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**ENGROSSED SUBSTITUTE SENATE BILL 6522**

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**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.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

29 (a) Local accountability:

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

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

34 (b) Appropriate payment and delivery models:

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

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

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

10 (c) Performance measurement:

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

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

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

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

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

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

1 provided in RCW 41.05.036.

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