
HOUSE BILL 1272

State of Washington

67th Legislature

2021 Regular Session

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

Read first time 01/19/21. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to health system transparency; amending RCW
2 43.70.052, 70.01.040, and 70.41.470; adding a new section to chapter
3 43.70 RCW; adding a new section to chapter 70.41 RCW; and providing
4 an effective date.

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

6 **Sec. 1.** RCW 43.70.052 and 2014 c 220 s 2 are each amended to
7 read as follows:

8 (1) (a) To promote the public interest consistent with the
9 purposes of chapter 492, Laws of 1993 as amended by chapter 267, Laws
10 of 1995, the department shall ~~((continue to))~~ require hospitals to
11 submit hospital financial and patient discharge information,
12 including any applicable information reported pursuant to section 2
13 of this act, which shall be collected, maintained, analyzed, and
14 disseminated by the department. The department shall, if deemed cost-
15 effective and efficient, contract with a private entity for any or
16 all parts of data collection. Data elements shall be reported in
17 conformance with a uniform reporting system established by the
18 department. This includes data elements identifying each hospital's
19 revenues, expenses, contractual allowances, charity care, bad debt,
20 other income, total units of inpatient and outpatient services, and

1 other financial and employee compensation information reasonably
2 necessary to fulfill the purposes of this section.

3 (b) Data elements relating to use of hospital services by
4 patients shall be the same as those currently compiled by hospitals
5 through inpatient discharge abstracts. The department shall encourage
6 and permit reporting by electronic transmission or hard copy as is
7 practical and economical to reporters.

8 (c) The department must revise the uniform reporting system to
9 further delineate hospital expenses reported in the other direct
10 expense category in the statement of revenue and expense. The
11 department must include the following additional categories of
12 expenses within the other direct expenses category:

13 (i) Blood supplies;

14 (ii) Contract staffing;

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

16 (iv) Insurance and professional liability;

17 (v) Laundry services;

18 (vi) Legal, audit, and tax professional services;

19 (vii) Purchased laboratory services;

20 (viii) Repairs and maintenance;

21 (ix) Shared services or system office allocation;

22 (x) Staff recruitment;

23 (xi) Training costs;

24 (xii) Taxes;

25 (xiii) Utilities; and

26 (xiv) Other noncategorized expenses.

27 (d) The department must revise the uniform reporting system to
28 further delineate hospital revenues reported in the other operating
29 revenue category in the statement of revenue and expense. The
30 department must include the following additional categories of
31 revenues within the other operating revenues category:

32 (i) Donations;

33 (ii) Grants;

34 (iii) Joint venture revenue;

35 (iv) Local taxes;

36 (v) Outpatient pharmacy;

37 (vi) Parking;

38 (vii) Quality incentive payments;

39 (viii) Reference laboratories;

40 (ix) Rental income;

1 (x) Retail cafeteria; and

2 (xi) Other noncategorized revenues.

3 (e) (i) A hospital, other than a hospital designated as a critical
4 access hospital or sole community hospital, must report line items
5 and amounts for any expenses or revenues in the other noncategorized
6 expenses category in (c) (xiv) of this subsection or the other
7 noncategorized revenues category in (d) (xi) of this subsection that
8 either have a value: (A) Of \$1,000,000 or more; or (B) representing
9 one percent or more of the total expenses or total revenues; or

10 (ii) A hospital designated as a critical access hospital or sole
11 community hospital must report line items and amounts for any
12 expenses or revenues in the other noncategorized expenses category in
13 (c) (xiv) of this subsection or the other noncategorized revenues
14 category in (d) (xi) of this subsection that represent the greater of:
15 (A) \$1,000,000; or (B) one percent or more of the total expenses or
16 total revenues.

17 (f) A hospital must report any money, including loans, received
18 by the hospital or a health system to which it belongs from a
19 federal, state, or local government entity in response to a national
20 or state-declared emergency, including a pandemic. Hospitals must
21 report this information as it relates to federal, state, or local
22 money received after January 1, 2020, in association with the
23 COVID-19 pandemic.

24 (2) In identifying financial reporting requirements, the
25 department may require both annual reports and condensed quarterly
26 reports from hospitals, so as to achieve both accuracy and timeliness
27 in reporting, but shall craft such requirements with due regard of
28 the data reporting burdens of hospitals.

29 (3) (a) Beginning with compensation information for 2012, unless a
30 hospital is operated on a for-profit basis, the department shall
31 require a hospital licensed under chapter 70.41 RCW to annually
32 submit employee compensation information. To satisfy employee
33 compensation reporting requirements to the department, a hospital
34 shall submit information as directed in (a) (i) or (ii) of this
35 subsection. A hospital may determine whether to report under (a) (i)
36 or (ii) of this subsection for purposes of reporting.

37 (i) Within one hundred thirty-five days following the end of each
38 hospital's fiscal year, a nonprofit hospital shall file the
39 appropriate schedule of the federal internal revenue service form 990
40 that identifies the employee compensation information with the

1 department. If the lead administrator responsible for the hospital or
2 the lead administrator's compensation is not identified on the
3 schedule of form 990 that identifies the employee compensation
4 information, the hospital shall also submit the compensation
5 information for the lead administrator as directed by the
6 department's form required in (b) of this subsection.

