

SENATE BILL REPORT

SB 5589

As Reported by Senate Committee On:
Health & Long Term Care, January 26, 2022

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

Brief Description: Concerning statewide spending on primary care.

Sponsors: Senators Robinson, Cleveland, Frockt and Randall.

Brief History:

Committee Activity: Health & Long Term Care: 1/21/22, 1/26/22 [DPS, w/oRec].

Brief Summary of First 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 assess and review carriers' primary care expenditures.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: LeighBeth Merrick (786-7445)

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Majority Report: That Substitute Senate Bill No. 5589 be substituted therefor, and the substitute bill do pass.

Signed by Senators Cleveland, Chair; Frockt, Vice Chair; Muzzall, Ranking Member; Conway, Keiser, Randall, Rivers, Robinson and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Padden and Sefzik.

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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Background: Health Care Cost Transparency Board. In 2020, the Legislature directed the Health Care Authority to establish the Health Care Cost Transparency Board (Board). The Board must annually calculate the total health care expenditures in Washington and establish a health care cost growth benchmark. The Board is comprised of 14 members appointed by the Governor, with two required advisory committees, the Advisory Committee for Health Care Providers and Carriers and the Advisory Committee on Data Issues. The Board has authority to establish additional advisory committees on relevant topics. In August 2021, the Board released an initial progress report. The Board plans to identify the health care cost growth benchmark by this summer and measure performance against the benchmark and identify cost drivers by August 2023.

Office of Financial Management Primary Care Expenditures Report. In 2019, the Legislature directed the Office of Financial Management (OFM) to determine the annual primary care medical expenditures as a percentage of total medical expenditures by carrier. OFM released the report in 2019 and found in Washington for 2018, primary care expenditures as a percentage of total medical expenditures ranged from 4.4 percent—about \$838 million—to 5.6 percent—about \$1 billion—based on either a narrow or broad definition, respectively, of primary care. Primary care spending as a percentage of total spending was highest for people under 18 years and lowest in people 65 years and older.

Office of the Insurance Commissioner Health Plan Form and Rate Filings. The Office of the Insurance Commissioner (OIC) regulates commercial health insurance carriers and requires them to submit details about their plans and rates for the OIC to review.

Summary of Bill (First Substitute): The Board must measure and report on primary care expenditures in Washington and the progress towards increasing it to 12 percent of total health care expenditures. In developing the measures and report, the Board must consult with primary care providers and organizations representing primary care providers and review existing work in this and other states regarding primary care. By December 1, 2022, the Board must report to the Governor and Legislature on:

- how to define primary care;
- barriers to accessing the necessary data and how to overcome these barriers;
- annual progress needed for primary care expenditures to reach 12 percent of total health care expenditures;
- how and whom determines the annual desired spending level for primary care;
- incentives for achieving the desired spending levels;
- reimbursement methods for achieving the desired spending levels combined with improved health outcomes, value and health care experience; and
- the Board's ongoing role in developing desired spending levels and implementing and evaluating strategies to achieve them.

Beginning August 1, 2023, the Board must annually report the primary care expenditures

for the most recent year with available data to the Governor and Legislature. If possible, the expenditures must be broken down by insurance carrier, market or payer, provider type, payment mechanism, and in total and as a percentage of total health care expenditure. If necessary, the report may identify barriers to the reporting requirements and propose recommendations for how to overcome them.

OIC is authorized to assess carriers' primary care expenditures in the previous plan year or anticipated for the upcoming plan year when it reviews the carriers' health plan forms or rate filings. When conducting the review, OIC must consider the primary care expenditure's definition and desired spending levels established by the Board. OIC may determine the form and content for the carriers to report their primary care expenditures.

EFFECT OF CHANGES MADE BY HEALTH & LONG TERM CARE COMMITTEE (First Substitute):

- Requires the Board to consult with primary care providers and organizations representing primary care providers when the Board is developing the primary care spend measures and reporting.

Appropriation: None.

Fiscal Note: Requested on January 10, 2022.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Many studies around primary care spending indicate that implementing high quality primary care improves overall health. Primary care is the only part of health care where an increased supply is associated with better population health and more equitable outcomes. This bill is the first step to get Washington on a path to increase the proportion of overall health care spending on primary care. Primary care is the only part of the health system that prevents illness and death. Often times primary care is where individuals with behavioral health issues go first to seek care and it can help people with accessing dental care and healthy foods and manage their diabetes. Too little is invested in primary care. According to the OFM study, \$0.05 for every health care dollar in the state is spend on primary care. High performing health care systems invest twice to three times as much. Investing more in primary care is good from both a medical and financial perspective because it keeps people healthier and out of higher cost settings. This bill is modeled after what other states are doing and builds on the work of the Health Care Cost Transparency Board. We request the Board include providers in this work and have concerns about requiring the specified spending levels be within existing overall spending. The bill alludes to the primary care definition used in the OFM and we

don't believe this definition captures the full spend and all of the work carriers do to invest in primary care.

Persons Testifying: PRO: Senator June Robinson, Prime Sponsor; Sean Graham, WA State Medical Association (WSMA); Mike Barsotti, WA Chapter of the American Academy of Pediatrics; Angie Sparks, Washington Academy of Family Physicians; Chris Bandoli, Association of WA Healthcare Plans; Courtney Smith, Washington Association for Community Health.

Persons Signed In To Testify But Not Testifying: No one.