

**E2SHB 1272** - S COMM AMD  
By Committee on Ways & Means

**ADOPTED 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;

32 (iii) Information technology, including licenses and maintenance;

33 (iv) Insurance and professional liability;



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) Except as provided in subsection (c) of this section,  
30 beginning January 1, 2023, patient discharge information reported by  
31 hospitals to the department must identify patients by race,  
32 ethnicity, gender identity, sexual orientation, preferred language,  
33 any disability, and zip code of primary residence. The department  
34 shall provide guidance on reporting pursuant to this subsection. When  
35 requesting demographic information under this subsection, a hospital  
36 must inform patients that providing the information is voluntary. If  
37 a hospital fails to report demographic information under this  
38 subsection because a patient refused to provide the information, the  
39 department may not take any action against the hospital for failure

1 to comply with reporting requirements or other licensing standards on  
2 that basis.

3 (b) The department must develop a waiver process for the  
4 requirements of (a) of this subsection for a hospital that is  
5 certified by the centers for medicare and medicaid services as a  
6 critical access hospital, is certified by the centers of medicare and  
7 medicaid services as a sole community hospital, or qualifies as a  
8 medicare dependent hospital due to economic hardship, technological  
9 limitations that are not reasonably in the control of the hospital,  
10 or other exceptional circumstance demonstrated by the hospital. The  
11 waiver must be limited to one year or less, or for any other  
12 specified time frame set by the department. Hospitals may apply for  
13 waiver extensions.

14 (c) Subject to funding appropriated specifically for this  
15 purpose, the department shall establish a process no later than  
16 October 1, 2022, for any hospital that is certified by the centers  
17 for medicare and medicaid services as a critical access hospital, is  
18 certified by the centers for medicare and medicaid services as a sole  
19 community hospital, or qualifies as a medicare dependent hospital, to  
20 apply for a grant to support updating the hospital's electronic  
21 health records system to comply with the requirements of this  
22 subsection, subject to the following:

23 (i) A hospital owned or operated by a health system that owns or  
24 operates two or more hospitals is not eligible to apply for a grant  
25 under this subsection;

26 (ii) In considering a hospital application, the department may  
27 consider information about the hospital's need for financial support  
28 to alter the hospital's electronic health records system, including,  
29 but not limited to, demonstrated costs necessary to update the  
30 hospital's current electronic health record system to comply with the  
31 requirements in this section and evidence of need for financial  
32 assistance. The department may provide grant amounts of varying sizes  
33 depending on the need of the applicant hospital;

34 (iii) A hospital that receives a grant under this section must  
35 update the hospital's electronic health records system to comply with  
36 the requirements of this section before the hospital may make other  
37 changes to its electronic health records system, except for changes  
38 that are required for security, compliance, or privacy purposes; and

1 (iv) A hospital that receives a grant under this section must  
2 comply with subsection (a) of this section no later than July 1,  
3 2023.

4 (d) The department shall adopt rules to implement this subsection  
5 (6) no later than July 1, 2022.

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 school of nursing to lead an interdisciplinary study to analyze the  
3 impact of the number, type, education, training, and experience of  
4 acute care hospital staffing personnel on patient mortality and  
5 patient outcomes utilizing scientifically sound research methods most  
6 effective for all involved stakeholders. The University of Washington  
7 school of nursing must work in collaboration with the other schools  
8 in the University of Washington health sciences administration. The  
9 study should control for other contributing factors, including but  
10 not limited to access to equipment, patients' underlying conditions  
11 and diagnoses, patients' demographics information, the trauma level  
12 designation of the hospital, transfers from other hospitals, and  
13 external factors impacting hospital volumes. The study must be  
14 completed by September 1, 2022, and the department shall submit the  
15 study to the appropriate committees of the legislature by October 1,  
16 2022.

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

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

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

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

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

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

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

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

39 (iii) The department shall require the reporting of demographic  
40 information about participant race, ethnicity, any disability, gender

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

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

27 (3)(a) Each hospital subject to the requirements of subsection  
28 (1) of this section shall make widely available to the public a  
29 community benefit implementation strategy within one year of  
30 completing its community health needs assessment. In developing the  
31 implementation strategy, hospitals shall consult with community-based  
32 organizations and stakeholders, and local public health  
33 jurisdictions, as well as any additional consultations the hospital  
34 decides to undertake. Unless contained in the implementation strategy  
35 under this subsection (3)(a), the hospital must provide a brief  
36 explanation for not accepting recommendations for community benefit  
37 proposals identified in the assessment through the stakeholder  
38 consultation process, such as excessive expense to implement or  
39 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. If specific funding for the purposes of  
19 this act, referencing this act by bill or chapter number, is not  
20 provided by June 30, 2021, in the omnibus appropriations act, this  
21 act is null and void."

**E2SHB 1272** - S COMM AMD  
By Committee on Ways & Means

**ADOPTED 04/10/2021**

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

EFFECT: Adds sexual orientation to the list of patient  
demographic information hospitals must include in their patient  
discharge data reported to the DOH. Modifies the waiver requirements  
for hospitals to be exempt from including patient demographic  
information in their patient discharge data reported to the DOH so  
that the waiver:

(1) Only applies to a critical access hospital, sole community  
hospital, or a medicare dependent hospital;

(2) Is limited to one year or less or for any other specified time frame set by DOH; and

(3) Allows hospitals to apply for waiver extensions.

Requires DOH to establish a grant program by October 1, 2022, that is subject to appropriations and supports critical access, sole community, or a medicare dependent hospital with updating their electronic health records system to comply with the additional patient demographic reporting requirements. Requires a hospital that receives a grant to comply with the patient demographic reporting requirements by July 1, 2023. Directs DOH to adopt rules to implement the patient demographic reporting, waiver and grant program by July 1, 2022. Specifies that the Department of Health must contract with the University of Washington School of Nursing on conducting the hospital staffing study.

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