7 (ii) Within one hundred thirty-five days following the end of
8 each hospital's calendar year, a hospital shall submit the names and
9 compensation of the five highest compensated employees of the
10 hospital who do not have any direct patient responsibilities.
11 Compensation information shall be reported on a calendar year basis
12 for the calendar year immediately preceding the reporting date. If
13 those five highest compensated employees do not include the lead
14 administrator for the hospital, compensation information for the lead
15 administrator shall also be submitted. Compensation information shall
16 include base compensation, bonus and incentive compensation, other
17 payments that qualify as reportable compensation, retirement and
18 other deferred compensation, and nontaxable benefits.

19 (b) To satisfy the reporting requirements of this subsection (3),
20 the department shall create a form and make it available no later
21 than August 1, 2012. To the greatest extent possible, the form shall
22 follow the format and reporting requirements of the portion of the
23 internal revenue service form 990 schedule relating to compensation
24 information. If the internal revenue service substantially revises
25 its schedule, the department shall update its form.

26 (4) The health care data collected, maintained, and studied by
27 the department shall only be available for retrieval in original or
28 processed form to public and private requestors pursuant to
29 subsection ~~((+7))~~ (8) of this section and shall be available within
30 a reasonable period of time after the date of request. The cost of
31 retrieving data for state officials and agencies shall be funded
32 through the state general appropriation. The cost of retrieving data
33 for individuals and organizations engaged in research or private use
34 of data or studies shall be funded by a fee schedule developed by the
35 department that reflects the direct cost of retrieving the data or
36 study in the requested form.

37 (5) The department shall, in consultation and collaboration with
38 the federally recognized tribes, urban or other Indian health service
39 organizations, and the federal area Indian health service, design,

1 develop, and maintain an American Indian-specific health data,
2 statistics information system.

3 (6) Patient discharge information reported by hospitals to the
4 department must identify patients by race or ethnicity, gender
5 identity, preferred language, any disability, zip code of primary
6 residence, occupation, education, and annual income.

7 (7) All persons subject to the data collection requirements of
8 this section shall comply with departmental requirements established
9 by rule in the acquisition of data.

10 ~~((7))~~ (8) The department must maintain the confidentiality of
11 patient discharge data it collects under subsection (1) of this
12 section. Patient discharge data that includes direct and indirect
13 identifiers is not subject to public inspection and the department
14 may only release such data as allowed for in this section. Any agency
15 that receives patient discharge data under (a) or (b) of this
16 subsection must also maintain the confidentiality of the data and may
17 not release the data except as consistent with subsection ~~((8))~~ (9)
18 (b) of this section. The department may release the data as follows:

19 (a) Data that includes direct and indirect patient identifiers,
20 as specifically defined in rule, may be released to:

21 (i) Federal, state, and local government agencies upon receipt of
22 a signed data use agreement with the department; and

23 (ii) Researchers with approval of the Washington state
24 institutional review board upon receipt of a signed confidentiality
25 agreement with the department.

26 (b) Data that does not contain direct patient identifiers but may
27 contain indirect patient identifiers may be released to agencies,
28 researchers, and other persons upon receipt of a signed data use
29 agreement with the department.

30 (c) Data that does not contain direct or indirect patient
31 identifiers may be released on request.

32 ~~((8))~~ (9) Recipients of data under subsection ~~((7))~~ (8)(a)
33 and (b) of this section must agree in a written data use agreement,
34 at a minimum, to:

35 (a) Take steps to protect direct and indirect patient identifying
36 information as described in the data use agreement; and

37 (b) Not redisclose the data except as authorized in their data
38 use agreement consistent with the purpose of the agreement.

39 ~~((9))~~ (10) Recipients of data under subsection ~~((7))~~ (8)(b)
40 and (c) of this section must not attempt to determine the identity of

1 persons whose information is included in the data set or use the data
2 in any manner that identifies individuals or their families.

3 ~~((10))~~ (11) For the purposes of this section:

4 (a) "Direct patient identifier" means information that identifies
5 a patient; and

6 (b) "Indirect patient identifier" means information that may
7 identify a patient when combined with other information.

8 ~~((11))~~ (12) The department must adopt rules necessary to carry
9 out its responsibilities under this section. The department must
10 consider national standards when adopting rules.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.70
12 RCW to read as follows:

13 (1)(a) For a health system operating a hospital licensed under
14 chapter 70.41 RCW, the health system must annually submit to the
15 department a consolidated annual income statement and balance sheet,
16 including hospitals, ambulatory surgical facilities, health clinics,
17 urgent care clinics, physician groups, health-related laboratories,
18 long-term care facilities, home health agencies, dialysis facilities,
19 ambulance services, behavioral health settings, and virtual care
20 entities that are operated in Washington.

