

Charter and Operating Procedures

February 18, 2021

I. Vision and mission

A. Vision

To ensure health care affordability for all Washingtonians.

B. Mission

The Board’s primary objective is to understand and curb the State’s health care cost growth. The Board aims to achieve this objective by: (1) analyzing the state’s total health care expenditures; (2) identifying drivers in health care cost growth; and (3) establishing a health care cost growth benchmark. The total health cost expenditures for each qualified health care provider and payer will be measured against the benchmark, and the Board will identify providers and payers whose cost growth meets or exceeds the benchmark.

II. Health care cost growth benchmark

A. Purpose

Health care costs are rising and are continuing to take up a larger proportion of State, employer, and family budgets. In 2019 Washington’s health care costs represented over 20% of the general fund budget and health care costs have been growing at a higher rate than general inflation for personal consumption.¹ Family premiums were over 25% of household income in Washington as of 2016.² Nationally, employer-sponsored health insurance premiums grew 4% from 2019 to 2020 and have increased by 22% in the past five years, outpacing inflation (10%) and wages (15%).³

A health care cost growth benchmark is a target for the annual rate of growth of total health care spending in the state. By setting a benchmark and then publicly reporting state, regional payer and provider performance relative to the benchmark, Washington will have the ability to:

1. *Improving the affordability of health care in Washington state by lowering health care cost growth to a financially sustainable rate.*
2. *Hold payers and providers publicly accountable for reducing growth in the costs of health care.* Public reporting is a significant motivator to improve performance. Transparency enables providers and carriers to have more informed discussions and negotiations. Reporting performance relative to the benchmark allows payers,

¹ Washington Office of Financial Management. Changes in medical costs. <https://www.ofm.wa.gov/washington-data-research/statewide-data/washington-trends/budget-drivers/change-medical-costs>

² Penn Leonard Davis Institute of Health Economics. United States of Care. April 2019. https://unitedstatesofcare.org/wp-content/uploads/2019/04/Penn-LDI-and-US-of-Care-Cost-Burden-Brief_Final-1.pdf

³ Claxton G, et al. Health Benefits in 2020: Premiums in Employer-Sponsored Plans Grow 4%; Employers Consider Responses to Pandemic. *Health Affairs*. October 8, 2020. <https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2020.01569>

providers, the state, and consumers to better understand who bears responsibility for increased costs.

3. *Understand the various factors driving health care cost growth and develop future policies to address them.* It is not sufficient to simply report whether payers and providers have met the benchmark. Further analysis must be conducted to understand the reasons for health care cost growth to identify future state policy, and provider and payer actions to reduce the overall rate of growth.

III. Health Care Cost Transparency Board charge

Substitute House Bill 2457 established the Health Care Cost Transparency Board (Board) to determine the annual total health care expenditures and growth in Washington state and establish a health care cost growth benchmark. Its work is to include:

- Annually establishing the health care cost growth benchmark, including:
 - Determining the types of data and sources needed to calculate total health care expenditures and health care cost growth.
 - Determining the means and methods for gathering data to calculate performance against the benchmark.
- Annually calculating performance against the cost growth benchmark, total health care expenditures, and health care cost growth, including at the:
 - Statewide and geographic rating area level
 - Payer-level
 - Provider-level
 - And on a per capita basis
- Analyzing the impacts of cost drivers and cost growth drivers
- Releasing reports on total health care expenditures, including:
 - A preliminary report by August 1, 2021 on progress to achieving the goals listed above
 - Annual reports thereafter on total health care expenditures and establishing the cost growth benchmark for the following year.

IV. Board duties and responsibilities

A. Membership and term

Board members are appointed by the Governor from lists of nominees submitted by the Senate and House of Representatives.⁴ Additional members include the Insurance Commissioner, Administrator of the Health Care Authority, Director of Labor and Industries, and the Chief Executive Officer of the Health Benefit Exchange, or their designee. The Governor shall also appoint a chairperson.

⁴ The Governor appoints members from a list of nominees provided by the two largest caucuses in both the house of representatives and the senate.

Initial members of the Board will serve staggered terms, not to exceed four years. Subsequently appointed Board members will serve two-year terms.

