

SHB 2036 - H AMD 1432

By Representative Macri

ADOPTED AS AMENDED 02/17/2020

1 Strike everything after the enacting clause and insert the
2 following:

3 **"Sec. 1.** RCW 43.70.052 and 2014 c 220 s 2 are each amended to
4 read as follows:

5 (1) (a) To promote the public interest consistent with the
6 purposes of chapter 492, Laws of 1993 as amended by chapter 267, Laws
7 of 1995, the department shall (~~continue to~~) require hospitals to
8 submit hospital financial and patient discharge information,
9 including any applicable information reported pursuant to section 2
10 of this act, which shall be collected, maintained, analyzed, and
11 disseminated by the department. The department shall, if deemed cost-
12 effective and efficient, contract with a private entity for any or
13 all parts of data collection.

14 (b) Data elements shall be reported in conformance with a uniform
15 reporting system established by the department. This includes data
16 elements identifying each hospital's revenues, expenses, contractual
17 allowances, charity care, bad debt, other income, total units of
18 inpatient and outpatient services, and other financial and employee
19 compensation information reasonably necessary to fulfill the purposes
20 of this section. Data elements relating to use of hospital services
21 by patients shall be the same as those currently compiled by
22 hospitals through inpatient discharge abstracts. The department shall
23 encourage and permit reporting by electronic transmission or hard
24 copy as is practical and economical to reporters.

25 (c) The department must revise the uniform reporting system to
26 further delineate hospital expenses reported in the other direct
27 expense category in the statement of revenue and expense. The
28 department must include the following additional categories of
29 expenses with the other direct expenses category:

- 30 (i) Blood supplies;
- 31 (ii) Contract staffing;
- 32 (iii) Information technology, including licenses and maintenance;

- 1 (iv) Insurance and professional liability;
- 2 (v) Laundry services;
- 3 (vi) Legal, audit, and tax professional services;
- 4 (vii) Purchased laboratory services;
- 5 (viii) Repairs and maintenance;
- 6 (ix) Shared services or system office allocation;
- 7 (x) Staff recruitment;
- 8 (xi) Training costs;
- 9 (xii) Taxes;
- 10 (xiii) Utilities; and
- 11 (xiv) Other noncategorized expenses.

12 (d) The department must revise the uniform reporting system to
13 further delineate hospital revenues reported in the other operating
14 revenue category in the statement of revenue and expense. The
15 department must include the following additional categories of
16 revenues within the other operating revenues category:

- 17 (i) Donations;
- 18 (ii) Grants;
- 19 (iii) Joint venture revenue;
- 20 (iv) Local taxes;
- 21 (v) Outpatient pharmacy;
- 22 (vi) Parking;
- 23 (vii) Quality incentive payments;
- 24 (viii) Reference laboratories;
- 25 (ix) Rental income;
- 26 (x) Retail cafeteria; and
- 27 (xi) Other noncategorized revenues.

28 (e) A hospital must report line items and amounts for any
29 expenses or revenues in the other noncategorized expenses category in
30 (c)(xiv) of this subsection or the other noncategorized revenues
31 category in (d)(xi) of this subsection that either have a value: (i)
32 Of one million dollars or more; or (ii) representing one percent or
33 more of the total expenses or total revenues.

34 (2) In identifying financial reporting requirements, the
35 department may require both annual reports and condensed quarterly
36 reports from hospitals, so as to achieve both accuracy and timeliness
37 in reporting, but shall craft such requirements with due regard of
38 the data reporting burdens of hospitals.

39 (3) (a) Beginning with compensation information for 2012, unless a
40 hospital is operated on a for-profit basis, the department shall

1 require a hospital licensed under chapter 70.41 RCW to annually
2 submit employee compensation information. To satisfy employee
3 compensation reporting requirements to the department, a hospital
4 shall submit information as directed in (a)(i) or (ii) of this
5 subsection. A hospital may determine whether to report under (a)(i)
6 or (ii) of this subsection for purposes of reporting.

7 (i) Within one hundred thirty-five days following the end of each
8 hospital's fiscal year, a nonprofit hospital shall file the
9 appropriate schedule of the federal internal revenue service form 990
10 that identifies the employee compensation information with the
11 department. If the lead administrator responsible for the hospital or
12 the lead administrator's compensation is not identified on the
13 schedule of form 990 that identifies the employee compensation
14 information, the hospital shall also submit the compensation
15 information for the lead administrator as directed by the
16 department's form required in (b) of this subsection.

