



STATE OF WASHINGTON

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January 20, 2006

TO: Robin Arnold-Williams, Secretary, Department of Social and Health Services
Mary Selecky, Secretary, Department of Health
Steve Hill, Administrator, Health Care Authority

FROM: Governor Christine Gregoire

SUBJECT: Outcomes

A significant portion of Washington's health care consumers depend on state-purchased health care through managed care, fee-for-service, self-insurance and other service delivery models. In fact, the state provides health care services to more than 1.3 million individuals. As I have discussed on several occasions, I believe that the state, by developing sound health care purchasing policies for these 1.3 million people, can be an example of innovation and fiscal accountability for Washington's health care industry.

Consumers expect to receive health care services that meet their needs, that prevent serious or chronic illness or disability, and that are based on the best scientific knowledge available. But, these same consumers continue to see significant increases in premiums for health care services without commensurate improvement in either client outcomes or quality of health care services.

I wholeheartedly encourage the work currently being undertaken by health care delivery organizations that use performance measures and quality improvement methods to improve consumer outcomes. Like these organizations, the state also aims to appropriately apply recommendations by nationally recognized organizations, such as the National Committee for Quality Assurance and the Institute of Medicine, to improve the quality of health care services by using outcome-based performance measures.

State purchasers of health care services have a key role in creating a marketplace that emphasizes performance and accountability, by tracking performance measures and making this information transparent for consumers. Additionally, I believe that state purchasers can align payment policy and incentives with contract terms to improve the quality of health care services provided and improve health care outcomes for consumers.

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I am, therefore, directing the Department of Health (DOH), the Health Care Authority (HCA) and the Department of Social and Health Services (DSHS) to convene a Health Outcomes Advisory Committee (HOAC) with representatives from each of these agencies, and certainly to include the DSHS' Health and Recovery Services Administration (HRSA). HOAC shall provide policy recommendations and staff direction through the following activities:

- Compiling current performance measures collected through the health care service delivery system and existing health care contracts, including comparing contractor performance within the same business model;
- Evaluating Washington State performance measure data, including trended data for evidence of improvement in performance measures over time;
- Identifying nationally recognized performance measures for prevention, wellness and chronic illness care outcomes, including mechanisms to assess data on disparities;
- Implementing strategies to incorporate valid evidence-based measures in existing contracts, and reducing variability in performance; and
- Examining the feasibility of collecting fee-for-service performance measures and, if appropriate, developing a plan for collecting such data.

I am further directing HCA and DSHS to amend their health care contracts, as necessary, during the next contracting cycle to incorporate reporting these performance measures. HCA and DSHS shall begin public reporting of performance measure data not later than July 2008, and yearly thereafter. Public reporting shall include data presentation, statistical analysis, and year-to-year trends, as data become available.

It is my intent that DOH provide technical assistance and consultation to HOAC in order to achieve the following:

- Available data collected is to determine disease burden in the State of Washington, across age groups;
- The department's work, related to local, state, and national quality initiatives, is to improve health outcomes; and
- Develop recommendations on how state-purchased health care can use or improve performance measure data to lessen health disparities among consumers.

Thank you in advance for your good work.