

CERTIFICATION OF ENROLLMENT  
**SECOND ENGROSSED SUBSTITUTE HOUSE BILL 1508**

68th Legislature  
2024 Regular Session

Passed by the House February 6, 2024  
Yeas 94 Nays 3

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**Speaker of the House of  
Representatives**

Passed by the Senate February 28,  
2024  
Yeas 45 Nays 2

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**President of the Senate**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND ENGROSSED SUBSTITUTE HOUSE BILL 1508** as passed by the House of Representatives and the Senate on the dates hereon set forth.

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**Chief Clerk**

FILED

**Secretary of State  
State of Washington**

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SECOND ENGROSSED SUBSTITUTE HOUSE BILL 1508

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Passed Legislature - 2024 Regular Session

State of Washington

68th Legislature

2023 Regular Session

By House Appropriations (originally sponsored by Representatives Macri, Riccelli, Simmons, Fitzgibbon, Berry, Alvarado, Bateman, Ormsby, Doglio, Reed, Callan, Stonier, Tharinger, and Bergquist)

READ FIRST TIME 02/24/23.

1 AN ACT Relating to improving consumer affordability through the  
2 health care cost transparency board; amending RCW 70.390.040,  
3 70.390.050, 70.390.070, and 70.405.030; adding new sections to  
4 chapter 70.390 RCW; and adding a new section to chapter 43.71C RCW.

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

6 **Sec. 1.** RCW 70.390.040 and 2020 c 340 s 4 are each amended to  
7 read as follows:

8 (1) The board shall establish an advisory committee on data  
9 issues and ~~((and))~~ a health care stakeholder advisory committee ~~((of~~  
10 ~~health care providers and carriers))~~. The board may establish other  
11 advisory committees as it finds necessary. Any other standing  
12 advisory committee established by the board shall include members  
13 representing the interests of consumer, labor, and employer  
14 purchasers, at a minimum, and may include other stakeholders with  
15 expertise in the subject of the advisory committee, such as health  
16 care providers, payers, and health care cost researchers.

17 (2) Appointments to the advisory committee on data issues shall  
18 be made by the board. Members of the committee must have expertise in  
19 health data collection and reporting, health care claims data  
20 analysis, health care economic analysis, ~~((and))~~ actuarial analysis,  
21 or other relevant expertise related to health data.

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

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

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

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

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

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

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

20 (g) One member representing advanced registered nurse  
21 practitioners, selected from a list of three nominees submitted by  
22 ARNPs united of Washington state;

23 (h) One member representing tribal health providers, selected  
24 from a list of three nominees submitted by the American Indian health  
25 commission;

26 (i) One member representing a health maintenance organization,  
27 selected from a list of three nominees submitted by the association  
28 of Washington health care plans;

29 (j) One member representing a managed care organization that  
30 contracts with the authority to serve medical assistance enrollees,  
31 selected from a list of three nominees submitted by the association  
32 of Washington health care plans;

33 (k) One member representing a health care service contractor,  
34 selected from a list of three nominees submitted by the association  
35 of Washington health care plans;

36 (l) One member representing an ambulatory surgery center selected  
37 from a list of three nominees submitted by the ambulatory surgery  
38 center association; (~~and~~)

1 (m) Three members, at least one of whom represents a disability  
2 insurer, selected from a list of six nominees submitted by America's  
3 health insurance plans;

4 (n) At least two members representing the interests of consumers,  
5 selected from a list of nominees submitted by consumer organizations;

6 (o) At least two members representing the interests of labor  
7 purchasers, selected from a list of nominees submitted by the  
8 Washington state labor council; and

9 (p) At least two members representing the interests of employer  
10 purchasers, including at least one small business representative,  
11 selected from a list of nominees submitted by business organizations.  
12 The members appointed under this subsection (3)(p) may not be  
13 directly or indirectly affiliated with an employer which has income  
14 from health care services, health care products, health insurance, or  
15 other health care sector-related activities as its primary source of  
16 revenue.

17 **Sec. 2.** RCW 70.390.050 and 2020 c 340 s 5 are each amended to  
18 read as follows:

19 (1) The board has the authority to establish and appoint advisory  
20 committees, in accordance with the requirements of RCW 70.390.040,  
21 and shall seek input and recommendations from ~~((the))~~ relevant  
22 advisory committees ~~((on topics relevant to the work of the board))~~.

