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HOUSE BILL 2574

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State of Washington                      59th Legislature                      2006 Regular Session

By Representatives Cody, Morrell, Green and Upthegrove

Read first time 01/10/2006. Referred to Committee on Health Care.

1            AN ACT Relating to hospital charity care and debt collection  
2 policies; amending RCW 70.170.020 and 70.170.060; and adding a new  
3 section to chapter 70.170 RCW.

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

5            **Sec. 1.** RCW 70.170.020 and 1995 c 269 s 2203 are each amended to  
6 read as follows:

7            ((~~As used in~~)) The definitions in this section apply throughout  
8 this chapter((+)) unless the context clearly requires otherwise.

9            (1) "Department" means department of health.

10           (2) "Hospital" means any health care institution which is required  
11 to qualify for a license under RCW 70.41.020((+2)) (4); or as a  
12 psychiatric hospital under chapter 71.12 RCW.

13           (3) "Secretary" means secretary of health.

14           (4) "Charity care" means necessary hospital health care rendered to  
15 indigent persons, to the extent that the persons are unable to pay for  
16 the care or to pay deductibles or co-insurance amounts required by a  
17 third-party payer, as determined by the department.

18           (5) "Sliding fee schedule" means a hospital-determined, publicly  
19 available schedule of discounts ((~~to charges~~)) for persons deemed

1 eligible for charity care((+)). Such schedules shall be based upon  
2 discounts to payment rates that the hospital would be paid by its  
3 largest private third-party payer, and shall be established after  
4 consideration of guidelines developed by the department.

5 (6) "Special studies" means studies which have not been funded  
6 through the department's biennial or other legislative appropriations.

7 (7) "Federal poverty guidelines" means the poverty income  
8 guidelines established annually by the federal department of health and  
9 human services.

10 **Sec. 2.** RCW 70.170.060 and 1998 c 245 s 118 are each amended to  
11 read as follows:

12 (1) No hospital or its medical staff shall adopt or maintain  
13 admission practices or policies which result in:

14 (a) A significant reduction in the proportion of patients who have  
15 no third-party coverage and who are unable to pay for hospital  
16 services;

17 (b) A significant reduction in the proportion of individuals  
18 admitted for inpatient hospital services for which payment is, or is  
19 likely to be, less than the anticipated charges for or costs of such  
20 services; or

21 (c) The refusal to admit patients who would be expected to require  
22 unusually costly or prolonged treatment for reasons other than those  
23 related to the appropriateness of the care available at the hospital.

24 (2) No hospital shall adopt or maintain practices or policies which  
25 would deny access to emergency care based on ability to pay. No  
26 hospital which maintains an emergency department shall transfer a  
27 patient with an emergency medical condition or who is in active labor  
28 unless the transfer is performed at the request of the patient or is  
29 due to the limited medical resources of the transferring hospital.  
30 Hospitals must follow reasonable procedures in making transfers to  
31 other hospitals including confirmation of acceptance of the transfer by  
32 the receiving hospital.

33 (3) The department shall develop definitions by rule, as  
34 appropriate, for subsection (1) of this section and, with reference to  
35 federal requirements, subsection (2) of this section. The department  
36 shall monitor hospital compliance with subsections (1) and (2) of this

1 section. The department shall report individual instances of possible  
2 noncompliance to the state attorney general or the appropriate federal  
3 agency.

4 (4) The department shall establish and maintain by rule, consistent  
5 with the definition of charity care in RCW 70.170.020, the following:

6 (a) Uniform procedures, data requirements, and criteria for  
7 identifying patients receiving charity care;

8 (b) A definition of residual bad debt including reasonable and  
9 uniform standards for collection procedures to be used in efforts to  
10 collect the unpaid portions of hospital charges that are the patient's  
11 responsibility.

