

# SENATE BILL REPORT

## SB 6698

---

---

As of January 31, 2010

**Title:** An act relating to the acquisition of nonprofit hospitals.

**Brief Description:** Concerning the acquisition of nonprofit hospitals.

**Sponsors:** Senators Keiser, Marr, Murray, Fairley and Kohl-Welles.

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/01/10.

---

### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Staff:** Rhoda Donkin (786-7465)

**Background:** Nationally, nonprofit hospitals are increasingly being acquired by for-profit corporations. In Washington, state law dictates the process for these sales and authorizes the Department of Health (department) to oversee them. When the sale of a nonprofit hospital is proposed, a review process must include public notice, the opportunity to submit written comments, and a public hearing in the county where the hospital being acquired is located.

The department may only approve an acquisition if it determines that appropriate steps have been taken to safeguard charitable assets and to ensure that any proceeds of the transaction are used for appropriate charitable health and health care purposes. Criteria are enumerated in law for making this determination.

The department may only approve an acquisition if it also determines that the acquisition will not detrimentally affect the continued existence of accessible, affordable health care that is responsive to the needs of the community where the hospital being acquired is located. Criteria are enumerated in law for this determination.

All parties to the acquisition are required to periodically report to the department regarding compliance with commitments made in the acquisition process. If, after the hearing, the department determines that the acquiring party is not fulfilling its commitment, it may revoke or suspend the license of that party, or refer the matter to the Attorney General for appropriate action.

---

*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.*

There is concern that the state has insufficient enforcement and reporting requirements to ensure that the commitments made for the approval of the nonprofit hospital acquisition are kept subsequent to a sale.

**Summary of Bill:** The department must require annual reports from the acquiring party for ten consecutive years after the sale of a nonprofit hospital. If the department finds that the acquiring party has not fulfilled the commitments made during the approval process, the department may impose reasonable conditions on a hospital license, impose civil penalties of not more than \$500 per day per violation, suspend, revoke, or refuse to renew a license.

During an application process, the department must consult with an independent entity who will conduct a comprehensive health impact study to determine that all of the conditions described in law will be met. This study must be paid for by the applicant.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

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