
SECOND SUBSTITUTE HOUSE BILL 1686

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Bronoske, Fosse, Reed, Scott, Nance, Hill, and Macri)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to creating a health care entity registry; adding
2 a new chapter to Title 70 RCW; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) Washington's health care landscape is changing rapidly. A
6 2023 report by the office of the insurance commissioner identified
7 that Washington has experienced substantial horizontal consolidation
8 and vertical integration across health care providers, facilities,
9 and insurers;

10 (b) Washington's health care market is also experiencing
11 investment from new for-profit entities such as private equity
12 firms. While there were only four private equity acquisitions in
13 Washington in 2014, this number had grown to 97 by 2023;

14 (c) These changes to Washington's health care landscape have not
15 resolved access and affordability challenges. A 2024 survey of over
16 1,000 Washingtonians found that over half skipped needed care due to
17 cost. Department of health data indicates substantial health
18 disparities based on geographic location. Many rural Washingtonians
19 experience health care deserts for essential care; and

20 (d) Washington is currently unable to evaluate how changes in the
21 health care landscape are impacting access and affordability because

1 the state lacks a complete and transparent registry of health care
2 systems and entities. While the state collects some information about
3 health insurers through annual financial statement filing
4 requirements, there is no similar information available for other
5 kinds of health care systems and entities. The office of financial
6 management identified this critical data infrastructure gap in 2010,
7 but it has not yet been resolved. Recent reports in 2023 and 2024 by
8 the office of financial management, the office of the insurance
9 commissioner, and the health care cost transparency board have
10 indicated this data gap continues to prevent effective stewardship of
11 health care resources and state health planning.

12 (2) Therefore, the legislature intends to monitor and measure
13 changes in the health care landscape to better understand trends in
14 health care market consolidation, with the goal of improving access
15 and affordability. The legislature aims to accelerate transparency
16 about large health care systems and entities first, prioritizing data
17 collection at the holding company or parent entity level to inform
18 the development of a more complete, interactive registry that
19 includes all health care entities and providers over time.

20 NEW SECTION. **Sec. 2.** The definitions in this section apply
21 throughout this chapter unless the context clearly requires
22 otherwise.

23 (1) "Affiliate" means:

24 (a) A person, entity, or organization that directly, indirectly,
25 or through one or more intermediaries, controls, is controlled by, or
26 is under common control or ownership of another person, entity, or
27 organization;

28 (b) A person, entity, or organization that operates all or a
29 substantial part of the health care services or property of a health
30 care entity under a lease, management, or operating agreement; or

31 (c) Any in-state or out-of-state operations or corporate
32 affiliates of an affiliate as defined in this subsection, including
33 private equity funds, health care real estate investment trusts, or
34 management services organizations.

35 (2) "Business identification number" includes taxpayer
36 identification number, health care entity national provider
37 identifier, centers for medicare and medicaid services certification
38 number, national association of insurance commissioners
39 identification number, and health care benefit manager office of the

1 insurance commissioner registration number. A "business
2 identification number" does not include any individual's taxpayer
3 identification number that is also the person's social security
4 number.

5 (3) "Control," including the terms "controlling," "controlled
6 by," and "under common control with," means the direct or indirect
7 power through ownership, contractual agreement, or otherwise to vote
8 10 percent or more of any class of voting shares of a health care
9 entity or to direct the actions or policies of the specified entity.

10 (4) "Department" means the department of health.

11 (5) "Health care entity" means any:

12 (a)(i) Health care facility licensed by the department, licensed
13 by the department of social and health services, a pharmacy licensed
14 under chapter 18.64 RCW, or any other site where health care services
15 are provided;

16 (ii) A health care facility does not include:

17 (A) Adult family homes licensed under chapter 70.128 RCW; or

18 (B) Behavioral health agencies licensed or certified under
19 chapter 71.24 RCW, unless the behavioral health agency is owned,
20 controlled, or affiliated with an acute care hospital;

21 (b) Provider organization;

22 (c) Health care benefit manager as defined in RCW 48.200.020; or

23 (d) Health carrier as defined in RCW 48.43.005.

