
SUBSTITUTE HOUSE BILL 2341

State of Washington

62nd Legislature

2012 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Jenkins, Cody, Ladenburg, Van De Wege, Green, Reykdal, Moeller, Tharinger, McCoy, Darneille, and Hunt)

READ FIRST TIME 01/31/12.

1 AN ACT Relating to community benefits provided by hospitals;
2 amending RCW 70.170.020, 70.170.060, and 70.170.080; adding new
3 sections to chapter 70.170 RCW; creating a new section; and providing
4 an effective date.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

7 (a) Nonprofit hospitals enjoy significant tax benefits in
8 Washington. In return for this advantage, it is expected that
9 nonprofit hospitals will engage in meaningful community benefits
10 activities in the communities that they serve.

11 (b) Public hospital district hospitals operate health care
12 facilities and provide health care services as are appropriate for the
13 needs of the populations that they serve. As public entities it is
14 imperative that they demonstrate through a public process that they are
15 meeting their obligation to benefit the communities that they serve.

16 (c) As of January 1, 2014, with the implementation of the
17 Washington health benefit exchange and the expansion of the medicaid
18 program, the number of uninsured individuals in Washington will
19 decrease substantially. The reduced number of uninsured people in

1 Washington presents an opportunity for hospitals to emphasize community
2 benefit efforts that address broad population-based health responses to
3 the prioritized needs of the community, through a collaborative effort
4 with community members, rather than the provision of uncompensated care
5 to uninsured individuals.

6 (2) The legislature intends to build upon requirements established
7 in the federal patient protection and affordable care act, P.L. 111-
8 148, to increase the quality of, and accountability for, community
9 benefit activities by nonprofit hospitals operating in the state of
10 Washington.

11 **Sec. 2.** RCW 70.170.020 and 1995 c 269 s 2203 are each amended to
12 read as follows:

13 (~~As used in this chapter:~~) The definitions in this section apply
14 throughout this chapter unless the context clearly requires otherwise.

15 (1) "Charity care" means necessary hospital health care rendered to
16 indigent persons, to the extent that the persons are unable to pay for
17 the care or to pay deductibles or coinsurance amounts required by a
18 third-party payer, as determined by the department.

19 (2) "Community benefits" has the same meaning as defined in 26
20 U.S.C. Sec. 501 and any implementing regulations and guidance adopted
21 by the federal internal revenue service as it existed on the effective
22 date of this section, or such subsequent date as may be provided by the
23 department by rule, consistent with the purpose of sections 3 and 5 of
24 this act and RCW 70.170.060. The term includes any costs associated
25 with the preparation of a community health needs assessment or
26 community benefit implementation strategy required under this chapter.
27 The term also includes support provided to local health jurisdictions
28 for public health department accreditation activities.

29 (3) "Community benefit implementation strategy" has the same
30 meaning as defined in 26 U.S.C. Sec. 501 and any implementing
31 regulations and guidance adopted by the federal internal revenue
32 service as it existed on the effective date of this section, or such
33 subsequent date as may be provided by the department by rule,
34 consistent with the purpose of sections 3 and 5 of this act and RCW
35 70.170.060.

36 (4) "Community building activities" has the same meaning as defined
37 in 26 U.S.C. Sec. 501 and any implementing regulations and guidance

1 adopted by the federal internal revenue service as it existed on the
2 effective date of this section, or such subsequent date as may be
3 provided by the department by rule, consistent with the purpose of
4 sections 3 and 5 of this act and RCW 70.170.060.

5 (5) "Community health needs assessment" has the same meaning as
6 defined in 26 U.S.C. Sec. 501 and any implementing regulations and
7 guidance adopted by the federal internal revenue service as it existed
8 on the effective date of this section, or such subsequent date as may
9 be provided by the department by rule, consistent with the purpose of
10 sections 3 and 5 of this act and RCW 70.170.060.

11 (6) "Department" means department of health.

