
HOUSE BILL 2944

State of Washington

66th Legislature

2020 Regular Session

By Representatives Stonier, Tharinger, and Davis

1 AN ACT Relating to reviewing state-funded services procured from
2 certain contracted service providers; reenacting and amending RCW
3 44.48.150; adding new sections to chapter 43.88 RCW; and creating new
4 sections.

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

6 NEW SECTION. **Sec. 1.** The legislature recognizes the important
7 role that contracted service providers perform in delivering services
8 funded in the omnibus operating appropriations act. To inform the
9 budget development process in chapter 43.88 RCW, it is the intent of
10 the legislature to gather and review additional information about the
11 rates paid to service providers, and to establish a process for
12 reviewing changes to those rates.

13 The legislature intends to focus this process on providers for
14 which vendor rate increases are established by the legislature. For
15 this reason, this process does not include providers for which rates
16 are set pursuant to collective bargaining, or through statutory
17 formulae. For state-funded services where the state contracts with a
18 risk-bearing financial intermediary who then establishes the rates
19 paid to service providers, the legislature establishes a separate
20 one-time review process.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.88
2 RCW to read as follows:

3 (1) By August 1st of each even-numbered year, contracting
4 agencies must provide to the office of financial management an
5 inventory of services delivered by contracted service providers. The
6 office of financial management must prescribe the format and level of
7 detail required in the submittal.

8 (2) At a minimum, the submittal must include for each service
9 delivered by one or more contracted service providers:

10 (a) A brief description of the service provided;

11 (b) A summary of the payment methodology, current base rate, any
12 available rate enhancements, and any additional support funding
13 provided by the state;

14 (c) Any planned changes to the rate or support funding effective
15 before the end of the current biennium;

16 (d) The number of clients anticipated to be served in the current
17 and ensuing biennium;

18 (e) The estimated total cost of serving those clients;

19 (f) The number of service providers currently contracted to
20 provide the service;

21 (g) Any available information about a shortage or excess of
22 qualified service providers contracting with the state; and

23 (h) Any available information about the cost incurred by
24 contracted service providers in delivering the services compared to
25 the rate paid by the state.

26 (3) The definitions in this subsection apply to this section and
27 sections 3 and 4 of this act unless the context clearly requires
28 otherwise.

29 (a) "Contracting agencies" means the department of children,
30 youth, and families; the department of corrections; the department of
31 social and health services; and the health care authority.

32 (b) "Services delivered by contracted service providers" means
33 state-funded services delivered by providers who are not state
34 employees, and excludes services for which:

35 (i) The state is an employer solely for the purposes of
36 collective bargaining under chapter 41.56 RCW, including but not
37 limited to providers such as adult family homes and family child care
38 providers;

39 (ii) The state contracts with a risk-bearing fiscal intermediary,
40 such as a managed care entity; or

1 (iii) The rate paid to contracted service providers is calculated
2 pursuant to an explicit statutory formula, including but not limited
3 to nursing homes under chapter 74.46 RCW and home care agencies under
4 RCW 74.39A.310.

5 NEW SECTION. **Sec. 3.** (1) The office of financial management
6 must contract with one or more research or actuarial entities to
7 examine the delivery of behavioral and physical health care services
8 for which the health care authority contracts with a risk-bearing
9 fiscal intermediary. This section does not apply to behavioral and
10 physical health care services provided through state and school
11 employee benefit programs.

12 (2) The report must be provided to the legislature no later than
13 September 1, 2020, and must include:

14 (a) A description of the types of payment methods currently used
15 by risk-bearing fiscal intermediaries to establish provider payments.
16 The report must identify, and, to the extent practicable, quantify,
17 instances of case payment rates, broad encounter rates, value-based
18 purchasing, subcapitation, or similar methodologies;

19 (b) Options available to the legislature and the governor to
20 ensure that risk-bearing fiscal intermediaries meet standards for
21 quality and access to care; and

22 (c) Options available to the legislature and the governor to
23 modify payment rates to providers that offer services under medicaid
24 managed care. To the extent practicable, for each option the report
25 must:

26 (i) Discuss the potential implications to federal funding and
27 client access to care for both state-funded and private pay patients;
28 and

29 (ii) Identify whether the option could be restricted to
30 particular types of service, provider specializations, client
31 characteristics, care settings, or geographic area.

