
SUBSTITUTE SENATE BILL 5178

State of Washington

59th Legislature

2005 Regular Session

By Senate Committee on Health & Long-Term Care (originally sponsored by Senators Kastama, Keiser, Benson and Brandland)

READ FIRST TIME 02/10/05.

1 AN ACT Relating to licensing specialty hospitals; creating new
2 sections; providing an expiration date; and declaring an emergency.

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

4 NEW SECTION. **Sec. 1.** The federal government has established an
5 eighteen-month moratorium on the exemption under 42 U.S.C. 1395nn that
6 allows physicians to refer patients to physician-owned specialty
7 hospitals. The moratorium effectively prevents the establishment of
8 any new physician-owned specialty hospitals reimbursed under medicare
9 and other federal health programs until the medicare payment advisory
10 commission and the secretary of health and human services each conduct
11 a study to assess physician-owned specialty hospitals. The legislature
12 finds that imposing a similar moratorium on the licensing of any new
13 physician-owned specialty hospital until the results of the medicare
14 payment advisory commission and health and human services' studies are
15 available is necessary to enable the legislature to determine the
16 appropriate regulation of physician-owned specialty hospitals in
17 Washington.

1 NEW SECTION. **Sec. 2.** (1) From January 1, 2005, until July 1,
2 2006, no specialty hospital in which a physician, or an immediate
3 family member of a physician, has an ownership or investment interest
4 shall be granted a license under chapter 70.41 RCW.

5 (2) For the purposes of this section:

6 (a) "Specialty hospital" means a subclass of hospital that is
7 primarily or exclusively engaged in the care and treatment of one of
8 the following categories: (i) Patients with a cardiac condition; (ii)
9 patients with an orthopedic condition; (iii) patients receiving a
10 surgical procedure; and (iv) any other specialized category of services
11 that the secretary of health and human services designates as a
12 specialty hospital.

13 (b) An ownership or investment interest in a specialty hospital may
14 be through equity, debt, or other means and includes an interest in an
15 entity that holds an ownership or investment interest in a specialty
16 hospital.

17 NEW SECTION. **Sec. 3.** This act expires July 1, 2006.

18 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
19 preservation of the public peace, health, or safety, or support of the
20 state government and its existing public institutions, and takes effect
21 immediately.

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