



GOVERNOR INSLEE'S
LEGISLATIVE AFFAIRS AND POLICY OFFICE

Q&A for HB 2572 - Better Health Care Purchasing

Transforming Health Care: Better Health, Better Care and Lower Costs

Background

Governor Jay Inslee proposes House Bill 2572 to transform health care in Washington. The measure would provide a statutory foundation for the state's next steps in health reform: improving health, improving care and reducing health care costs.

Q: What is the State Health Care Innovation Plan?

- » The innovation plan presents our strategic vision for delivering better health outcomes, better health care and lower costs for Washingtonians.
- » Planning was coordinated by the Health Care Authority and represents the contributions of a dozen state agencies and more than 1,000 organizations and individuals involved in health care.
- » The three overarching strategies of the innovation plan are to:
 - › Build healthy communities that support nutritious eating and physical activity as well as promote prevention and early mitigation of conditions such as Type 2 diabetes.
 - › Transform how we pay for health care to compensate for how well the care works instead of paying for the number of doctor visits, tests or procedures.
 - › Better coordinate the care patients receive, including bringing together mental health and substance abuse services and integrating them in primary medical care.

Q: Why does Washington state need health care transformation now?

- » **State residents are less healthy.** The obesity rate has grown by 8 percent since 2000. Residents with serious mental illness are dying eight to 25 years earlier than the general population. Such troubling trends demand action.
- » **Per-capita health care costs have nearly tripled** over the past two decades, rising from \$2,358 in 1991 to \$6,782 in 2009. Our innovation plan is expected to slow the rate of the cost increase.
- » **The state itself is Washington's largest health care purchaser**, with a current biennial budget for health care of \$13.1 billion. By 2015, the state is anticipated to provide coverage for 1.7 million people. Transforming how the state purchases health care will have a major impact on the overall cost of care for both the state and private purchasers.

Q: Why is legislation needed to support health care transformation?

- » **Legislation will provide statutory support** and demonstrate to the Center for Medicare & Medicaid Innovation (CMMI) our state's commitment to implement the innovation plan. The state received a planning grant from CMMI and is now applying for implementation funding.
- » **Washington's innovation plan builds on state initiatives supported by prior legislative acts.** The state already has invested in health care reform, resulting in hundreds of thousands of residents getting affordable health insurance. This legislation starts the state on the next steps for improving health, improving care and lowering costs.

Q: What "innovations" are included in the legislation?

- » **Statewide transparency:** Fifteen other states have developed databases that include price information — called an all-payer claims database — and agreed-upon quality measures. A database of this type creates transparency, making information available and understandable to health care consumers and purchasers. This, in turn, supports a competitive marketplace by giving consumers and purchasers the information they need to make better-informed health care purchasing decisions. It also creates greater competition based on both quality and price among purchasers and providers.
- » **Integrated physical and behavioral health care:** We can improve health and cut costs by integrating care for mental health, substance abuse and physical health — and by reimbursing providers for taking this whole-person approach.
- » **Empowering communities to assess and address local health needs:** Washington can make a big impact on complex health problems by strengthening the informal collaborations that are already operating. Accountable collaboratives of health will pull together key organizations — health care providers, public health departments, housing and social services providers, businesses, tribes, labor and more — to identify and address the most pressing needs in their communities. The state would provide seed grants and flexible Medicaid financing to foster these public-private organizations.

Q: What impact will these innovations have on Washington's health care system?

- » **Regional collaboration will promote healthier communities** and improve urban and rural health care delivery.
- » **Residents will be healthier**, as evidenced by expected declines in chronic illness, mental illness and chemical dependency.
- » **State health care savings will be significant**, with a conservatively estimated \$730 million return on investment in the next three years.
- » **Innovations introduce great potential for savings to extend to other areas of the state budget**, including criminal justice (lower rates of incarceration due to treatment of mental health and chemical dependency), emergency services (less need for ambulance and emergency room services), education (healthier students perform better) and social services (healthier adults require fewer services).