washington healthcare plans; and

32 (j) Three members, at least one of whom represents a disability
33 insurer, selected from a list of six nominees submitted by America's
34 health insurance plans.

35 NEW SECTION. **Sec. 5.** (1) The board has the authority to
36 establish and appoint advisory committees, in accordance with the
37 requirements of section 4 of this act, and seek input and
38 recommendations from the advisory committees on topics relevant to
39 the work of the board;

1 (2) The board shall:

2 (a) Determine the types and sources of data necessary to annually
3 calculate total health care expenditures and health care cost growth,
4 and to establish the health care cost growth benchmark, including
5 execution of any necessary access and data security agreements with
6 the custodians of the data;

7 (b) Determine the means and methods for gathering data to
8 annually calculate total health care expenditures and health care
9 cost growth, and to establish the health care cost growth benchmark.
10 The activities may include selecting methodologies and determining
11 sources of data;

12 (c) Calculate health care cost growth:

13 (i) Statewide;

14 (ii) For each health care provider or provider system and each
15 payer, taking into account the health status of the patients of the
16 health care provider or the enrollees of the payer; and

17 (iii) Per capita.

18 (d) Establish the health care cost growth benchmark for increases
19 in total health expenditures; and

20 (e) Release reports in accordance with section 7 of this act.

21 NEW SECTION. **Sec. 6.** (1) The authority may contract with a
22 private nonprofit entity to administer the board and provide support
23 to the board to carry out its responsibilities under this chapter.
24 The authority may not contract with a private nonprofit entity that
25 has a financial interest that may create a potential conflict of
26 interest or introduce bias into the board's deliberations.

27 (2) The authority or the contracted entity shall actively solicit
28 federal and private funding and in-kind contributions necessary to
29 complete its work in a timely fashion. The contracted entity shall
30 not accept private funds if receipt of such funding could present a
31 potential conflict of interest or introduce bias into the board's
32 deliberations.

33 NEW SECTION. **Sec. 7.** (1) By August 1, 2021, the board shall
34 submit a preliminary report to the governor and each chamber of the
35 legislature. The preliminary report shall address the progress toward
36 establishment of the board and advisory committees and the
37 establishment of total health care expenditures, health care cost
38 growth, and the health care cost growth benchmark for the state,

1 including proposed methodologies for determining each of these
2 calculations. The preliminary report shall include a discussion of
3 any obstacles related to conducting the board's work including any
4 deficiencies in data necessary to perform its responsibilities under
5 section 5 of this act.

6 (2) Beginning August 1, 2022, the board shall submit annual
7 reports to the governor and each chamber of the legislature. The
8 first annual report shall determine the total health care
9 expenditures for the most recent year for which data is available.

10 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act
11 constitute a new chapter in Title 70 RCW.

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