24 (6) "Management services organization" means any organization or
25 entity that contracts with a health care provider, health care
26 facility, or provider organization to perform management or
27 administrative services relating to, supporting, or facilitating the
28 provision of health care services.

29 (7) "Private equity fund" means a publicly traded or nonpublicly
30 traded company that collects capital investments from individuals or
31 entities and purchases a direct or indirect ownership share or
32 controlling interest of a health care entity.

33 (8) "Provider organization" means any corporation, partnership,
34 business trust, association, limited liability corporation, or
35 organized group of persons that is in the business of health care
36 delivery or management, whether incorporated or not, that represents
37 one or more health care providers in contracting with carriers for
38 the payments of health care services. "Provider organization"
39 includes, but is not limited to, physician organizations, physician-
40 hospital organizations, independent practice associations, provider

1 networks, accountable care organizations, management services
2 organizations, and any other organization that contracts with
3 carriers or health care benefit managers for payment for health care
4 services.

5 (9) "Registering entity" means any parent company, holding
6 company, or other organization or entity that owns or controls more
7 than one health care entity.

8 (10) "Site where health care services are provided" means any
9 location where health care services are provided to humans in
10 Washington or a county in Oregon or Idaho that borders Washington,
11 including licensed and unlicensed facilities and provider group
12 practice locations. A "site where health care services are provided"
13 does not include temporary locations such as a mobile clinic or a
14 health care provider or patient's home.

15 (11) "Subsidiary" means an entity in which the registering entity
16 has, directly or indirectly, a controlling interest.

17 NEW SECTION. **Sec. 3.** (1) Beginning July 1, 2026, and annually
18 thereafter, registering entities shall report to the department on an
19 annual basis, in a form and manner determined by the department, the
20 following information on behalf of the registering entity and all
21 affiliates and subsidiaries of the registering entity:

22 (a) The legal name;

23 (b) The business address;

24 (c) The addresses of all locations of operations and sites where
25 health care services are provided;

26 (d) Applicable business identification numbers;

27 (e) A name and contact information of a representative of the
28 registering entity;

29 (f) The name, business address, and business identification
30 numbers, as applicable, for each person or entity that:

31 (i) Has an ownership or investment interest in the registering
32 entity or any of its affiliates or subsidiaries including, but not
33 limited to, participation from a private equity fund;

34 (ii) Has a controlling interest in the registering entity or any
35 of its affiliates or subsidiaries; or

36 (iii) Is contracted as a management services organization with
37 the registering entity or any of its affiliates or subsidiaries;

38 (g) A current organizational chart showing the business structure
39 of the registering entity, including any person or entity listed in

1 (f) of this subsection, affiliates, and subsidiaries of the
2 registering entity and the corporate form and purpose for each person
3 or entity shown on the organizational chart;

4 (h) The names, compensation for board participation, and
5 affiliation with any other health care entity of the members of the
6 governing board, board of directors, or similar governance body for
7 the health care entity, any entity that is owned or controlled by,
8 affiliated with, or under common control with the registering entity
9 and its affiliates or subsidiaries, and any entity listed in (f) of
10 this subsection;

11 (i) Documents containing publicly available financial reports or
12 statements for the previous fiscal reporting year of the registering
13 entities, in a form and manner determined by the department. The
14 department may consider information already collected through
15 existing reporting requirements of federal or state agencies; and

16 (j) For a registering entity that is or includes a provider
17 organization, a health care facility, or other health care sites
18 where services are provided:

19 (i) The number of licensed health care providers, by license
20 type, that are employed or contracted with the registering entity or
21 its health care entity affiliates or subsidiaries. This information
22 must be reported for each site where health care services are
23 provided; and

24 (ii) The name, address, and any applicable business
25 identification number of all sites where health care services are
26 provided, and a description of the services provided at each site,
27 reported for each site.

28 (2) Registering entities shall report the information required
29 under this section at no cost to the department. The department shall
30 establish the registration fee in rule, which may be tiered. The fee
31 must cover the department's implementation, administrative,
32 oversight, and enforcement costs and must include all initial
33 implementation administrative costs.