21 (b) The state auditor's office shall provide the department with
22 audited financial statements for all hospitals owned or operated by a
23 public hospital district under chapter 70.44 RCW. Public hospital
24 districts are not required to submit additional information to the
25 department under this subsection.

26 (2) The department must make information submitted under this
27 section available in the same manner as hospital financial data.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 70.41
29 RCW to read as follows:

30 (1) Each hospital must report the following information to the
31 department each month:

32 (a) The number of days of critical staffing, by job class.
33 Critical staffing job classes include environmental services, nurses,
34 other health care personnel, other licensed independent
35 practitioners, pharmacy and pharmacy technicians, physicians,
36 respiratory therapists, temporary physicians, temporary nurses,
37 temporary respiratory therapists, temporary pharmacists, and other
38 job classes identified by the department; and

1 (b) Mortality rates, including race and ethnicity mortality rates
2 among labor and delivery patients.

3 (2) The department must adopt rules to implement the reporting
4 requirements under this section.

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

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

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

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

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

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

26 (b) The number of patient visits at each provider-based clinic
27 for which a facility fee was charged or billed for the year;

28 (c) The revenue received by the hospital for the year by means of
29 facility fees at each provider-based clinic; and

30 (d) The range of allowable facility fees paid by public or
31 private payers at each provider-based clinic.

32 (5) For the purposes of this section:

33 (a) "Facility fee" means any separate charge or billing by a
34 provider-based clinic in addition to a professional fee for
35 physicians' services that is intended to cover building, electronic
36 medical records systems, billing, and other administrative and
37 operational expenses.

38 (b) "Provider-based clinic" means the site of an off-campus
39 clinic or provider office (~~located at least two hundred fifty yards~~

1 ~~from the main hospital buildings or as determined by the centers for~~
2 ~~medicare and medicaid services,))~~ that is owned by a hospital
3 licensed under chapter 70.41 RCW or a health system that operates one
4 or more hospitals licensed under chapter 70.41 RCW, is licensed as
5 part of the hospital, and is primarily engaged in providing
6 diagnostic and therapeutic care including medical history, physical
7 examinations, assessment of health status, and treatment monitoring.
8 This does not include clinics exclusively designed for and providing
9 laboratory, X-ray, testing, therapy, pharmacy, or educational
10 services and does not include facilities designated as rural health
11 clinics.

12 **Sec. 5.** RCW 70.41.470 and 2012 c 103 s 1 are each amended to
13 read as follows:

14 (1) As of January 1, 2013, each hospital that is recognized by
15 the internal revenue service as a 501(c)(3) nonprofit entity must
16 make its federally required community health needs assessment widely
17 available to the public within fifteen days of submission to the
18 internal revenue service. Following completion of the initial
19 community health needs assessment, each hospital in accordance with
20 the internal revenue service((7)) shall complete and make widely
21 available to the public an assessment once every three years.

22 (2) (a) Unless contained in the community health needs assessment
23 under subsection (1) of this section, a hospital subject to the
24 requirements under subsection (1) of this section shall make public a
25 description of the community served by the hospital, including both a
26 geographic description and a description of the general population
27 served by the hospital; and demographic information such as leading
28 causes of death, levels of chronic illness, and descriptions of the
29 medically underserved, low-income, and minority, or chronically ill
30 populations in the community.

31 (b) Each hospital subject to the requirements under subsection
32 (1) of this section must submit an addendum which details information
33 about activities identified as community health improvement services.
34 The information must specify the type of activity, the method in
35 which each type of activity was provided, the resources used to
36 provide the activity, how the activity addresses the identified needs
37 of the community, how each activity may correspond to follow-up
38 services offered by the hospital, the cost of providing each type of
39 activity with the methodology used to determine the hospital's costs

1 written in plain English, and any materials provided to activity
2 participants. In addition, the information must identify participants
3 by race or ethnicity, gender identity, preferred language, any
4 disability, zip code of primary residence, occupation, education, and
5 annual income. Information related to the resources used to provide
6 the activity includes, but is not limited to, labor provided and
7 whether the location was rented or provided by the hospital.

8 (3) (a) Each hospital subject to the requirements of subsection
9 (1) of this section shall make widely available to the public a
10 community benefit implementation strategy within one year of
11 completing its community health needs assessment. In developing the
12 implementation strategy, hospitals shall consult with community-based
13 organizations and stakeholders, and local public health
14 jurisdictions, as well as any additional consultations the hospital
15 decides to undertake. Unless contained in the implementation strategy
16 under this subsection (3) (a), the hospital must provide a brief
17 explanation for not accepting recommendations for community benefit
18 proposals identified in the assessment through the stakeholder
19 consultation process, such as excessive expense to implement or
20 infeasibility of implementation of the proposal.

21 (b) Implementation strategies must be evidence-based, when
22 available; or development and implementation of innovative programs
23 and practices should be supported by evaluation measures.

24 (4) For the purposes of this section, the term "widely available
25 to the public" has the same meaning as in the internal revenue
26 service guidelines.

27 NEW SECTION. **Sec. 6.** This act takes effect January 1, 2022.

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