12 ~~((+2))~~ (7) "Hospital" means any health care institution which is
13 required to qualify for a license under RCW 70.41.020~~((+2))~~ (4); or as
14 a psychiatric hospital under chapter 71.12 RCW.

15 ~~((+3))~~ (8) "Secretary" means secretary of health.

16 ~~((+4) "Charity care" means necessary hospital health care rendered~~
17 ~~to indigent persons, to the extent that the persons are unable to pay~~
18 ~~for the care or to pay deductibles or co-insurance amounts required by~~
19 ~~a third party payer, as determined by the department.~~

20 ~~(+5))~~ (9) "Sliding fee schedule" means a hospital-determined,
21 publicly available schedule of discounts to charges for persons deemed
22 eligible for charity care; such schedules shall be established after
23 consideration of guidelines developed by the department.

24 ~~((+6))~~ (10) "Special studies" means studies which have not been
25 funded through the department's biennial or other legislative
26 appropriations.

27 **NEW SECTION. Sec. 3.** A new section is added to chapter 70.170 RCW
28 to read as follows:

29 (1) As of January 1, 2014, each hospital that is organized as, or
30 affiliated with, a nonprofit entity or is operated by a public hospital
31 district must submit a community health needs assessment to the
32 department. Following submission of the initial community health needs
33 assessment, the hospitals shall submit the assessments every three
34 years. In addition to meeting the requirements for submission to the
35 federal internal revenue service, the community health needs assessment
36 requires submission of the following:

1 (a) A description of the community served by the hospital,
2 including both a geographic description and a description of the
3 general population served by the hospital as well as any populations
4 that are medically underserved, low-income, minority, or chronically
5 ill;

6 (b) A description of the prioritized health needs of the community.

7 (i) In determining the community's health needs, the hospital must
8 consider:

9 (A) The five most common causes of illness, injury, or premature
10 death in the community;

11 (B) Identified public health needs of the community;

12 (C) The extent to which the community experiences ambulatory
13 sensitive conditions. Ambulatory sensitive conditions are those
14 preventable conditions, acute illnesses, and chronic diseases that
15 decrease in response to primary care access, yet are associated with
16 hospitalizations and increased societal health care costs; and

17 (D) Social determinants of health that affect the community that
18 the hospital serves.

19 (ii) The assessment must explain the method used to determine the
20 community's health needs and the prioritization of those needs;

21 (c) A description of the sources of information that are the basis
22 of the components of the community health needs assessment. At a
23 minimum, information must be obtained through:

24 (i) Recognized authorities and sources of data, and to the extent
25 available evidence-based programs and materials; and

26 (ii) Comments solicited from and meetings held with members of the
27 community served by the hospital, including:

28 (A) Individual community members and interested nonprofit,
29 community-based organizations;

30 (B) Persons with special knowledge of or expertise in public
31 health, including any local health jurisdiction in the community served
32 by the hospital;

33 (C) Tribal governments; and

34 (D) Leaders, representatives, or members of populations that are
35 medically underserved, low-income, minority, or chronically ill; and

36 (d) For community health needs assessments submitted on or after
37 January 1, 2017, an assessment of the impact that previously

1 implemented community benefit implementation strategies have had on the
2 health status and health outcomes of populations targeted for community
3 benefit activities.

4 (2) As of January 1, 2014, each hospital that submits a community
5 health needs assessment under subsection (1) of this section shall
6 submit a community benefit implementation strategy to the department
7 within a year of submitting the community health needs assessment. In
8 addition to meeting the requirements for submission to the federal
9 internal revenue service, the community benefit implementation strategy
10 requires submission of the following:

11 (a) A description of the means through which the following
12 individuals, organizations, and governmental entities were consulted in
13 the development of the implementation strategy, including a summary of
14 any discussions or written comments submitted by these entities:

15 (i) Individual community members and interested nonprofit
16 community-based organizations;

17 (ii) Persons with special knowledge of or expertise in public
18 health, including any local public health jurisdiction in the community
19 served by the hospital;

20 (iii) Tribal governments; and

21 (iv) Leaders, representatives, or members of populations that are
22 medically underserved, low-income, minority, or chronically ill;

