

STATE OF WASHINGTON

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# AGENDA

September 23, 2009  
10:00 a.m. – 12:00 p.m.  
John A. Cherberg Building  
Senate Hearing Room 4  
Olympia, Washington

► Brief descriptions of agenda items are on the reverse side.

- 10:00 – 10:05 \*1. Approval of June 17, 2009 and July 22, 2009, JLARC Meeting Minutes
- 10:05 – 10:35 2. [Performance Audit of the Home Care Quality Authority – Preliminary Report](#)
- 10:35 – 11:10 \*3. [Evaluation of the Accuracy of Capital Project Estimates – Proposed Final Report](#)
- 11:10 – 11:50 4. [Health Professions Disciplinary Activities Workload Model Review – Preliminary Report](#)
- 11:50 – 12:00 \*5. [Medicaid Prescription Drug Purchasing: Preferred Drug List – Proposed Final Report](#)

\* Action Item

**Please note: All listed times are estimates only and the Committee reserves the right to move agenda items as needed.**

1. **Approval of Meeting Minutes:** Approval of minutes from the June 17, 2009 and July 22, 2009, JLARC meetings.
2. **Performance Audit of the Home Care Quality Authority – Preliminary Report:** In 2001, voters created the Home Care Quality Authority (HCQA) regulate and improve the quality of long-term in-home care services by recruiting, training, and stabilizing the workforce of individual providers. The Legislature directed JLARC to audit HCQA with a focus on how it is performing its statutory duties. JLARC found that HCQA is meeting its statutory duties and met 14 of its 15 performance targets but needs to develop performance measures that reflect its impact on the stability of the IP workforce on, or hired from, the referral registries.
3. **Evaluation of the Accuracy of Capital Project Estimates – Proposed Final Report:** The 2008 Supplemental Operating Budget directed JLARC to evaluate the accuracy of capital project cost estimates (ESHB 2765). Review of 96 major projects completed since fiscal year 2002 by ten state agencies with large capital programs shows that between 71 and 74 percent of cost estimates meet expectations for accuracy. Processes for developing and reviewing project cost estimates at the selected agencies and OFM procedures for evaluating those estimates are consistent with professional practices. Lack of readily available information on completed capital construction projects, however, limits effective legislative and executive oversight of these projects. The report recommends that the Office of Financial Management improve the accounting and reporting on capital projects. *This report includes a JLARC Auditor's response to the formal agency responses.* Many of the higher education institutions state that reporting final costs will create a new and burdensome layer of administrative reporting. The JLARC Auditor disagrees. Agencies currently report much of this information in semi-annual reports to OFM and must report this information when they value their capital assets as required by state accounting procedures. Summarizing this information in a final report to OFM is unlikely to create an onerous burden and will provide readily accessible information for Legislative and Executive oversight.
4. **Health Professions Disciplinary Activities Workload Model Review – Preliminary Report:** In 2006, the Legislature passed Substitute House Bill 2974 that required the Department of Health to develop and use a workload formula for health professions disciplinary activities, which include activities such as complaint intake, investigation, and compliance monitoring. SHB 2974 also directed JLARC to look at the Department's workload formula. JLARC reviewed the development and use of the formulas in the Department workload model, developed in response to SHB 2974, and found that the model is based on reliable and statistically valid data collected from a workload study that used random work sampling, a commonly accepted method for analyzing staff time and resources. While the Department is currently in compliance with the legislative mandate to develop a workload formula for health professions disciplinary activities, JLARC's analysis supports two recommendations intended to help the Department and two pilot program Commissions remain in compliance in the future.
5. **Medicaid Prescription Drug Purchasing: Preferred Drug List – Proposed Final Report:**

This report was presented at the July JLARC meeting. Due to a lack of a quorum, the report was not approved for distribution by the Committee. It is on the September 23<sup>rd</sup> agenda for approval for distribution only—there will be no presentation.

This JLARC sponsored performance audit examines the creation and use of the state preferred drug list (PDL) by the Health and Recovery Services Administration (HRSA) within the Department of Social and Health Services. HRSA and two other state agencies select preferred drugs based on the safety, efficacy, effectiveness, and cost of the drugs. The report evaluates the impact the PDL has had on Medical Assistance prescription drug utilization and costs. The study identifies six positive indicators that suggest costs savings are likely occurring due to use of the PDL. However, exact savings cannot be calculated because of other cost containment measures implemented by HRSA, population and market factors, and challenges with cost savings estimation methodologies. The study concludes that for budget development purposes, the Legislature may no longer need specific estimates of Medicaid cost savings related to the PDL.