
Health Care & Wellness Committee

SSB 6698

Brief Description: Concerning the acquisition of nonprofit hospitals.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Keiser, Marr, Murray, Fairley and Kohl-Welles).

Brief Summary of Substitute Bill

- Changes reporting requirements relating to the acquisition of nonprofit hospitals.
- Grants the Department of Health additional enforcement authority relating to the acquisition of nonprofit hospitals.
- Requires the Department of Health to consult with an expert to determine the health impact of the acquisition of a nonprofit hospital.

Hearing Date: 2/19/10

Staff: Jim Morishima (786-7191).

Background:

An interest in a nonprofit hospital may not be acquired without the approval of the Department of Health (DOH).

I. Approval Process.

A person or entity seeking to acquire an interest in a nonprofit hospital must submit an application to the DOH. Upon receiving a completed application, the DOH must publish notice in a newspaper of general circulation and notify any person who has requested such notifications. The DOH must also conduct at least one public hearing and consult with the Attorney General prior to approving an application.

The DOH may not approve an application to acquire an interest in a nonprofit hospital unless:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

- the parties to the acquisition have taken the proper steps to safeguard the value of charitable assets and ensure that any proceeds from the acquisition are used for appropriate charitable health purposes; and
- the acquisition in question will not detrimentally affect the continued existence of accessible, affordable health care that is responsive to the needs of the community in which the hospital is located.

II. Enforcement.

The parties to the acquisition must submit periodic reports to the DOH to ensure compliance with their commitments. The DOH may also subpoena information and documents and may conduct on-site compliance audits.

If the DOH receives information indicating that the acquiring person or entity is not fulfilling commitments to the affected community, the DOH must hold a hearing. If the DOH determines that the information is true, it may revoke or suspend the hospital's license pursuant to the standard procedure for revoking or suspending such a license.

Summary of Bill:

I. Approval Process.

Prior to approving an application to acquire an interest in a nonprofit hospital, the DOH must consult with a qualified independent expert to determine the health impact of the acquisition. The health impact study must provide the DOH with health data regarding the impact of the sale and identify specific conditions that should be placed on sale to ensure that it provides the most benefit possible to the people of the impacted area. Any costs relating to the consultation must be borne by the acquiring person or entity.

II. Enforcement.

Parties to the acquisition of an interest in a nonprofit hospital must submit annual, as opposed to "periodic," reports to the DOH. The reports must continue for 10 consecutive years after the completion of the sale.

If the DOH determines that an acquiring person or entity is not fulfilling commitments to the affected community, the DOH may impose reasonable conditions on the hospital's license, such as corrective action within a specific period of time, impose civil penalties of no more than \$500 per day per violation, or suspend, revoke, or refuse to renew the hospital's license. If the terms of corrective action are not adhered to, the DOH may immediately revoke or suspend the hospital's license. The suspension or revocation of a hospital's license no longer must be pursuant to the standard procedure for revoking or suspending such a license.

Appropriation: None.

Fiscal Note: Requested February 16, 2010.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.