23 (b) The economic value of the community benefits, by category, that
24 the hospital allocated within the previous three years to address the
25 prioritized health needs of the community as identified in the
26 community health needs assessment, and a description of the programs
27 that the community benefits supported;

28 (c) A plan identifying the specific community benefits programs and
29 activities that will be implemented to address the prioritized health
30 needs of the community as identified in the community health needs
31 assessment for the next three years, including both community benefit
32 and community building activities. Hospital programs and activities
33 should focus on:

34 (i) A population health response to the prioritized needs of the
35 community through a collaborative effort with public health agencies
36 and community members;

37 (ii) Linkages between clinical services and community health
38 improvement through activities such as the use of hospital clinical

1 staff and other staff with relevant expertise to identify barriers to
2 acute and chronic disease management, identify critical community
3 health needs, and improve care delivery; and

4 (iii) Evidence-based programs and practices. Innovative programs
5 and practices may also be supported if they have mechanisms for
6 collecting data to measure performance and outcomes; and

7 (d) A description of the mechanisms that will be used to assess the
8 extent to which the programs and activities to be undertaken have
9 addressed the prioritized health needs of the community, including
10 impacts on health status and health outcomes.

11 (3) A hospital that submits a community health needs assessment or
12 a community benefit implementation strategy to the federal government
13 for purposes of complying with the requirements of 26 U.S.C. Sec. 501
14 may satisfy the requirements of subsections (1) and (2) of this section
15 by submitting to the department:

16 (a) The completed federal forms delivered to the federal
17 government; and

18 (b) A supplemental attachment demonstrating that the hospital has
19 complied with any additional requirements of this section.

20 (4) The department shall:

21 (a) Adopt rules to establish standards for hospitals to follow when
22 conducting a community health needs assessment and developing a
23 community benefit implementation strategy. The department shall
24 consider federal requirements related to community health needs
25 assessments and community benefit implementation strategies and shall
26 minimize any conflicting administrative requirements. The rules shall
27 establish standards to encourage multiple hospitals serving a
28 substantially similar community to collaborate in the completion of a
29 community health needs assessment and development of a community
30 benefit implementation strategy; and

31 (b) Make the community health needs assessments and community
32 benefit implementation strategies available to the public.

33 **Sec. 4.** RCW 70.170.060 and 1998 c 245 s 118 are each amended to
34 read as follows:

35 (1) No hospital or its medical staff shall adopt or maintain
36 admission practices or policies which result in:

1 (a) A significant reduction in the proportion of patients who have
2 no third-party coverage and who are unable to pay for hospital
3 services;

4 (b) A significant reduction in the proportion of individuals
5 admitted for inpatient hospital services for which payment is, or is
6 likely to be, less than the anticipated charges for or costs of such
7 services; or

8 (c) The refusal to admit patients who would be expected to require
9 unusually costly or prolonged treatment for reasons other than those
10 related to the appropriateness of the care available at the hospital.

11 (2) No hospital shall adopt or maintain practices or policies which
12 would deny access to emergency care based on ability to pay. No
13 hospital which maintains an emergency department shall transfer a
14 patient with an emergency medical condition or who is in active labor
15 unless the transfer is performed at the request of the patient or is
16 due to the limited medical resources of the transferring hospital.
17 Hospitals must follow reasonable procedures in making transfers to
18 other hospitals including confirmation of acceptance of the transfer by
19 the receiving hospital.

20 (3) The department shall develop definitions by rule, as
21 appropriate, for subsection (1) of this section and, with reference to
22 federal requirements, subsection (2) of this section. The department
23 shall monitor hospital compliance with subsections (1) and (2) of this
24 section. The department shall report individual instances of possible
25 noncompliance to the state attorney general or the appropriate federal
26 agency.

