

ESB 5241 - H AMD 1290

By Representative Walsh

ADOPTED 08/30/2024

1 On page 5, beginning on line 20, strike all of section 4 and
2 insert the following:

3
4 "Sec. 4. RCW 19.390.030 and 2019 c 267 s 3 are each amended to
5 read as follows:

6 (1) Not less than (~~sixty~~) 120 days prior to the effective date
7 of any transaction that results in a material change, the parties to
8 the transaction shall submit written notice to the attorney general
9 of such material change transaction.

10 (2) For the purposes of this (~~section~~) chapter, a material
11 change transaction includes a merger, acquisition, or contracting
12 affiliation between two or more entities of the following types and
13 which meets the requirements of subsection (4) of this section:

- 14 (a) Hospitals;
15 (b) Hospital systems; or
16 (c) Provider organizations.

17 (3) A material change transaction includes proposed changes
18 identified in subsection (2) of this section between Washington
19 entities, as well as between a Washington entity and an out-of-state
20 entity where the out-of-state entity or any of its affiliates
21 generate(~~s ten million dollars~~) \$10,000,000 or more in health care
22 services revenue from patients residing in Washington state, (~~and~~)
23 the entities are of the types identified in subsection (2) of this
24 section, and the transaction meets the requirements of subsection (4)
25 of this section. Any party to a material change transaction that is
26 licensed or operating in Washington state shall submit a notice as
27 required under this section.

1 (4) To qualify as a material change transaction:
2 (a) At least one party to the material change transaction must
3 have had an average revenue of \$25,000,000 or more in the preceding
4 three fiscal years; and
5 (b)(i) The second party to the transaction must have had an
6 average revenue of at least \$10,000,000 in the preceding three fiscal
7 years; or
8 (ii) In the case of a new entity, the new entity is projected to
9 have at least \$10,000,000 in revenue in the first full year of
10 operation at normal levels of utilization or operation.
11 (5) For purposes of subsection (2) of this section, a merger,
12 acquisition, or contracting affiliation between two or more
13 hospitals, hospital systems, or provider organizations only qualifies
14 as a material change transaction if the hospitals, hospital systems,
15 or provider organizations did not previously have common ownership or
16 a contracting affiliation."
17

EFFECT: Adds a monetary threshold based on the revenue of the parties involved in the material change transaction, as follows: (1) One party must have an average of \$25M or more in revenue over the last 3 years; and (2) the other party must have an average of \$10M or more in revenue over the last 3 years, or for a new entity, the new entity must have \$10M in projected revenue in the first full year of operations. Provides that below these thresholds, a transaction does not qualify as a material change transaction for the purpose of the act.

Removes transactions with carriers, insurance holding companies, and other persons or entities with the primary function of providing health care services, from the scope of covered material change transactions, while retaining coverage of transactions between two or more hospitals, hospital systems, or provider organizations.

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