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HOUSE BILL 1946

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Jenkins, Robinson, Riccelli, Moeller, and Cody

Read first time 02/03/15. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to Washington wellness trust obligations for  
2 hospitals; adding new sections to chapter 70.170 RCW; and creating a  
3 new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that:

6 (1) Washington's community hospitals have performed a valuable  
7 benefit to the state's residents by providing charity care over the  
8 decades. The provision of charity care is one of the considerations  
9 related to tax exempt status for nonprofit hospitals and the benefits  
10 that come with that status.

11 (2) Since the implementation of the federal patient protection  
12 and affordable care act, the expanded availability of affordable  
13 insurance and medicaid coverage has significantly reduced the number  
14 of people seeking charity care and the amount provided by hospitals.  
15 This reduction has led to a new consideration of what the role of  
16 hospitals is in assuring the health of the communities that they  
17 serve.

18 (3) In the past decade, hospitals have typically provided between  
19 four and six percent of their adjusted revenue as charity care.

1 (4) It has been widely recognized that the social determinants of  
2 health more strongly affect an individual's and our population's  
3 health.

4 (5) The 2015 report from mental health America found that  
5 Washington ranks forty-eighth in the nation in terms of its access to  
6 mental health services.

7 (6) A 2015 study by the Washington state institute for public  
8 policy found that Washington ranks either forty-sixth or forty-eighth  
9 in the nation in psychiatric bed availability, depending on how the  
10 beds are calculated.

11 (7) It is the desire of Washingtonians to assure that our  
12 hospitals continue to partner with communities to achieve  
13 improvements in those factors that have the greatest effect on  
14 health.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.170  
16 RCW to read as follows:

17 (1) Each hospital is responsible for payment of a Washington  
18 wellness trust obligation as determined by the department pursuant to  
19 the calculation established under this section.

20 (2) A hospital's Washington wellness trust obligation shall be  
21 determined annually by calculating six percent of the hospital's  
22 reported revenue to the department less any reported charity care and  
23 community benefits reported by the hospital for that same year.

24 (3) A hospital may appeal the calculation of its Washington  
25 wellness trust obligation according to procedures and timelines  
26 adopted by the department.

27 (4) The department shall:

28 (a) Adopt procedures for the consistent collection of data under  
29 this section;

30 (b) Develop a methodology for determining each hospital's  
31 Washington wellness trust obligation using data collected pursuant to  
32 RCW 43.70.052 and other supplemental information that may be  
33 necessary;

34 (c) Adopt procedures for notifying hospitals of their Washington  
35 wellness trust obligations and the collection of payments;

36 (d) Develop an appeals process for a hospital to petition the  
37 determination of its Washington wellness trust obligation in  
38 accordance with chapter 34.05 RCW; and

39 (e) Adopt rules as necessary to implement this section.

1 (5)(a) The department shall convene a work group to clarify the  
2 definition of "community benefit" as it is applied in reducing the  
3 wellness trust fund obligation of a hospital under subsection (2) of  
4 this section. The work group shall consider the definition and  
5 application of the term by the federal internal revenue service, as  
6 well as activities typically identified in an approved community  
7 health needs assessment.

8 (b) The work group must consist of representatives from local  
9 health jurisdictions, including rural local health jurisdictions,  
10 regional support networks, hospitals, community health clinics,  
11 community mental health centers, health care consumers, and substance  
12 abuse treatment programs. The work group may not be larger than  
13 fifteen people.

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

16 (1) The Washington wellness trust account is created in the state  
17 treasury. All receipts from hospital Washington wellness trust  
18 obligations, as collected by the department of health, must be  
19 deposited into the account. Moneys in the account may be spent only  
20 after appropriation. Expenditures from the account may only be used  
21 as described in subsection (2) of this section.

22 (2) During the month of January 2017, and during the month of  
23 each January thereafter, the state treasurer shall distribute from  
24 the wellness trust account:

25 (a) Ten percent of the funds in the account to the department of  
26 health to fund state activities that support the functions of local  
27 health jurisdictions;

28 (b) Fifty percent of the funds in the account to be distributed  
29 to all local health jurisdictions to address population health  
30 activities. The apportionment factor for each jurisdiction is the  
31 population of the jurisdiction's county as a percentage of the  
32 statewide population for the prior calendar year. For two or more  
33 counties that have jointly created a health district under chapter  
34 70.46 RCW, the combined population of all counties comprising the  
35 health district must be used;

36 (c) Forty percent of the funds to be distributed equally amongst  
37 all counties that have adopted a sales and use tax pursuant to RCW  
38 82.14.460. The apportionment factor for each county is the population  
39 of the county as a percentage of the statewide population of all of

1 the counties that have adopted the sales and use tax under RCW  
2 82.14.460. The funds must be used for behavioral health services,  
3 including the purposes identified in RCW 82.14.460.

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