

2SHB 1272 - H AMD 118

By Representative Macri

ADOPTED 02/25/2021

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. Data elements shall be reported in
14 conformance with a uniform reporting system established by the
15 department. This includes data elements identifying each hospital's
16 revenues, expenses, contractual allowances, charity care, bad debt,
17 other income, total units of inpatient and outpatient services, and
18 other financial and employee compensation information reasonably
19 necessary to fulfill the purposes of this section.

20 (b) Data elements relating to use of hospital services by
21 patients shall be the same as those currently compiled by hospitals
22 through inpatient discharge abstracts. The department shall encourage
23 and permit reporting by electronic transmission or hard copy as is
24 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 within 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)(i) A hospital, other than a hospital designated by medicare
29 as a critical access hospital or sole community hospital, must report
30 line items and amounts for any expenses or revenues in the other
31 noncategorized expenses category in (c)(xiv) of this subsection or
32 the other noncategorized revenues category in (d)(xi) of this
33 subsection that either have a value: (A) Of \$1,000,000 or more; or
34 (B) representing one percent or more of the total expenses or total
35 revenues; or

36 (ii) A hospital designated by medicare as a critical access
37 hospital or sole community hospital must report line items and
38 amounts for any expenses or revenues in the other noncategorized
39 expenses category in (c)(xiv) of this subsection or the other
40 noncategorized revenues category in (d)(xi) of this subsection that

1 represent the greater of: (A) \$1,000,000; or (B) one percent or more
2 of the total expenses or total revenues.

3 (f) A hospital must report any money, including loans, received
4 by the hospital or a health system to which it belongs from a
5 federal, state, or local government entity in response to a national
6 or state-declared emergency, including a pandemic. Hospitals must
7 report this information as it relates to federal, state, or local
8 money received after January 1, 2020, in association with the
9 COVID-19 pandemic. The department shall provide guidance on reporting
10 pursuant to this subsection.

11 (2) In identifying financial reporting requirements, the
12 department may require both annual reports and condensed quarterly
13 reports from hospitals, so as to achieve both accuracy and timeliness
14 in reporting, but shall craft such requirements with due regard of
15 the data reporting burdens of hospitals.

16 (3) (a) Beginning with compensation information for 2012, unless a
17 hospital is operated on a for-profit basis, the department shall
18 require a hospital licensed under chapter 70.41 RCW to annually
19 submit employee compensation information. To satisfy employee
20 compensation reporting requirements to the department, a hospital
21 shall submit information as directed in (a) (i) or (ii) of this
22 subsection. A hospital may determine whether to report under (a) (i)
23 or (ii) of this subsection for purposes of reporting.

24 (i) Within one hundred thirty-five days following the end of each
25 hospital's fiscal year, a nonprofit hospital shall file the
26 appropriate schedule of the federal internal revenue service form 990
27 that identifies the employee compensation information with the
28 department. If the lead administrator responsible for the hospital or
29 the lead administrator's compensation is not identified on the
30 schedule of form 990 that identifies the employee compensation
31 information, the hospital shall also submit the compensation
32 information for the lead administrator as directed by the
33 department's form required in (b) of this subsection.

34 (ii) Within one hundred thirty-five days following the end of
35 each hospital's calendar year, a hospital shall submit the names and
36 compensation of the five highest compensated employees of the
37 hospital who do not have any direct patient responsibilities.
38 Compensation information shall be reported on a calendar year basis
39 for the calendar year immediately preceding the reporting date. If
40 those five highest compensated employees do not include the lead

1 administrator for the hospital, compensation information for the lead
2 administrator shall also be submitted. Compensation information shall
3 include base compensation, bonus and incentive compensation, other
4 payments that qualify as reportable compensation, retirement and
5 other deferred compensation, and nontaxable benefits.

