

SENATE BILL REPORT

ESHB 2341

As of February 17, 2012

Title: An act relating to community benefits provided by hospitals.

Brief Description: Concerning community benefits provided by hospitals.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Jinkins, Cody, Ladenburg, Van De Wege, Green, Reykdal, Moeller, Tharinger, McCoy, Darneille and Hunt).

Brief History: Passed House: 2/13/12, 63-35.

Committee Activity: Health & Long-Term Care: 2/16/12.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Kathleen Buchli (786-7488)

Background: In Washington, until 1973, all hospitals had been exempt from property taxes. Beginning in 1973, the property tax exemption only applied to nonprofit hospitals. Among the requirements for obtaining nonprofit status, a hospital must provide the Washington State Department of Revenue with documentation from the federal Internal Revenue Service that the hospital is exempt from federal income taxes. Federal law requires that hospitals claiming nonprofit status must provide community benefits. The community benefit standard does not quantify a specific level of benefit to the community that a hospital must provide, but requires that nonprofit hospitals demonstrate they are providing sufficient benefits to the community. There are several types of community benefits that hospitals may report to satisfy this requirement, including financial assistance in the form of free or discounted health services, other than bad debt; health professions education; community health improvement services; and research.

The federal Affordable Care Act (ACA) amends the requirements for hospitals to qualify as nonprofit organizations. Among the new requirements, hospitals must complete a community health needs assessment every three years and adopt an implementation strategy to meet the identified community health needs. In addition, the community health needs assessment must consider input from people who represent broad interests in the community served by the hospital, including those with special knowledge or expertise in public health.

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.

Summary of Bill: As of January 1, 2013, nonprofit hospitals must make the community health needs assessments completed for the federal government widely available to the public every three years. Unless it is contained in the community health needs assessment, nonprofit hospitals must complete a detailed description of the community served by the hospital and make it available to the public. Hospitals must provide both a geographic description and a description of the general population of the community served by the hospital. In addition, the description must include specific demographic information, including leading cause of death, levels of chronic illness, and descriptions of the medically underserved, low-income, minority, or chronically ill populations.

Within a year of completing their community health needs assessments, nonprofit hospitals must complete a community benefit implementation strategy and make it widely available to the public. The community benefit implementation strategy must be developed in consultation with community-based organizations and stakeholders and local public health jurisdictions. Hospitals must provide a brief explanation for not accepting recommendations for community benefit proposals identified by the stakeholder process. Implementation strategies must be evidence-based, if available, or any innovative programs and practices should be supported by evaluation measures.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 14, 2012.

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 bill carries forward on some basic elements of community benefits. In the future we will need less charity care because of implementation of the Affordable Care Act, but we will still need community benefits that meet the community's needs. This tells hospitals they need to engage with the community to determine the community benefits it will offer and that they are what the community wants. Community benefits should be evidence-based. I want these benefits to be as productive at improving the community's health as possible.

OTHER: This bill reflects a lot of work and is a good compromise. The bill focuses on involving the community on implementation and that what is implemented will be evidence-based.

Persons Testifying: PRO: Representative Jenkins, prime sponsor.

OTHER: Lisa Thatcher, WA State Hospital Assn.