27 (4) The department shall establish and maintain by rule, consistent
28 with the definition of charity care in RCW 70.170.020, the following:

29 (a) Uniform procedures, data requirements, and criteria for
30 identifying patients receiving charity care;

31 (b) A definition of residual bad debt including reasonable and
32 uniform standards for collection procedures to be used in efforts to
33 collect the unpaid portions of hospital charges that are the patient's
34 responsibility.

35 (5) For the purpose of providing charity care, each hospital shall
36 develop, implement, and maintain a charity care policy which,
37 consistent with subsection (1) of this section, shall enable people
38 below the federal poverty level access to appropriate hospital-based

1 medical services, and a sliding fee schedule for determination of
2 discounts from charges for persons who qualify for such discounts by
3 January 1, 1990. The department shall develop specific guidelines to
4 assist hospitals in setting sliding fee schedules required by this
5 section. All persons with family income below one hundred percent of
6 the federal poverty standard shall be deemed charity care patients for
7 the full amount of hospital charges, provided that such persons are not
8 eligible for other private or public health coverage sponsorship.
9 Persons who may be eligible for charity care shall be notified by the
10 hospital.

11 (6) Each hospital shall make every reasonable effort to determine
12 the existence or nonexistence of private or public sponsorship which
13 might cover in full or part the charges for care rendered by the
14 hospital to a patient; the family income of the patient as classified
15 under federal poverty income guidelines; and the eligibility of the
16 patient for charity care as defined in this chapter and in accordance
17 with hospital policy. An initial determination of sponsorship status
18 shall precede collection efforts directed at the patient.

19 (7) The department shall monitor the distribution of charity care
20 among hospitals, with reference to factors such as relative need for
21 charity care in hospital service areas and trends in private and public
22 health coverage. The department shall prepare reports that identify
23 any problems in distribution which are in contradiction of the intent
24 of this chapter. The report shall include an assessment of the effects
25 of the provisions of this chapter on access to hospital and health care
26 services, as well as an evaluation of the contribution of all
27 purchasers of care to hospital charity care.

28 ~~((8) The department shall issue a report on the subjects addressed~~
29 ~~in this section at least annually, with the first report due on July 1,~~
30 ~~1990.))~~

31 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.170 RCW
32 to read as follows:

33 The department shall issue a report on the charity care provisions
34 of RCW 70.170.060 and the community benefit implementation strategy
35 reports of section 3 of this act at least annually, with the first
36 report due July 1, 2015.

1 **Sec. 6.** RCW 70.170.080 and 1993 sp.s. c 24 s 925 are each amended
2 to read as follows:

3 The basic expenses for the hospital community health needs
4 assessment and community benefit implementation strategy, data
5 collection, and reporting activities of this chapter shall be financed
6 by an assessment against hospitals of no more than four one-hundredths
7 of one percent of each hospital's gross operating costs, to be levied
8 and collected from and after that date, upon which the similar
9 assessment levied under chapter 70.39 RCW is terminated, for the
10 provision of hospital services for its last fiscal year ending on or
11 before June 30th of the preceding calendar year. Budgetary
12 requirements in excess of that limit must be financed by a general fund
13 appropriation by the legislature. All moneys collected under this
14 section shall be deposited by the state treasurer in the hospital data
15 collection account which is hereby created in the state treasury. The
16 department may also charge, receive, and dispense funds or authorize
17 any contractor or outside sponsor to charge for and reimburse the costs
18 associated with special studies as specified in RCW 70.170.050.

19 During the 1993-1995 fiscal biennium, moneys in the hospital data
20 collection account may be expended, pursuant to appropriation, for
21 hospital data analysis and the administration of the health information
22 program.

23 Any amounts raised by the collection of assessments from hospitals
24 provided for in this section which are not required to meet
25 appropriations in the budget act for the current fiscal year shall be
26 available to the department in succeeding years.

27 NEW SECTION. **Sec. 7.** If any provision of this act or its
28 application to any person or circumstance is held invalid, the
29 remainder of the act or the application of the provision to other
30 persons or circumstances is not affected.

31 NEW SECTION. **Sec. 8.** Sections 4 and 5 of this act take effect
32 January 1, 2015.

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