6 (b) To satisfy the reporting requirements of this subsection (3),
7 the department shall create a form and make it available no later
8 than August 1, 2012. To the greatest extent possible, the form shall
9 follow the format and reporting requirements of the portion of the
10 internal revenue service form 990 schedule relating to compensation
11 information. If the internal revenue service substantially revises
12 its schedule, the department shall update its form.

13 (4) The health care data collected, maintained, and studied by
14 the department shall only be available for retrieval in original or
15 processed form to public and private requestors pursuant to
16 subsection ~~((+7))~~ (9) of this section and shall be available within
17 a reasonable period of time after the date of request. The cost of
18 retrieving data for state officials and agencies shall be funded
19 through the state general appropriation. The cost of retrieving data
20 for individuals and organizations engaged in research or private use
21 of data or studies shall be funded by a fee schedule developed by the
22 department that reflects the direct cost of retrieving the data or
23 study in the requested form.

24 (5) The department shall, in consultation and collaboration with
25 ~~((the federally recognized))~~ tribes, urban or other Indian health
26 service organizations, and the federal area Indian health service,
27 design, develop, and maintain an American Indian-specific health
28 data, statistics information system.

29 (6)(a) Patient discharge information reported by hospitals to the
30 department must identify patients by race, ethnicity, gender
31 identity, preferred language, any disability, and zip code of primary
32 residence. The department shall provide guidance on reporting
33 pursuant to this subsection. When requesting demographic information
34 under this subsection, a hospital must inform patients that providing
35 the information is voluntary. If a hospital fails to report
36 demographic information under this subsection because a patient
37 refused to provide the information, the department may not take any
38 action against the hospital for failure to comply with reporting
39 requirements or other licensing standards on that basis.

1 (b) The department must develop a waiver process for the
2 requirements of (a) of this subsection to allow hospitals to adopt an
3 alternative reporting method due to economic hardship, technological
4 limitations that are not reasonably in the control of the hospital,
5 or other exceptional circumstance demonstrated by the hospital.

6 (7) Each hospital must report to the department, on a quarterly
7 basis, the number of submitted and completed charity care
8 applications that the hospital received in the prior quarter and the
9 number of charity care applications approved in the prior quarter
10 pursuant to the hospital's charity care policy, consistent with
11 chapter 70.170 RCW. The department shall develop a standard form for
12 hospitals to use in submitting information pursuant to this
13 subsection.

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

17 ~~((7))~~ (9) The department must maintain the confidentiality of
18 patient discharge data it collects under subsections (1) and (6) of
19 this section. Patient discharge data that includes direct and
20 indirect identifiers is not subject to public inspection and the
21 department may only release such data as allowed for in this section.
22 Any agency that receives patient discharge data under (a) or (b) of
23 this subsection must also maintain the confidentiality of the data
24 and may not release the data except as consistent with subsection
25 ~~((8))~~ (10) (b) of this section. The department may release the data
26 as follows:

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

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

31 (ii) Researchers with approval of the Washington state
32 institutional review board upon receipt of a signed confidentiality
33 agreement with the department.

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

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

1 (~~(8)~~) (10) Recipients of data under subsection (~~(7)~~) (9)(a)
2 and (b) of this section must agree in a written data use agreement,
3 at a minimum, to:

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

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

8 (~~(9)~~) (11) Recipients of data under subsection (~~(7)~~) (9)(b)
9 and (c) of this section must not attempt to determine the identity of
10 persons whose information is included in the data set or use the data
11 in any manner that identifies individuals or their families.

12 (~~(10)~~) (12) For the purposes of this section:

13 (a) "Direct patient identifier" means information that identifies
14 a patient; and

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

17 (~~(11)~~) (13) The department must adopt rules necessary to carry
18 out its responsibilities under this section. The department must
19 consider national standards when adopting rules.

