
Health Care & Wellness Committee

HB 1272

Brief Description: Concerning health system transparency.

Sponsors: Representatives Macri, Cody, Fitzgibbon, Davis, Hackney, Thai, Kloba, Rule, Simmons, Pollet, Dolan, Slatter, Riccelli and Harris-Talley.

Brief Summary of Bill

- Requires that hospitals provide detailed information regarding several identified categories of expenses and revenues in financial reports to the Department of Health.
- Eliminates the exemption from reporting information about facility fees for off-campus clinics or providers that are located within 250 yards from the main hospital building.
- Requires that community health needs assessments made public by hospitals include an addendum containing certain information about activities identified as community health improvement services.

Hearing Date: 2/4/21

Staff: Christopher Blake (786-7392).

Background:

Hospital Financial and Patient Discharge Reporting.

Hospitals must submit financial and patient discharge data to the Department of Health (Department). Each hospital must report data elements identifying its revenues, expenses, contractual allowances, charity care, bad debt, other income, total units of inpatient and outpatient services, and other financial and employee compensation information. With respect to compensation information, public and nonprofit hospitals must either provide employee

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compensation information submitted to the federal Internal Revenue Service or provide the compensation information for the five highest compensated employees of the hospital who do not have direct patient responsibilities.

Facility Fees.

Provider-based clinics that charge facility fees must provide a notice to patients receiving nonemergency services. The notice must inform the patient that the clinic is licensed as part of a hospital, and the patient may receive a separate billing for the facility component of a health care visit which may result in a higher out-of-pocket expense. Hospitals with provider-based clinics that bill a separate facility fee must report specific information to the Department each year. The reportable information relates to the number of provider-based clinics that bill a separate fee, the number of patient visits at each of those provider-based clinics, the revenue received by the hospital through the facility fees billed at each of those provider-based clinics, and the range of allowable facility fees paid by public or private payers at each of those provider-based clinics.

A "provider-based clinic" is defined as the site of an off-campus clinic or provider office that is licensed as part of a hospital and is at least 250 yards from the main hospital buildings, or as determined by the federal Centers for Medicare and Medicaid Services, and is owned by a hospital or a health system that operates one or more hospitals. The clinic or provider must be primarily engaged in providing diagnostic and therapeutic care. A "facility fee" is any separate charge or billing by a provider-based clinic that is in addition to the professional fee for physician's services and is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses.

Community Health Needs Assessments.

To qualify as a nonprofit organization, federal law requires that hospitals complete a community health needs assessment every three years and adopt an implementation strategy to meet the identified community health needs. The community health needs assessment must consider input from people who represent broad interests in the community served by the hospital, including those with special knowledge or expertise in public health.

State law requires that hospitals that are federally recognized as nonprofit entities make their community health needs assessments available to the public. In addition, hospitals must include a description of the community served by the hospital and demographic information related to the community's health. Within one year of completing their community health needs assessments, hospitals must make a community benefit implementation strategy publicly available.

Summary of Bill:

Financial and Patient Discharge Reporting.

The Department of Health (Department) must revise the financial and patient discharge data that hospitals report to provide additional detail about specific categories of expenses and revenues. The additional categories of expenses include: 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; taxes; utilities; and other noncategorized expenses. The additional categories of revenues include: donations; grants; joint ventures; local taxes; outpatient pharmacy; parking; quality incentive payments; reference laboratories; rental income; retail cafeteria; and other noncategorized revenue.

Hospitals, other than those designated as critical access hospitals and sole community hospitals, must report line items and amounts for any noncategorized expenses or revenues that either have a value of \$1 million or more or represent 1 percent or more of the total expenses or revenues.

Hospitals that are designated as critical access hospitals or sole community hospitals must report line items and amounts for any noncategorized expenses or revenues that represent the greater of either \$1 million or 1 percent of total expenses or revenues.

Hospitals must report any money they or their health systems receive from federal, state, or local governments in response to a national or state-declared emergency, including money received after January 1, 2020, in association with the COVID-19 pandemic.

Health systems that operate a hospital must annually submit a consolidated income statement and balance sheet to the Department regarding the facilities that they operate in Washington, including hospitals, ambulatory surgical facilities, health clinics, urgent care clinics, physician groups, health-related laboratories, long-term care facilities, home health agencies, dialysis facilities, ambulance services, behavioral health settings, and virtual care entities. The Washington State Auditor's Office must provide the Department with audited financial statements for all hospitals owned or operated by a public hospital district. The Department must make the income statements and balance sheets, as well as the audited financial statements, publicly available.

Patient discharge information reported by hospitals must identify the patient's race or ethnicity, gender identity, preferred language, any disability, zip code of primary residence, occupation, education, and annual income.

Each month hospitals must report to the Department the number of days of critical staffing, by job class, and the hospital's mortality rates. Critical staffing job classes include environmental services, nurses, other health care personnel, other licensed independent practitioners, pharmacy and pharmacy technicians, physicians, respiratory therapists, temporary physicians, temporary nurses, temporary respiratory therapists, temporary pharmacists, and other job classes identified by the Department. Mortality rates must include race and ethnicity mortality rates among labor and delivery patients.

Facility Fees.

The exemption for off-campus clinics or providers that are located within 250 yards from the main hospital buildings or as determined by the federal Centers for Medicare and Medicaid Services is eliminated from the definition of "provider-based clinic," as the term relates to

providing notice of facility fees and reporting facility fee information.

Community Health Needs Assessments.

Hospitals that must make their community health needs assessments available to the public must also make public an addendum with details about the activities that they identify as community health improvement services. The addendum must describe each activity and how it was provided, the resources used to provide it, how the activity addresses the needs of the community, how the activity corresponds to follow-up services offered by the hospital, the cost of the activity, and any materials provided to participants. The information must identify the participants' race or ethnicity, gender identity, preferred language, any disability, zip code of primary residence, occupation, education, and annual income.

Appropriation: None.

Fiscal Note: Requested on January 26, 2021.

Effective Date: The bill takes effect on January 1, 2022.