

SENATE BILL REPORT

SB 6762

As Reported By Senate Committee On:
Health & Long-Term Care, February 04, 2008

Title: An act relating to a community impact study for hospital conversions.

Brief Description: Requiring independent community impact study if nonprofit hospital to be acquired.

Sponsors: Senators Brown, Keiser, Kohl-Welles, Marr and Franklin.

Brief History:

Committee Activity: Health & Long-Term Care: 1/31/08, 2/04/08 [DPS].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 6762 be substituted therefor, and the substitute bill do pass.

Signed by Senators Keiser, Chair; Franklin, Vice Chair; Pflug, Ranking Minority Member; Carrell, Fairley, Kastama, Kohl-Welles and Marr.

Staff: Edith Rice (786-7444)

Background: The Department of Health (department) is required to utilize an application process to approve any acquisition of a nonprofit hospital. The application process includes a financial and economic analysis and report from an independent expert or consultant. The department cannot approve an application unless the parties have taken the proper steps to safeguard the value of charitable assets and ensure that any proceeds from the acquisition are used for appropriate charitable health purposes. Minimum requirements to determine this are set out in statute. In addition, the department cannot approve an application if the acquisition will detrimentally affect the continued existence of accessible, affordable health care that is responsive to the needs of the community in which the hospital to be acquired is located. Minimum requirements to determine this are also set out in statute. The Attorney General is required to review the completed application to determine if these minimum requirements are met and provide a written opinion to the department. The department charges applicants fees sufficient to cover the cost of the application process, including the cost of the Attorney General's opinion.

Summary of Bill (Recommended Substitute): The Attorney General must employ expert assistance in determining fair market value for the assets of the non-profit.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

An independent expert must be employed by the department to conduct an analysis as to whether the proposed acquisition will negatively affect access to affordable health care responsive to the needs of the local community. All of the conditions described in this section of the law must be taken into account by the independent expert. The cost of this independent analysis is to be born by the applicant.

EFFECT OF CHANGES MADE BY HEALTH & LONG-TERM CARE COMMITTEE (Recommended Substitute): For the purpose of determining the fair market value for the assets of the non-profit, it is the Attorney General that must employ the expert assistance.

In addressing the question as to whether the acquisition will affect continued access to affordable health care responsive to the needs of the local community, all the conditions listed must be met. This is to be determined by an independent expert paid for by the applicant.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: PRO: We need baseline data in place to provide good information for communities, especially for charity care. Community interests need to be heard in this process. We can't risk losing care for low-income people. This would help communities understand the impact of conversion. An objective process is important.

Persons Testifying: PRO: Senator Lisa Brown, prime sponsor, Debra Conklin Campbell, Spokane United Methodist Churches, Spokane Alliance; Greg Falk, The Arc of Spokane; Bill Daley, Washington Community Action Network; Brian Peyton, Department of Health.