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

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

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

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

37 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.41
38 RCW to read as follows:

1 The department, in collaboration with hospitals, health care
2 workers, purchasers, and communities with lived experience of
3 systemic health inequities, shall select a qualified research entity
4 to analyze the impact of the number, type, education, training, and
5 experience of acute care hospital staffing personnel on patient
6 mortality and patient outcomes utilizing scientifically sound
7 research methods most effective for all involved stakeholders. The
8 study should control for other contributing factors, including but
9 not limited to access to equipment, patients' underlying conditions
10 and diagnoses, patients' demographics information, the trauma level
11 designation of the hospital, transfers from other hospitals, and
12 external factors impacting hospital volumes. The study must be
13 completed by September 1, 2022, and the department shall submit the
14 study to the appropriate committees of the legislature by October 1,
15 2022.

16 **Sec. 4.** RCW 70.01.040 and 2012 c 184 s 1 are each amended to
17 read as follows:

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

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

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

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

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

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

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

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

5 (5) For the purposes of this section:

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

11 (b) "Provider-based clinic" means the site of an off-campus
12 clinic or provider office (~~located at least two hundred fifty yards~~
13 ~~from the main hospital buildings or as determined by the centers for~~
14 ~~medicare and medicaid services,~~) that is owned by a hospital
15 licensed under chapter 70.41 RCW or a health system that operates one
16 or more hospitals licensed under chapter 70.41 RCW, is licensed as
17 part of the hospital, and is primarily engaged in providing
18 diagnostic and therapeutic care including medical history, physical
19 examinations, assessment of health status, and treatment monitoring.
20 This does not include clinics exclusively designed for and providing
21 laboratory, X-ray, testing, therapy, pharmacy, or educational
22 services and does not include facilities designated as rural health
23 clinics.

24 **Sec. 5.** RCW 70.41.470 and 2012 c 103 s 1 are each amended to
25 read as follows:

26 (1) As of January 1, 2013, each hospital that is recognized by
27 the internal revenue service as a 501(c)(3) nonprofit entity must
28 make its federally required community health needs assessment widely
29 available to the public and submit it to the department within
30 fifteen days of submission to the internal revenue service. Following
31 completion of the initial community health needs assessment, each
32 hospital in accordance with the internal revenue service((7)) shall
33 complete and make widely available to the public and submit to the
34 department an assessment once every three years. The department must
35 post the information submitted to it pursuant to this subsection on
36 its website.

37 (2) (a) Unless contained in the community health needs assessment
38 under subsection (1) of this section, a hospital subject to the
39 requirements under subsection (1) of this section shall make public

1 and submit to the department a description of the community served by
2 the hospital, including both a geographic description and a
3 description of the general population served by the hospital; and
4 demographic information such as leading causes of death, levels of
5 chronic illness, and descriptions of the medically underserved,
6 low-income, and minority, or chronically ill populations in the
7 community.

8 (b)(i) A hospital, other than a hospital designated by medicare
9 as a critical access hospital or sole community hospital, that is
10 subject to the requirements under subsection (1) of this section must
11 annually submit to the department an addendum which details
12 information about activities identified as community health
13 improvement services with a cost of \$5,000 or more. The addendum must
14 include the type of activity, the method in which the activity was
15 delivered, how the activity relates to an identified community need
16 in the community health needs assessment, the target population for
17 the activity, strategies to reach the target population, identified
18 outcome metrics, the cost to the hospital to provide the activity,
19 the methodology used to calculate the hospital's costs, and the
20 number of people served by the activity. If a community health
21 improvement service is administered by an entity other than the
22 hospital, the other entity must be identified in the addendum.

23 (ii) A hospital designated by medicare as a critical access
24 hospital or sole community hospital that is subject to the
25 requirements under subsection (1) of this section must annually
26 submit to the department an addendum which details information about
27 the 10 highest cost activities identified as community health
28 improvement services. The addendum must include the type of activity,
29 the method in which the activity was delivered, how the activity
30 relates to an identified community need in the community health needs
31 assessment, the target population for the activity, strategies to
32 reach the target population, identified outcome metrics, the cost to
33 the hospital to provide the activity, the methodology used to
34 calculate the hospital's costs, and the number of people served by
35 the activity. If a community health improvement service is
36 administered by an entity other than the hospital, the other entity
37 must be identified in the addendum.