17 (ii) Within one hundred thirty-five days following the end of
18 each hospital's calendar year, a hospital shall submit the names and
19 compensation of the five highest compensated employees of the
20 hospital who do not have any direct patient responsibilities.
21 Compensation information shall be reported on a calendar year basis
22 for the calendar year immediately preceding the reporting date. If
23 those five highest compensated employees do not include the lead
24 administrator for the hospital, compensation information for the lead
25 administrator shall also be submitted. Compensation information shall
26 include base compensation, bonus and incentive compensation, other
27 payments that qualify as reportable compensation, retirement and
28 other deferred compensation, and nontaxable benefits.

29 (b) To satisfy the reporting requirements of this subsection (3),
30 the department shall create a form and make it available no later
31 than August 1, 2012. To the greatest extent possible, the form shall
32 follow the format and reporting requirements of the portion of the
33 internal revenue service form 990 schedule relating to compensation
34 information. If the internal revenue service substantially revises
35 its schedule, the department shall update its form.

36 (4) The health care data collected, maintained, and studied by
37 the department shall only be available for retrieval in original or
38 processed form to public and private requestors pursuant to
39 subsection (7) of this section and shall be available within a
40 reasonable period of time after the date of request. The cost of

1 retrieving data for state officials and agencies shall be funded
2 through the state general appropriation. The cost of retrieving data
3 for individuals and organizations engaged in research or private use
4 of data or studies shall be funded by a fee schedule developed by the
5 department that reflects the direct cost of retrieving the data or
6 study in the requested form.

7 (5) The department shall, in consultation and collaboration with
8 the federally recognized tribes, urban or other Indian health service
9 organizations, and the federal area Indian health service, design,
10 develop, and maintain an American Indian-specific health data,
11 statistics information system.

12 (6) All persons subject to the data collection requirements of
13 this section shall comply with departmental requirements established
14 by rule in the acquisition of data.

15 (7) The department must maintain the confidentiality of patient
16 discharge data it collects under subsection (1) of this section.
17 Patient discharge data that includes direct and indirect identifiers
18 is not subject to public inspection and the department may only
19 release such data as allowed for in this section. Any agency that
20 receives patient discharge data under (a) or (b) of this subsection
21 must also maintain the confidentiality of the data and may not
22 release the data except as consistent with subsection (8)(b) of this
23 section. The department may release the data as follows:

24 (a) Data that includes direct and indirect patient identifiers,
25 as specifically defined in rule, may be released to:

26 (i) Federal, state, and local government agencies upon receipt of
27 a signed data use agreement with the department; and

28 (ii) Researchers with approval of the Washington state
29 institutional review board upon receipt of a signed confidentiality
30 agreement with the department.

31 (b) Data that does not contain direct patient identifiers but may
32 contain indirect patient identifiers may be released to agencies,
33 researchers, and other persons upon receipt of a signed data use
34 agreement with the department.

35 (c) Data that does not contain direct or indirect patient
36 identifiers may be released on request.

37 (8) Recipients of data under subsection (7)(a) and (b) of this
38 section must agree in a written data use agreement, at a minimum, to:

39 (a) Take steps to protect direct and indirect patient identifying
40 information as described in the data use agreement; and

1 (b) Not redisclose the data except as authorized in their data
2 use agreement consistent with the purpose of the agreement.

3 (9) Recipients of data under subsection (7)(b) and (c) of this
4 section must not attempt to determine the identity of persons whose
5 information is included in the data set or use the data in any manner
6 that identifies individuals or their families.

7 (10) For the purposes of this section:

8 (a) "Direct patient identifier" means information that identifies
9 a patient; and

10 (b) "Indirect patient identifier" means information that may
11 identify a patient when combined with other information.

12 (11) The department must adopt rules necessary to carry out its
13 responsibilities under this section. The department must consider
14 national standards when adopting rules.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.70
16 RCW to read as follows:

17 (1)(a) For a health system operating a hospital licensed under
18 chapter 70.41 RCW, the health system must annually submit to the
19 department a consolidated annual income statement and balance sheet,
20 including hospitals, ambulatory surgical facilities, health clinics,
21 urgent care clinics, physician groups, health-related laboratories,
22 long-term care facilities, home health agencies, dialysis facilities,
23 ambulance services, behavioral health settings, and virtual care
24 entities that are operated in Washington.

25 (b) The state auditor's office shall provide the department with
26 audited financial statements for all hospitals owned or operated by a
27 public hospital district under chapter 70.44 RCW. Public hospital
28 districts are not required to submit additional information to the
29 department under this subsection.