34 (3) Information provided under this section shall be considered
35 public information and may not be considered confidential,
36 proprietary, or a trade secret.

37 (4) The department may share and receive information relevant to
38 this section with the office of the attorney general, the office of
39 the insurance commissioner, the health care authority, other state
40 agencies, and other state officials to reduce or avoid duplication in

1 reporting requirements or to facilitate oversight or enforcement
2 pursuant to the laws of the state, provided that any tax
3 identification numbers that are individual social security numbers
4 are not shared and an alternative identifier is provided in its place
5 when possible. The department may, in consultation with the relevant
6 state agencies, merge similar reporting requirements where
7 appropriate.

8 NEW SECTION. **Sec. 4.** (1) By November 1, 2026, the department
9 shall make the reports submitted pursuant to section 3 of this act
10 during 2026 publicly available through public use files. For
11 reporting years beginning in 2027, the department shall make the
12 reports publicly available through a means determined by the
13 department. The department must include a link on its website to
14 where the public reports are available.

15 (2) The department must provide an annual list of the registering
16 entities that have not filed a report or filed an incomplete report
17 as required under this chapter.

18 (3) The department shall update the reports available publicly at
19 least annually.

20 NEW SECTION. **Sec. 5.** (1) The department may inspect the records
21 of any registering entity and the registering entity's affiliates and
22 subsidiaries that have failed to submit complete information pursuant
23 to section 3 of this act or if the department has reason to question
24 the accuracy or completeness of the information submitted pursuant to
25 section 3 of this act, at no cost to the department.

26 (2) On or after July 1, 2027, or once the department requires
27 reporting through the health enforcement and licensing management
28 system or similar system, whichever is later, a registering entity
29 that fails to provide a report under section 3 of this act, provides
30 an incomplete report, or submits a report containing false
31 information may be subject to a civil penalty not to exceed \$250,000
32 for each report not provided, incomplete, or containing false
33 information. The registering entity must be provided a 30-day
34 opportunity to cure the missing, incomplete, or incorrect report
35 before a civil penalty is assessed.

36 (3) The department may consult with and refer instances of
37 noncompliance to the office of the attorney general.

1 (4) Any civil penalty recovered under this section shall go
2 toward costs associated with implementing this act.

3 NEW SECTION. **Sec. 6.** The department, in consultation with the
4 health care authority and the office of the insurance commissioner,
5 and with input from stakeholders shall develop a plan and provide
6 recommendations to the legislature as to how the reporting
7 requirements in this chapter may apply to individual and independent
8 health care providers, health care facilities, health carriers,
9 health care benefit managers, and provider organizations and any
10 recommended changes to the items reported under section 3 of this
11 act. The recommendations must identify opportunities to streamline
12 reporting and consider opportunities to allow for information sharing
13 between state agencies for health care entities and health care
14 providers licensed or certified by a state agency, with the goal of
15 developing a complete, interactive, and publicly available registry
16 of all registering entities, health care entities, and health care
17 providers in Washington state. The department may contract with an
18 outside entity to complete this work or a portion of this work. The
19 department shall provide a progress update to the relevant health and
20 fiscal committees of the legislature by December 31, 2026, and a
21 final report by November 1, 2027. The final report must identify any
22 remaining data gaps and recommend an implementation plan for the
23 registry.

24 NEW SECTION. **Sec. 7.** The department, in consultation with the
25 health care authority and the office of the insurance commissioner,
26 may adopt any rules necessary to implement this act, including
27 necessary fees. The department must adopt rules before levying any
28 civil penalties.

29 NEW SECTION. **Sec. 8.** If specific funding for the purposes of
30 this act, referencing this act by bill or chapter number, is not
31 provided by June 30, 2025, in the omnibus appropriations act, this
32 act is null and void.

33 NEW SECTION. **Sec. 9.** Sections 1 through 8 of this act
34 constitute a new chapter in Title 70 RCW.

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