38 (iii) The department shall require the reporting of demographic
39 information about participant race, ethnicity, any disability, gender
40 identity, preferred language, and zip code of primary residency. The

1 department, in consultation with interested entities, may revise the
2 required demographic information according to an established six-year
3 review cycle about participant race, ethnicity, disabilities, gender
4 identity, preferred language, and zip code of primary residence that
5 must be reported under (b)(i) and (ii) of this subsection (2). At a
6 minimum, the department's consultation process shall include
7 community organizations that provide community health improvement
8 services, communities impacted by health inequities, health care
9 workers, hospitals, and the governor's interagency coordinating
10 council on health disparities. The department shall establish a six-
11 year cycle for the review of the information requested under this
12 subsection (2)(b)(iii).

13 (iv) The department shall provide guidance on participant data
14 collection and the reporting requirements under this subsection
15 (2)(b). The guidance shall include a standard form for the reporting
16 of information under this subsection (2)(b). The standard form must
17 allow for the reporting of community health improvement services that
18 are repeated within a reporting period to be combined within the
19 addendum as a single project with the number of instances of the
20 services listed. The department must develop the guidelines in
21 consultation with interested entities, including an association
22 representing hospitals in Washington, labor unions representing
23 workers who work in hospital settings, and community health board
24 associations. The department must post the information submitted to
25 it pursuant to this subsection (2)(b) on its website.

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

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

4 (4) When requesting demographic information under subsection
5 (2)(b) of this section, a hospital must inform participants that
6 providing the information is voluntary. If a hospital fails to report
7 demographic information under subsection (2)(b) of this section
8 because a participant refused to provide the information, the
9 department may not take any action against the hospital for failure
10 to comply with reporting requirements or other licensing standards on
11 that basis.

12 (5) For the purposes of this section, the term "widely available
13 to the public" has the same meaning as in the internal revenue
14 service guidelines.

15 NEW SECTION. Sec. 6. The department of health shall develop any
16 forms or guidance required in this act at least 60 days before
17 hospitals are required to utilize the form or guidance.

18 NEW SECTION. Sec. 7. This act takes effect July 1, 2022.

19 NEW SECTION. Sec. 8. If specific funding for the purposes of
20 this act, referencing this act by bill or chapter number, is not
21 provided by June 30, 2021, in the omnibus appropriations act, this
22 act is null and void."

23 Correct the title.

EFFECT: Changes patient discharge data reporting requirements from patient-specific charity care and income information to a quarterly report on the number of completed and submitted charity care applications as well as the number of approved applications. Directs the Department of Health (Department) to develop a waiver process for hospitals to adopt an alternative reporting method in the event of economic hardship or technological limitations.

Removes the hospital reporting requirement regarding critical staffing and mortality rate data. Directs the Department to contract for a study of the impact of the number, type, education, training, and experience of acute care hospital staffing on patient mortality and patient outcomes, with controls for other contributing factors. Requires the study to be completed by September 1, 2022.

Limits the reporting of community health improvement services by hospitals other than critical access hospitals and sole community hospitals to those services with a cost of \$5,000 or more.

Adds to the community health improvement services reporting information about how the activity relates to identified community

needs, the target population for the activity, strategies used to reach the target population, and identified outcome metrics. Requires the reporting of demographic information about community health improvement services participants' race, ethnicity, any disability, gender identity, preferred language, and zip code. Allows the Department, upon consultation with interested entities, to revise the demographic information reporting every six years.

Requires community health improvement services information to be reported annually. Directs the Department, in consultation with interested entities, to provide guidance on participant data collection and reporting, including a standard reporting form. Allows multiple similar community health improvement services activities to be combined into a single activity for reporting purposes.

Requires hospitals to submit to the Department information regarding community health needs assessments and community health improvement services. Directs the Department to post the information on its website.

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