30 (2) The department must make information submitted under this
31 section available in the same manner as hospital financial data.

32 **Sec. 3.** RCW 70.01.040 and 2012 c 184 s 1 are each amended to
33 read as follows:

34 (1) Prior to the delivery of nonemergency services, a provider-
35 based clinic that charges a facility fee shall provide a notice to
36 any patient that the clinic is licensed as part of the hospital and
37 the patient may receive a separate charge or billing for the facility
38 component, which may result in a higher out-of-pocket expense.

1 (2) Each health care facility must post prominently in locations
2 easily accessible to and visible by patients, including its web site,
3 a statement that the provider-based clinic is licensed as part of the
4 hospital and the patient may receive a separate charge or billing for
5 the facility, which may result in a higher out-of-pocket expense.

6 (3) Nothing in this section applies to laboratory services,
7 imaging services, or other ancillary health services not provided by
8 staff employed by the health care facility.

9 (4) As part of the year-end financial reports submitted to the
10 department of health pursuant to RCW 43.70.052, all hospitals with
11 provider-based clinics that bill a separate facility fee shall
12 report:

13 (a) The number of provider-based clinics owned or operated by the
14 hospital that charge or bill a separate facility fee;

15 (b) The number of patient visits at each provider-based clinic
16 for which a facility fee was charged or billed for the year;

17 (c) The revenue received by the hospital for the year by means of
18 facility fees at each provider-based clinic; and

19 (d) The range of allowable facility fees paid by public or
20 private payers at each provider-based clinic.

21 (5) For the purposes of this section:

22 (a) "Facility fee" means any separate charge or billing by a
23 provider-based clinic in addition to a professional fee for
24 physicians' services that is intended to cover building, electronic
25 medical records systems, billing, and other administrative and
26 operational expenses.

27 (b) "Provider-based clinic" means the site of an off-campus
28 clinic or provider office (~~located at least two hundred fifty yards~~
29 ~~from the main hospital buildings or as determined by the centers for~~
30 ~~medicare and medicaid services,~~) that is owned by a hospital
31 licensed under chapter 70.41 RCW or a health system that operates one
32 or more hospitals licensed under chapter 70.41 RCW, is licensed as
33 part of the hospital, and is primarily engaged in providing
34 diagnostic and therapeutic care including medical history, physical
35 examinations, assessment of health status, and treatment monitoring.
36 This does not include clinics exclusively designed for and providing
37 laboratory, X-ray, testing, therapy, pharmacy, or educational
38 services and does not include facilities designated as rural health
39 clinics.

1 **Sec. 4.** RCW 70.41.470 and 2012 c 103 s 1 are each amended to
2 read as follows:

3 (1) As of January 1, 2013, each hospital that is recognized by
4 the internal revenue service as a 501(c)(3) nonprofit entity must
5 make its federally required community health needs assessment widely
6 available to the public within fifteen days of submission to the
7 internal revenue service. Following completion of the initial
8 community health needs assessment, each hospital in accordance with
9 the internal revenue service((7)) shall complete and make widely
10 available to the public an assessment once every three years.

11 (2) Unless contained in the community health needs assessment
12 under subsection (1) of this section, a hospital subject to the
13 requirements under subsection (1) of this section shall make public a
14 description of the community served by the hospital, including both a
15 geographic description and a description of the general population
16 served by the hospital; and demographic information such as leading
17 causes of death, levels of chronic illness, and descriptions of the
18 medically underserved, low-income, and minority, or chronically ill
19 populations in the community.

20 (3)(a) Each hospital subject to the requirements of subsection
21 (1) of this section shall make widely available to the public a
22 community benefit implementation strategy within one year of
23 completing its community health needs assessment. In developing the
24 implementation strategy, hospitals shall consult with community-based
25 organizations and stakeholders, and local public health
26 jurisdictions, as well as any additional consultations the hospital
27 decides to undertake. Unless contained in the implementation strategy
28 under this subsection (3)(a), the hospital must provide a brief
29 explanation for not accepting recommendations for community benefit
30 proposals identified in the assessment through the stakeholder
31 consultation process, such as excessive expense to implement or
32 infeasibility of implementation of the proposal.

33 (b) Implementation strategies must be evidence-based, when
34 available; or development and implementation of innovative programs
35 and practices should be supported by evaluation measures.