12 (5) For the purpose of providing charity care, each hospital shall  
13 develop, implement, and maintain a charity care policy which,  
14 consistent with subsection (1) of this section, shall enable people  
15 with family income below two hundred percent of the federal poverty  
16 (~~level~~) guidelines access to appropriate hospital-based medical  
17 services, and a sliding fee schedule for determination of discounts  
18 (~~from charges~~) for persons (~~who qualify for such discounts by~~  
19 January 1, 1990) with family income up to four hundred percent of the  
20 federal poverty guidelines or whose family income is otherwise not  
21 sufficient to enable them to pay for their care or to pay deductibles  
22 or coinsurance amounts required by a third-party payer. The department  
23 shall develop specific guidelines to assist hospitals in setting  
24 sliding fee schedules required by this section. All persons with  
25 family income below (~~one~~) two hundred percent of the federal poverty  
26 (~~standard~~) guidelines shall be deemed charity care patients for the  
27 full amount of hospital charges, provided that such persons are not  
28 eligible for other private or public health coverage sponsorship.  
29 Persons who may be eligible for charity care shall be notified by the  
30 hospital.

31 (6) Each hospital shall provide notice to patients of its charity  
32 care policies. At a minimum, each hospital must post in locations  
33 easily accessible to and visible by patients, and include in each bill  
34 sent to patients, a notice regarding the opportunity to apply for  
35 charity care. The notice must use clear language that would be easily  
36 understood by individuals with limited education.

37 (7) Each hospital shall make every reasonable effort to determine  
38 the existence or nonexistence of private or public sponsorship which

1 might cover in full or part the charges for care rendered by the  
2 hospital to a patient; the family income of the patient as classified  
3 under federal poverty (~~income~~) guidelines; and the eligibility of the  
4 patient for charity care as defined in this chapter and in accordance  
5 with hospital policy. An initial determination of sponsorship status  
6 shall precede collection efforts directed at the patient.

7 ~~((7))~~ (8) The department shall monitor the distribution of  
8 charity care among hospitals, with reference to factors such as  
9 relative need for charity care in hospital service areas and trends in  
10 private and public health coverage. The department shall prepare  
11 reports that identify any problems in distribution which are in  
12 contradiction of the intent of this chapter. The report shall include  
13 an assessment of the effects of the provisions of this chapter on  
14 access to hospital and health care services, as well as an evaluation  
15 of the contribution of all purchasers of care to hospital charity care.

16 ~~((8))~~ (9) The department shall issue a report on the subjects  
17 addressed in this section at least annually, with the first report due  
18 on July 1, 1990.

19 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.170 RCW  
20 to read as follows:

21 (1) Upon a determination by a hospital that a person is eligible  
22 for a sliding fee schedule discount under RCW 70.170.060, the hospital  
23 shall offer that person the option to pay his or her bill in reasonable  
24 installments that take into account the person's income and other  
25 financial obligations. Interest rates for installment payment plans  
26 shall not exceed the consumer price index or three percent per annum,  
27 whichever is lower. Hospitals shall provide general comparative  
28 information on the difference between the interest rate it will charge  
29 and the typical credit card or consumer bank loan interest rates. The  
30 information shall be provided in writing and shall use clear language  
31 that would be easily understood by individuals with limited education.

32 (2) Before contracting with any entity to act as a hospital's  
33 designated agent, assignee, or contractor for collection of its  
34 accounts receivable, or to purchase its accounts receivable, the  
35 hospital's governing board must have notice of, and affirmatively  
36 approve, the debt collection practices of the entity. The practices  
37 must include detailed information related to:

1           (a) Contacts with patients who have debts to the hospital,  
2 including written, telephonic, and electronic contacts;  
3           (b) Policies related to the ability of debtors to make installment  
4 payments, and interest rates charged on any remaining balances;  
5           (c) Circumstances under which the entity files civil actions to  
6 collect debts, and undertakes any of the following collection actions  
7 to execute a judgment in connection with a debt:  
8           (i) Actions to foreclose on real property;  
9           (ii) Actions to place a lien on any property;  
10           (iii) Actions to garnish wages; and  
11           (iv) Actions to attach or seize a bank account or any other  
12 personal property.  
13           (3) On at least an annual basis, the governing board of every  
14 hospital shall review all collection actions taken by the entity that  
15 has a contract with the hospital under subsection (2) of this section.

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