

# SENATE BILL REPORT

## ESHB 2229

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As Reported by Senate Committee On:  
Health & Long-Term Care, February 23, 2012

**Title:** An act relating to reporting of compensation for certain hospital employees.

**Brief Description:** Regarding reporting compensation of certain hospital employees.

**Sponsors:** House Committee on Health Care & Wellness (originally sponsored by Representatives Jinkins, Hasegawa, Darneille, Wylie, Cody and Roberts).

**Brief History:** Passed House: 2/09/12, 67-30; 2/09/12, 71-26.

**Committee Activity:** Health & Long-Term Care: 2/20/12, 2/23/12 [DP, w/oRec].

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

**Majority Report:** Do pass.

Signed by Senators Keiser, Chair; Conway, Vice Chair; Frockt, Kline, Pflug and Pridemore.

**Minority Report:** That it be referred without recommendation.

Signed by Senators Becker, Ranking Minority Member; Carrell and Parlette.

**Staff:** Mich'l Needham (786-7442)

**Background:** The Department of Health (DOH) licenses 97 hospitals in Washington. Of these, 87 are either nonprofit hospitals or public hospital district hospitals.

Among the reporting requirements for hospitals, they must submit financial and discharge data to the DOH on a quarterly and annual basis. Each quarter, hospitals must submit a summary utilization and financial report. Each year, hospitals must submit their annual budgets at least 30 days before the beginning of their fiscal year and file year-end reports within 120 days of the close of their fiscal year.

**Summary of Bill:** Nonprofit and public hospital district hospitals must annually report certain employee compensation information to DOH. The requirement begins with employee compensation information for 2012.

The reporting requirement can be satisfied in one of two ways. First, within 135 days of the end of the hospital's fiscal year, the hospital may file the schedule of its federal Internal

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Revenue Service Form 990 that contains compensation information. If the hospital elects to report by means of the Form 990, and the information does not identify the compensation of the hospital's lead administrator, the hospital must additionally report that individual's compensation information.

Alternatively, within 135 days of the end of the calendar year, the hospital may submit the names and compensation information for the five highest compensated employees of the hospital who do not have any direct patient responsibilities. The term compensation includes base compensation, bonus and incentive compensation, other payments that qualify as reportable compensation, retirement and deferred compensation, and nontaxable benefits.

DOH must develop a form for hospitals to use when reporting compensation. The form must follow the format and requirements of the compensation portion of the Form 990.

**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:** PRO: This is a transparency bill to allow people to monitor the compensation paid by the nonprofit and public hospital districts. The information is disclosed in an accessible format, and assures the information is accurate and timely. This version uses existing IRS forms to avoid duplicate reporting formats. The IRS Form 990 includes the compensation information now except for the public hospital districts so there is an alternative format for them.

**Persons Testifying:** PRO: Representative Jenkins, prime sponsor; Lisa Thatcher, WA State Hospital Assn.