

E2SHB 1272 - S COMM AMD

By Committee on Health & Long Term Care

OUT OF ORDER 04/10/2021

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) By January 1, 2023, the department must revise the uniform
26 reporting system to further delineate hospital expenses reported in
27 the other direct expense category in the statement of revenue and
28 expense. The department must include the following additional
29 categories of expenses within the other direct expenses category:

30 (i) Blood supplies;

31 (ii) Contract staffing;

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

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

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

29 (e)(i) A hospital, other than a hospital designated by medicare
30 as a critical access hospital or sole community hospital, must report
31 line items and amounts for any expenses or revenues in the other
32 noncategorized expenses category in (c)(xiv) of this subsection or
33 the other noncategorized revenues category in (d)(xi) of this
34 subsection that either have a value: (A) Of \$1,000,000 or more; or
35 (B) representing one percent or more of the total expenses or total
36 revenues; or

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

1 noncategorized revenues category in (d)(xi) of this subsection that
2 represent the greater of: (A) \$1,000,000; or (B) one percent or more
3 of the total expenses or total revenues.

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

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

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

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

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

1 those five highest compensated employees do not include the lead
2 administrator for the hospital, compensation information for the lead
3 administrator shall also be submitted. Compensation information shall
4 include base compensation, bonus and incentive compensation, other
5 payments that qualify as reportable compensation, retirement and
6 other deferred compensation, and nontaxable benefits.

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

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

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

30 (6) (a) Beginning January 1, 2023, patient discharge information
31 reported by hospitals to the department must identify patients by
32 race, ethnicity, gender identity, preferred language, any disability,
33 and zip code of primary residence. The department shall provide
34 guidance on reporting pursuant to this subsection. When requesting
35 demographic information under this subsection, a hospital must inform
36 patients that providing the information is voluntary. If a hospital
37 fails to report demographic information under this subsection because
38 a patient refused to provide the information, the department may not
39 take any action against the hospital for failure to comply with
40 reporting 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) Beginning January 1, 2023, each hospital must report to the
7 department, on a quarterly basis, the number of submitted and
8 completed charity care applications that the hospital received in the
9 prior quarter and the number of charity care applications approved in
10 the prior quarter pursuant to the hospital's charity care policy,
11 consistent with chapter 70.170 RCW. The department shall develop a
12 standard form for hospitals to use in submitting information pursuant
13 to this 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) Beginning July 1, 2022, for a health system operating a
23 hospital licensed under chapter 70.41 RCW, the health system must
24 annually submit to the department a consolidated annual income
25 statement and balance sheet, including hospitals, ambulatory surgical
26 facilities, health clinics, urgent care clinics, physician groups,
27 health-related laboratories, long-term care facilities, home health
28 agencies, dialysis facilities, ambulance services, behavioral health
29 settings, and virtual care 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 shall contract with the University of Washington
2 to study and analyze the impact of the number, type, education,
3 training, and experience of acute care hospital staffing personnel on
4 patient mortality and patient outcomes utilizing scientifically sound
5 research methods most effective for all involved stakeholders. The
6 study should control for other contributing factors, including but
7 not limited to access to equipment, patients' underlying conditions
8 and diagnoses, patients' demographics information, the trauma level
9 designation of the hospital, transfers from other hospitals, and
10 external factors impacting hospital volumes. The study must be
11 completed by September 1, 2022, and the department shall submit the
12 study to the appropriate committees of the legislature by October 1,
13 2022.

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

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

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

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

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

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

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

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

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

3 (5) For the purposes of this section:

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

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

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

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

35 (2)(a) Unless contained in the community health needs assessment
36 under subsection (1) of this section, a hospital subject to the
37 requirements under subsection (1) of this section shall make public
38 and submit to the department a description of the community served by
39 the hospital, including both a geographic description and a

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

6 (b) (i) Beginning July 1, 2022, a hospital, other than a hospital
7 designated by medicare as a critical access hospital or sole
8 community hospital, that is subject to the requirements under
9 subsection (1) of this section must annually submit to the department
10 an addendum which details information about activities identified as
11 community health improvement services with a cost of \$5,000 or more.
12 The addendum must include the type of activity, the method in which
13 the activity was delivered, how the activity relates to an identified
14 community need in the community health needs assessment, the target
15 population for the activity, strategies to reach the target
16 population, identified outcome metrics, the cost to the hospital to
17 provide the activity, the methodology used to calculate the
18 hospital's costs, and the number of people served by the activity. If
19 a community health improvement service is administered by an entity
20 other than the hospital, the other entity must be identified in the
21 addendum.

22 (ii) Beginning July 1, 2022, a hospital designated by medicare as
23 a critical access hospital or sole community hospital that is subject
24 to the requirements under subsection (1) of this section must
25 annually submit to the department an addendum which details
26 information about the 10 highest cost activities identified as
27 community health improvement services. The addendum must include the
28 type of activity, the method in which the activity was delivered, how
29 the activity relates to an identified community need in the community
30 health needs assessment, the target population for the activity,
31 strategies to reach the target population, identified outcome
32 metrics, the cost to the hospital to provide the activity, the
33 methodology used to calculate the hospital's costs, and the number of
34 people served by the activity. If a community health improvement
35 service is administered by an entity other than the hospital, the
36 other entity must be identified in the addendum.

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

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

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

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

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

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

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

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

15 NEW SECTION. Sec. 7. If specific funding for the purposes of
16 this act, referencing this act by bill or chapter number, is not
17 provided by June 30, 2021, in the omnibus appropriations act, this
18 act is null and void."

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OUT OF ORDER 04/10/2021

19 On page 1, line 1 of the title, after "transparency;" strike the
20 remainder of the title and insert "amending RCW 43.70.052, 70.01.040,
21 and 70.41.470; adding a new section to chapter 43.70 RCW; adding a
22 new section to chapter 70.41 RCW; and creating new sections."

EFFECT: Removes the bill's July 1, 2022, effective date and
instead adds effective dates for each of the reporting requirements.
Removes the requirement for DOH to collaborate with stakeholders on
identifying a research entity to conduct a study on hospital staffing
and patient outcomes and instead requires DOH to contract with the
University of Washington to conduct the study.

--- END ---