

Testimony of Nancy A. Giunto, Executive Director of the Washington Health Alliance

Washington State House Health Care & Wellness Committee Hearing on House Bill 1437

January 30, 2015

Thank you, Rep. Cody and honorable members of the committee. As executive director of the Washington Health Alliance, I welcome this opportunity to testify in support of House Bill 1437.

The Alliance is a multi-stakeholder nonprofit organization that brings together those who give, get and pay for health care who are committed to creating a high-quality, affordable system for the people of Washington state. Since our founding 10 years ago, we have largely been focused on performance measurement and reporting using claims data. We believe that if something can be measured, it can be managed.

We engage in a painstaking, collaborative process to ensure that our performance measurement activities have the buy-in of providers, health plans and purchasers. The process isn't always easy, and the conversation is ongoing. But as a result of that work over the past decade, the Alliance's Community Checkup website, where we publish our reports, is respected as a fair and objective resource for information about quality of care and patient experience.

We are recognized nationally as the state's voluntary APCD by the APCD Council and have enjoyed the support of 20 data suppliers who voluntarily provide data to us twice a year. In fact, Washington is one of only two states that receives an "A grade" for physician quality transparency and this grade is based on the Alliance's work. Unfortunately, the same organizations give Washington an F for price transparency.

We have established the infrastructure that helps pave the way for the current legislation. Many of the protections for providers and consumers that are outlined in the current legislation are standards that we know from experience are effective safeguards. The Alliance takes its responsibility very seriously and we believe that every patient has the right to be certain that their medical details are treated as confidential information. In the eight years that the Alliance has operated the voluntary APCD in Washington, there has never been a breach of confidential information.

The Alliance's board established reducing the cost of care as its number one strategic priority. We have heard loud and clear from the businesses and labor union trusts who are members that they want community-wide, multi-payer information about health care costs to make better decisions about benefit strategies. The current lack of cost transparency hinders the ability of purchasers—the people who are footing the largest part of the health care bill—to drive change in the market and make more informed purchasing decisions. The State of Washington is a major purchaser of care, spending \$10 billion per year. The lack of transparency also hinders consumers, who are increasingly bearing a larger share of costs, particularly individuals shopping for coverage and those whose employers have implemented high-deductible plans.

HB 1437 is a step forward in correcting the challenges of transparency. We know from the experiences of other states that APCDs can be a market-oriented solution for measuring the cost of health care. For example, publishing cost information from New Hampshire's APCD heightened awareness of price variation

and helped change market dynamics. Employers became more receptive to new benefit designs and higher-priced hospitals introduced lower-priced alternative care settings and renegotiated lower payment rates for certain services.

House bill 1437 has safeguards in place to protect the privacy of consumers. The bill calls for adherence to strict state and federal privacy laws about the use of consumer information, laws that the Alliance already adheres to. The bill also provides important anti-trust and collusion protections for reporting cost information.

Although we do support this bill, it is not everything the Alliance would have hoped for. There are significant restrictions in the bill that limit the amount of transparency that we will see from the APCD, particularly regarding cost. Other states have been much bolder in addressing this issue. Washington state is usually at the forefront of advances in health care system transformation. While this bill is a step forward, it is not the quantum leap that we and the rest of the nation have come to expect from our state.

Still, this legislation would be an advance from the current status quo. Purchasers, providers and consumers will be able to have a somewhat greater understanding of the market landscape to make decisions. We are fully committed to moving our score on price transparency from an F to an A over time. We are confident that by working together, we can reshape the market for the better, encouraging all the stakeholders in our system to strive toward and reward high-value, high-quality health care.

Thank you.

The following organizations sent representatives to support HB 1437:

- ACLU of Washington
- American Cancer Society – Cancer Action Network
- Association of Washington Business
- Association of Washington Cities
- Association of Washington Health Care Plans
- Coordinated Care
- Foundation for Healthy Generations
- Fred Hutchinson Cancer Research Center
- Group Health Cooperative
- Kaiser Permanente
- King County
- National Alliance for the Mentally Ill
- National Federation of Independent Business
- Premera Blue Cross
- Providence Health & Services
- Regence BlueShield
- United HealthCare
- Virginia Mason
- Washington Academy of Family Physicians
- Washington Education Association
- Washington Roundtable
- Washington State Hospital Association
- Washington State Medical Association
- Washington State Nurses Association
- Washington State Office of the Governor
- Washington State Pharmacy Association