23 (2) The board shall:

24 (a) Determine the types and sources of data necessary to annually  
25 calculate total health care expenditures and health care cost growth,  
26 ~~((and to))~~ establish the health care cost growth benchmark, and  
27 analyze the impact of cost drivers on health care spending, including  
28 execution of any necessary access and data security agreements with  
29 the custodians of the data. The board shall first identify existing  
30 data sources, such as the statewide health care claims database  
31 established in chapter 43.371 RCW and prescription drug data  
32 collected under chapter 43.71C RCW, and primarily rely on these  
33 sources when possible in order to minimize the creation of new  
34 reporting requirements. The board may use data received from existing  
35 data sources including, but not limited to, publicly available  
36 information filed by carriers under Title 48 RCW and data collected  
37 under chapters 43.70, 43.71, 43.71C, 43.371, and 70.405 RCW, in its  
38 analyses and discussions to the same extent that the custodians of  
39 the data are permitted to use the data. As appropriate to promote

1 administrative efficiencies, the board may share its data with the  
2 prescription drug affordability board under chapter 70.405 RCW and  
3 other health care cost analysis efforts conducted by the state;

4 (b) Determine the means and methods for gathering data to  
5 annually calculate total health care expenditures and health care  
6 cost growth, and to establish the health care cost growth benchmark.  
7 The board must select an appropriate economic indicator to use when  
8 establishing the health care cost growth benchmark. The activities  
9 may include selecting methodologies and determining sources of data.  
10 The board shall (~~accept~~) solicit and consider recommendations from  
11 the advisory committee on data issues and the health care stakeholder  
12 advisory committee (~~(of health care providers and carriers)~~)  
13 regarding the value and feasibility of reporting various categories  
14 of information under (c) of this subsection, such as urban and rural,  
15 public sector and private sector, and major categories of health  
16 services, including prescription drugs, inpatient treatment, and  
17 outpatient treatment;

18 (c) Annually calculate total health care expenditures and health  
19 care cost growth:

20 (i) Statewide and by geographic rating area;

21 (ii) For each health care provider or provider system and each  
22 payer, taking into account the health status of the patients of the  
23 health care provider or the enrollees of the payer, utilization by  
24 the patients of the health care provider or the enrollees of the  
25 payer, intensity of services provided to the patients of the health  
26 care provider or the enrollees of the payer, and regional differences  
27 in input prices. The board must develop an implementation plan for  
28 reporting information about health care providers, provider systems,  
29 and payers;

30 (iii) By market segment;

31 (iv) Per capita; and

32 (v) For other categories, as recommended by the advisory  
33 committees in (b) of this subsection, and approved by the board;

34 (d) Annually establish the health care cost growth benchmark for  
35 increases in total health expenditures. The board, in determining the  
36 health care cost growth benchmark, shall begin with an initial  
37 implementation that applies to the highest cost drivers in the health  
38 care system and develop a phased plan to include other components of  
39 the health system for subsequent years;

1 (e) Beginning in 2023, analyze the impacts of cost drivers to  
2 health care and incorporate this analysis into determining the annual  
3 total health care expenditures and establishing the annual health  
4 care cost growth benchmark. The cost drivers may include, to the  
5 extent such data is available:

6 (i) Labor, including but not limited to, wages, benefits, and  
7 salaries;

8 (ii) Capital costs, including but not limited to new technology;

9 (iii) Supply costs, including but not limited to prescription  
10 drug costs;

11 (iv) Uncompensated care;

12 (v) Administrative and compliance costs;

13 (vi) Federal, state, and local taxes;

14 (vii) Capacity, funding, and access to postacute care, long-term  
15 services and supports, and housing; (~~and~~)

16 (viii) Regional differences in input prices; (~~and~~

17 ~~(f)~~) (ix) Financial earnings of health care providers and  
18 payers, including information regarding profits, assets, accumulated  
19 surpluses, reserves, and investment income, and similar information;

20 (x) Utilization trends and adjustments for demographic changes  
21 and severity of illness;

22 (xi) New state health insurance benefit mandates enacted by the  
23 legislature that require carriers to reimburse the cost of specified  
24 procedures or prescriptions; and

25 (xii) Other cost drivers determined by the board to be  
26 informative to determining annual total health care expenditures and  
27 establishing the annual health care cost growth benchmark; and

28 (f) Release reports in accordance with RCW 70.390.070.

29 **Sec. 3.** RCW 70.390.070 and 2020 c 340 s 7 are each amended to  
30 read as follows:

31 ~~((1) By August 1, 2021, the board shall submit a preliminary~~  
32 ~~report to the governor and each chamber of the legislature. The~~  
33 ~~preliminary report shall address the progress toward establishment of~~  
34 ~~the board and advisory committees and the establishment of total~~  
35 ~~health care expenditures, health care cost growth, and the health~~  
36 ~~care cost growth benchmark for the state, including proposed~~  
37 ~~methodologies for determining each of these calculations. The~~  
38 ~~preliminary report shall include a discussion of any obstacles~~  
39 ~~related to conducting the board's work including any deficiencies in~~

1 ~~data necessary to perform its responsibilities under RCW 70.390.050~~  
2 ~~and any supplemental data needs.~~

3 ~~(2) Beginning August 1, 2022))~~ By December 1st of each year, the  
4 board shall submit annual reports to the governor and each chamber of  
5 the legislature. ~~((The first annual report shall determine the total~~  
6 ~~health care expenditures for the most recent year for which data is~~  
7 ~~available and shall establish the health care cost growth benchmark~~  
8 ~~for the following year.))~~ The annual reports may include policy  
9 recommendations applicable to the board's activities and analysis of  
10 its work, including any recommendations related to lowering health  
11 care costs, focusing on private sector purchasers, and the  
12 establishment of a rating system of health care providers and payers.