The Board will convene beginning in February 2021.

B. Board member responsibilities

Members of the Board agree to fulfill their responsibilities by attending and participating in Board meetings, studying the available information, directing the work of advisory committees, and participating in the development of the required reports, including a preliminary report to the Governor and each chamber of the legislature by August 1, 2021. Beginning August 1, 2022, the Board shall submit annual reports to the Governor and each chamber of the legislature.

Members agree to participate in good faith and to act in the best interests of the Board and its charge. To this end, members agree to place the interests of the State above any particular political or organizational affiliations or other interests. Members accept the responsibility to collaborate in developing potential recommendations that are fair and constructive for the State. Members are expected to consider a range of issues and options to address them, discuss the pros and cons of the issues or options presented, and deliver a set of recommendations with key conclusions. The Board should include the rationale behind each recommendation adopted.

Specific Board member responsibilities include:

- Reviewing background materials and analysis to understand the issues to be addressed in the review process.
- Working collaboratively with one another to explore issues and develop recommendations.
- Attending Board meetings.
- Considering and integrating Advisory Committee recommendations and general public input into Board recommendations as appropriate.

C. Vacancies among governor-appointed board members

Vacancies among Governor-appointed Board members for any cause will be filled by an appointment of the Governor. Upon the expiration of a member's term, the member shall continue to serve until a successor has been appointed and has assumed office. When the person leaving was nominated by one of the caucuses of the House of Representatives or the Senate, his or her replacement shall be appointed from a list of five nominees submitted by that caucus within thirty days after the person leaves. If the member to be replaced is the chairperson, the Governor shall appoint a new chair within thirty days after the vacancy occurs.

D. Role of the Washington State Health Care Authority (HCA)

HCA shall assist the Board and Advisory Committees by facilitating meetings, conducting research, furnishing information, and advising the members.

E. Role Chairperson's role

The Chair will encourage full and safe participation by members in all aspects of the process, assist in the process of building consensus, and ensure all participants abide by the expectations for the decision-making process and behavior defined herein. The Chair will develop meeting agendas, establish subcommittees if needed, and otherwise ensure an efficient decision-making process. The Chair will also serve as the liaison between the Board and the Legislature.

F. Board principles

The principles, listed below, are to guide decision-making during the development and adoption of recommendations by the Board. The principles can be revised if proposed by the chairperson or by majority of members. The Board's recommendations will:

- support the development of a cost growth benchmark by August 1, 2021 for implementation by no later than January 1, 2023.
- to the extent practical, be inclusive of all populations and all categories of spending.
- recommend a stable benchmark upon which payers, providers, and policymakers can rely.
- develop benchmark reporting methods that are statistically robust.
- be sensitive to the impact that high health care spending growth has on Washingtonians.
- align recommendations with other state health reform initiatives to lower the rate of growth of health care costs, and
- be mindful of state financial and staff resources required to implement recommendations.

V. Operating procedures

A. Protocols

All participants agree to act in good faith in all aspects of the Board's deliberations. This includes being honest and refraining from undertaking any actions that will undermine or threaten the deliberative process. It also includes behavior outside of meetings.

Expectations include the following:

- Members should try to attend and participate actively in all meetings. If members cannot attend a meeting, they are requested to advise HCA staff. After missing a meeting, the member should contact staff for a briefing, and review presentation and meeting summaries.
- Members agree to be respectful at all times of other Board members, staff, and audience members. They will listen to each other and seek to understand the other's perspectives, even if they disagree.
- Members agree to make every effort to bring all aspects of their concerns about these issues into this process to be addressed.

- Members agree to refrain from personal attacks, intentionally undermining the process, and publicly criticizing or mis-stating the positions taken by any other participants during the process.
- Any written communications, including emails, blog, and other social networking media, will be mindful of these procedural ground rules and will maintain a respectful tone even if highlighting different perspectives.
- Members are advised that email, blogs, and other social networking media related to the business of the board are considered public documents. Emails and social networking messages meant for the entire group must be distributed via a Board facilitator.
- Requests for information made outside of meetings will be directed to HCA staff. Responses to such requests will be limited to items that can be provided within a reasonable amount of time.