36 (c) Each hospital subject to the requirements of subsection (1)
37 of this section must make widely available to the public an addendum
38 to its 990 schedule H form, the following information related to the
39 twenty community benefits and community building activities with the
40 highest costs:

1 (i) Descriptions of the activities provided and costs of
2 providing each of those activities;

3 (ii) The community health needs assessment implementation
4 strategy that is the basis for the activities;

5 (iii) The zip codes in the hospital's service area; and

6 (iv) How medically underserved, low-income, and minority, or
7 chronically ill populations were served.

8 (4) For the purposes of this section, the term "widely available
9 to the public" has the same meaning as in the internal revenue
10 service guidelines.

11 **Sec. 5.** RCW 70.170.060 and 2018 c 263 s 2 are each amended to
12 read as follows:

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

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

18 (b) A significant reduction in the proportion of individuals
19 admitted for inpatient hospital services for which payment is, or is
20 likely to be, less than the anticipated charges for or costs of such
21 services; or

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

26 (2) No hospital shall adopt or maintain practices or policies
27 which would deny access to emergency care based on ability to pay. No
28 hospital which maintains an emergency department shall transfer a
29 patient with an emergency medical condition or who is in active labor
30 unless the transfer is performed at the request of the patient or is
31 due to the limited medical resources of the transferring hospital.
32 Hospitals must follow reasonable procedures in making transfers to
33 other hospitals including confirmation of acceptance of the transfer
34 by the receiving hospital.

35 (3) The department shall develop definitions by rule, as
36 appropriate, for subsection (1) of this section and, with reference
37 to federal requirements, subsection (2) of this section. The
38 department shall monitor hospital compliance with subsections (1) and
39 (2) of this section. The department shall report individual instances

1 of possible noncompliance to the state attorney general or the
2 appropriate federal agency.

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

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

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

12 (5) For the purpose of providing charity care, each hospital
13 shall develop, implement, and maintain a charity care policy which,
14 consistent with subsection (1) of this section, shall enable people
15 below the federal poverty level access to appropriate hospital-based
16 medical services, and a sliding fee schedule for determination of
17 discounts from charges for persons who qualify for such discounts by
18 January 1, 1990. The department shall develop specific guidelines to
19 assist hospitals in setting sliding fee schedules required by this
20 section. All persons with family income below one hundred percent of
21 the federal poverty standard shall be deemed charity care patients
22 for the full amount of hospital charges, except to the extent the
23 patient has third-party coverage for those charges.

24 (6) Each hospital shall post and prominently display notice of
25 charity care availability. Notice must be posted in all languages
26 spoken by more than ten percent of the population of the hospital
27 service area. Notice must be displayed in at least the following
28 locations:

29 (a) Areas where patients are admitted or registered;

30 (b) Emergency departments, if any; and

31 (c) Financial service or billing areas where accessible to
32 patients.

33 (7) (a) Current versions of the hospital's charity care policy, a
34 plain language summary of the hospital's charity care policy, and the
35 hospital's charity care application form must be available on the
36 hospital's web site. The summary and application form must be
37 available in all languages spoken by more than ten percent of the
38 population of the hospital service area.

39 (b) The hospital must post notice regarding the information in
40 (b) (i) and (ii) of this subsection on the hospital's web site if:

1 (i) The hospital owns, in part or in full, a debt collection
2 agency; or

3 (ii) The hospital or health system and a debt collection agency
4 exchange revenues exceeding the amount a consumer owed related to
5 medical debt for the services provided and administrative costs and
6 fees of collecting the debt.

7 (8) (a) All hospital billing statements and other written
8 communications concerning billing or collection of a hospital bill by
9 a hospital must include the following or a substantially similar
10 statement prominently displayed on the first page of the statement in
11 both English and the second most spoken language in the hospital's
12 service area:

13 You may qualify for free care or a discount on your hospital
14 bill, whether or not you have insurance. Please contact our
15 financial assistance office at [web site] and [phone number].

16 (b) Nothing in (a) of this subsection requires any hospital to
17 alter any preprinted hospital billing statements existing as of
18 October 1, 2018.

19 (9) Hospital obligations under federal and state laws to provide
20 meaningful access for limited English proficiency and non-English-
21 speaking patients apply to information regarding billing and charity
22 care. Hospitals shall develop standardized training programs on the
23 hospital's charity care policy and use of interpreter services, and
24 provide regular training for appropriate staff, including the
25 relevant and appropriate staff who perform functions relating to
26 registration, admissions, or billing.