13 NEW SECTION. **Sec. 4.** A new section is added to chapter 70.390  
14 RCW to read as follows:

15 (1) At least biennially, the board shall conduct a survey of  
16 underinsurance among Washington residents.

17 (a) The survey shall be conducted among a representative sample  
18 of Washington residents. Analysis of the survey results shall be  
19 disaggregated to the greatest extent feasible by demographic factors  
20 such as race, ethnicity, gender and gender identity, age, disability  
21 status, household income level, type of insurance coverage,  
22 geography, and preferred language. In addition, the survey shall be  
23 designed to allow for the analyses of the aggregate impact of out-of-  
24 pocket costs and premiums according to the standards in (b) of this  
25 subsection as well as the share of Washington residents who delay or  
26 forego care due to cost.

27 (b) The board shall measure underinsurance as the share of  
28 Washington residents whose out-of-pocket costs over the prior 12  
29 months, excluding premiums, are equal to:

30 (i) For persons whose household income is over 200 percent of the  
31 federal poverty level, 10 percent or more of household income;

32 (ii) For persons whose household income is less than 200 percent  
33 of the federal poverty level, five percent or more of household  
34 income; or

35 (iii) For any income level, deductibles constituting five percent  
36 or more of household income.

37 (c) Beginning in 2026, the board may implement improvements to  
38 the measure of underinsurance defined in (b) of this subsection, such

1 as a broader health care affordability index that considers health  
2 care expenses in the context of other household expenses.

3 (2) At least biennially, the board shall conduct a survey of  
4 insurance trends among employers and employees. The survey must be  
5 conducted among a representative sample of Washington employers and  
6 employees.

7 (3) The board may conduct the surveys through the authority, by  
8 contract with a private entity, or by arrangement with another state  
9 agency conducting a related survey.

10 (4) Beginning in 2025, analysis of the survey results shall be  
11 included in the annual report required by RCW 70.390.070.

12 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.390  
13 RCW to read as follows:

14 (1) No later than December 1, 2024, and annually thereafter, the  
15 board shall hold a public hearing related to discussing the growth in  
16 total health care expenditures in relation to the health care cost  
17 growth benchmark in the previous performance period, in accordance  
18 with the open public meetings act, chapter 42.30 RCW. The agenda and  
19 any materials for this hearing must be made available to the public  
20 at least 14 days prior to the hearing.

21 (2)(a) Except as provided in (b) of this subsection, to the  
22 extent data permits, the hearing must include the public  
23 identification of any payers or health care providers for which  
24 health care cost growth in the previous performance period exceeded  
25 the health care cost growth benchmark.

26 (b) Provider groups with fewer than 10,000 unique attributed  
27 lives shall be exempt from identification under (a) of this  
28 subsection.

29 (3) At the hearing, the board:

30 (a) May require testimony by payers or health care providers that  
31 have substantially exceeded the health care cost growth benchmark in  
32 the previous calendar year to better understand the reasons for the  
33 excess health care cost growth and measures that are being undertaken  
34 to restore health care cost growth within the limits of the  
35 benchmark;

36 (b) Shall invite testimony from health care stakeholders, other  
37 than payers and health care providers, including health care  
38 consumers, business interests, and labor representatives; and

39 (c) Shall provide an opportunity for public comment.



1        NEW SECTION.    **Sec. 6.**    A new section is added to chapter 43.71C  
2    RCW to read as follows:

3        Information collected pursuant to this chapter may be shared with  
4    the health care cost transparency board established under chapter  
5    70.390 RCW, subject to the same disclosure restrictions applicable  
6    under this chapter.

7        **Sec. 7.**    RCW 70.405.030 and 2022 c 153 s 3 are each amended to  
8    read as follows:

9        By June 30, 2023, and annually thereafter, utilizing data  
10    collected pursuant to (~~chapter~~) chapters 43.71C, 43.371, and 70.390  
11    RCW, (~~the all-payer health care claims database,~~) or other data  
12    deemed relevant by the board, the board must identify prescription  
13    drugs that have been on the market for at least seven years, are  
14    dispensed at a retail, specialty, or mail-order pharmacy, are not  
15    designated by the United States food and drug administration under 21  
16    U.S.C. Sec. 360bb as a drug solely for the treatment of a rare  
17    disease or condition, and meet the following thresholds:

- 18        (1) Brand name prescription drugs and biologic products that:  
19        (a) Have a wholesale acquisition cost of \$60,000 or more per year  
20        or course of treatment lasting less than one year; or  
21        (b) Have a price increase of 15 percent or more in any 12-month  
22        period or for a course of treatment lasting less than 12 months, or a  
23        50 percent cumulative increase over three years;  
24        (2) A biosimilar product with an initial wholesale acquisition  
25        cost that is not at least 15 percent lower than the reference  
26        biological product; and  
27        (3) Generic drugs with a wholesale acquisition cost of \$100 or  
28        more for a 30-day supply or less that has increased in price by 200  
29        percent or more in the preceding 12 months.

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