32 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.88
33 RCW to read as follows:

34 (1) The office of financial management shall establish and
35 regularly convene a vendor rate advisory group regarding rates paid
36 by contracting agencies to contracted service providers. Members of
37 the group are selected by the director of the office of financial
38 management and must include, but are not limited to, agency

1 representatives, service providers, clients receiving paid services,
2 and subject matter experts. In addition to members selected by the
3 director of the office of financial management, the two largest
4 caucuses in the senate and the two largest caucuses in the house of
5 representatives shall each appoint two nonvoting members to serve on
6 the advisory group.

7 (2) By October 1, 2022, and each even-numbered year thereafter,
8 the vendor rate advisory group shall recommend changes under this
9 section to vendor rates paid to contracted service providers.

10 (a) The advisory group may recommend changes to vendor rates paid
11 to contracted service providers if:

12 (i) There has been demonstrated difficulty finding qualified
13 service providers willing to contract with the state;

14 (ii) The costs of providing services greatly exceed the rates
15 paid by the state; or

16 (iii) The rates paid by the state greatly exceed the costs of
17 providing services.

18 (b) The advisory group may recommend vendor rate changes needed
19 to address ordinary inflationary adjustments including, but not
20 limited to, the impact of increases to the state minimum wage.

21 (c) To the maximum extent practicable, the vendor rate advisory
22 group must submit any recommended rate changes in priority order
23 based on the criteria in (a) of this subsection.

24 (3) In developing and making recommendations, the vendor rate
25 advisory committee must also consider:

26 (a) A goal of improving health equity; and

27 (b) Financial feasibility.

28 (4) Staff and administrative support for the vendor rate advisory
29 group must be provided by the office of financial management. The
30 office of financial management must make the recommendations of the
31 vendor rate advisory group available on its web site.

32 (5) Rates subject to review by the vendor rate advisory group are
33 limited to payments for services delivered by contracted service
34 providers as defined in section 2 of this act.

35 **Sec. 5.** RCW 44.48.150 and 2013 c 327 s 2 and 2013 c 63 s 2 are
36 each reenacted and amended to read as follows:

37 (1) By January 1, 2009, in collaboration with the office of
38 financial management, using existing databases and structures
39 currently shared, the office of the legislative evaluation and

1 accountability program committee shall establish and make available
2 to the public a searchable state expenditure information web site.
3 The state expenditure information web site shall provide access to
4 current budget data, access to current accounting data for budgeted
5 expenditures and staff, and access to historical data. At a minimum,
6 the web site will provide access or links to the following
7 information as data are available:

8 (a) State expenditures by fund or account;

9 (b) State expenditures by agency, program, and subprogram;

10 (c) State revenues by major source;

11 (d) State expenditures by object and subobject;

12 (e) State agency workloads, caseloads, and performance measures,
13 and recent performance audits;

14 (f) State agency budget data by activity; and

15 (g) The inventory of state agency fees required by RCW 43.88.585.

16 (2) "State agency," as used in this section, includes every state
17 agency, office, board, commission, or institution of the executive,
18 legislative, or judicial branches, including institutions of higher
19 education.

20 (3) The state expenditure information web site shall be updated
21 periodically as subsequent fiscal year data become available, and the
22 prior year expenditure data shall be maintained by the legislative
23 evaluation and accountability program committee as part of its ten-
24 year historical budget data.

25 (4) By January 1, 2014, current and future capital project and
26 transportation project investments must be coded with the geographic
27 information sufficient to permit the public to search and identify
28 appropriation and expenditure data at the parent and subproject level
29 to the extent available by:

30 (a) State legislative district;

31 (b) County; and

32 (c) Agency project identifier.

33 (5) The office of the legislative evaluation and accountability
34 program committee must, within existing resources, update the state
35 expenditure information web site to allow the public to search for
36 capital budget and transportation projects by selecting from an
37 online geographical map. The map must allow an in-depth examination
38 of financial and other data associated with such projects. Data
39 elements must include:

40 (a) Project title;

- 1 (b) Total appropriation;
2 (c) Project description;
3 (d) Expenditure data; and
4 (e) Administering agency.

5 (6) By January 1, 2021, the office of the legislative evaluation
6 and accountability program committee must begin regularly updating
7 the state expenditure information web site to include the information
8 provided under section 2 of this act.

9 (7) The web site must be easy to use, contain current and readily
10 available data, and allow for review and analysis by the public. The
11 legislative evaluation and accountability program committee must test
12 the web site with potential users to ensure that it is easy to
13 navigate and comprehend.

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