27 (10) Each hospital shall make every reasonable effort to
28 determine:

29 (a) The existence or nonexistence of private or public
30 sponsorship which might cover in full or part the charges for care
31 rendered by the hospital to a patient;

32 (b) The annual family income of the patient as classified under
33 federal poverty income guidelines as of the time the health care
34 services were provided, or at the time of application for charity
35 care if the application is made within two years of the time of
36 service, the patient has been making good faith efforts towards
37 payment of health care services rendered, and the patient
38 demonstrates eligibility for charity care; and

39 (c) The eligibility of the patient for charity care as defined in
40 this chapter and in accordance with hospital policy. An initial

1 determination of sponsorship status shall precede collection efforts
2 directed at the patient.

3 (11) At the hospital's discretion, a hospital may consider
4 applications for charity care at any time, including any time there
5 is a change in a patient's financial circumstances.

6 (12) The department shall monitor the distribution of charity
7 care among hospitals, with reference to factors such as relative need
8 for charity care in hospital service areas and trends in private and
9 public health coverage. The department shall prepare reports that
10 identify any problems in distribution which are in contradiction of
11 the intent of this chapter. The report shall include an assessment of
12 the effects of the provisions of this chapter on access to hospital
13 and health care services, as well as an evaluation of the
14 contribution of all purchasers of care to hospital charity care.

15 (13) The department shall issue a report on the subjects
16 addressed in this section at least annually, with the first report
17 due on July 1, 1990.

18 NEW SECTION. **Sec. 6.** A new section is added to chapter 70.230
19 RCW to read as follows:

20 The department shall require ambulatory surgical facilities to
21 annually report the following information in a format established by
22 the department:

23 (1) The number of patient encounters;

24 (2) Utilization data by service provided, including the following
25 categories: Primary care, specialty care, urgent care, or surgery, as
26 well as virtual care appointments by medium;

27 (3) Acquisitions of diagnostic or therapeutic equipment during
28 the reporting period with a value in excess of five hundred thousand
29 dollars; and

30 (4) Commencement of projects during the reporting period that
31 require a capital expenditure for the facility in excess of one
32 million dollars.

33 NEW SECTION. **Sec. 7.** This act takes effect January 1, 2021."

34 Correct the title.

EFFECT: Replaces the requirement that hospitals and health
systems report a description of any service that generates more than
\$50,000 of revenue with a requirement that hospitals report specific

categories of revenue related to donations, grants, joint ventures, local taxes, outpatient pharmacy, parking, quality incentive payments, reference laboratories, rental income, retail cafeteria, and other noncategorized revenues.

Replaces the requirement that hospitals and health systems report a description of expenses that cost more than \$50,000 with a requirement that hospitals report specific categories of expenses related to blood supplies; contract staffing; information technology; insurance and professional liability; laundry services; legal, audit, and tax professional services; purchased laboratory services; repairs and maintenance; shared services or system office allocation; staff recruitment; training costs; utilities; and other noncategorized expenses.

Requires that for hospital reporting of expenses and revenues that are noncategorized expenses and revenues, there be a line item and amount for any such expense or revenue that has a value of \$1 million or more or that represents one percent or more of total expenses or revenues.

Eliminates the requirement that health systems report financial exchanges of more than \$50,000 among the components of the health system and the number of full-time employees at each of the components. Requires that a health system submit to the Department of Health (Department) a consolidated annual income statement and balance sheet that includes all of the health system's components operated in Washington, including hospitals, ambulatory surgical facilities, and health clinics. Exempts public hospital districts from the health system reporting requirements, but requires that the State Auditor's Office provide audited financial statements for hospitals owned by a public hospital district to the Department. Directs the Department to make the information publicly available.

Replaces the requirement that certain hospitals make publicly available their community health improvement activities with a requirement to list information related to the 20 community benefits and community building activities with the highest costs. Requires the information to include descriptions and costs of the activities, the community health needs assessment strategy that is the basis of the activity, the zip codes in the hospital's service area, and how medically underserved, low-income, and minority, or chronically ill populations were served.

Eliminates the requirement that hospitals report their debt collection practices and include a statement on their web sites and billing statements about resident rights to itemized bills, debt collection actions, and whether or not a hospital has a financial interest in a debt collection agency. Hospitals and health systems must post a notice on their web sites if they own a debt collection agency or they exchange revenues with a debt collection agency that exceeds the amount a consumer owed related to medical debt for services provided and administrative costs and fees of collecting the debt.

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