B. Communications

1. Written communications

Members agree that transparency is essential to the Board's deliberations. In that regard, members are requested to include both the Chairperson and Board staff in written communications commenting on the Board's deliberations from/to interest groups (other than a group specifically represented by a member); these communications will be included in the public record as detailed below and copied to the full Board as appropriate.

Written comments to the Board, from both individual Board members and from agency representatives and the public, should be directed to HCA staff. Written comments will be distributed by HCA staff to the full Board in conjunction with distribution of meeting materials or at other times at the Chairperson's discretion. Written comments will be posted to the Board web page.

2. Media

While not precluded from communicating with the media, Board members agree to generally defer to the Chairperson for all media communications related to the Board process and its recommendations. Board members agree not to negotiate through the media, nor use the media to undermine the Board's work.

Board members agree to raise all their concerns, especially those being raised for the first time, at a Board meeting and not in or through the media.

C. Conduct of board meetings

1. Conduct of board meetings

The Board will meet by videoconference or in person at times proposed by the Chairperson or by a majority of voting members.

A majority of voting members constitutes a quorum for the transaction of Board business. A Board member may participate by telephone, videoconference, or in person for purposes of a quorum.

Meetings will be conducted in a manner deemed appropriate by the Chairperson to foster collaborative decision-making and consensus building. Robert's Rules of Order will be applied when deemed appropriate.

2. Establishment of advisory committees

The Advisory Committees on Data Issues and the Advisory Committee of Health Care Providers and Carriers will be established by the Board with membership approved by a majority of Board voting members. Other work groups, subcommittees or other advisory processes will be established by approval of a majority of Board voting members.

Meetings of these groups will be conducted in accordance with the operating procedures in Section V.

3. Consensus process/voting

A consensus decision-making model will be used to facilitate the Board's deliberations and to ensure the Board receives the collective benefit of the individual views, experience, background, training, and expertise of its members. Consensus is a participatory process whereby, on matters of substance, the representatives strive for agreements that they can accept, support, live with, or agree not to oppose.

Members agree that consensus has a high value and that the Board should strive to achieve it. As such, decisions on Board recommendations will be made by consensus of all present members unless voting is requested by a Board member. Voting shall be by roll call. Final action on Board recommendations requires an affirmative vote of the majority of the Board members. A Board member may vote by videoconference, telephone, or in person.

If no consensus is reached on an issue for proposed Board recommendation, minority positions will be documented. Those with minority opinions are responsible for proposing alternative solutions or approaches to resolve differences.

Members will honor decisions made and avoid re-opening issues once resolved.

4. Documentation

All meetings of the Board shall be recorded, and written summaries prepared. The audio records shall be indexed and shall be posted on the Board's public web page in accordance with Washington law. Meeting agendas, summaries and supporting materials will also be posted to the Board's web page.

Interested parties may receive notice of the Board meetings and access Board materials on the website, or via GovDelivery.

At the end of the process, HCA staff will draft recommendations for which there is consensus and any remaining issues on which the Board did not reach consensus.

D. Public status of board and advisory meeting and records

Board and Advisory meetings are open to the public and will be conducted under the provisions of Washington’s Open Public Meetings Act (Chapter 42.30). Members of the public and legislators may testify before the Board upon the invitation of the Chairperson or at the invitation of the majority of the members of the Board. In the absence of a quorum, the Board may still receive public testimony.

Any meeting held outside the Capitol or by videoconference shall adhere to the notice provisions of a regular meeting. Recordings will be made in the same manner as a regular meeting and posted on the Board website. Written summaries will be prepared noting attendance and any subject matter discussed.

Committee records, including formal documents, discussion drafts, meeting summaries and exhibits, are public records. Communications of Board members are not confidential because the meetings and records of the Board are open to the public. “Communications” refers to all statements and votes made during the Committee meetings, memoranda, work products, records, documents, or materials developed to fulfill the charge, including electronic mail correspondence. The personal notes of individual Committee members will be considered to be public to the extent they relate to the business of the Board.

E. Amendment of Operating Procedures

These procedures may be changed by an affirmative vote of the majority of the Board members, but at least one day’s notice of any proposed change shall be given in writing to each Board member.