
SENATE BILL 5561

State of Washington

69th Legislature

2025 Regular Session

By Senators Cleveland, Hasegawa, Nobles, and Valdez

Read first time 01/28/25. Referred to Committee on Health & Long-Term Care.

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.** The definitions in this section apply
5 throughout this chapter unless the context clearly requires
6 otherwise.

7 (1) "Affiliate" means:

8 (a) A person, entity, or organization that directly, indirectly,
9 or through one or more intermediaries, controls, is controlled by, or
10 is under common control or ownership of another person, entity, or
11 organization;

12 (b) A person whose business is operated under a lease,
13 management, or operating agreement by another entity, or a person
14 substantially all of whose property is operated under a management or
15 operating agreement with that other entity;

16 (c) An entity that operates the business or substantially all the
17 property of another entity under a lease, management, or operating
18 agreement; or

19 (d) Any out-of-state operations and corporate affiliates of an
20 affiliate as defined in this subsection, including significant equity

1 investors, health care real estate investment trusts, and management
2 services organizations.

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

8 (3) "Department" means the department of health.

9 (4) "Health care entity" means a health care provider as defined
10 in RCW 70.02.010, health care facility as defined in RCW 48.43.005,
11 provider organization, health care benefit manager as defined in RCW
12 48.200.020, or carrier as defined in RCW 48.43.005.

13 (5) "Management services organization" means any organization or
14 entity that contracts with a health care provider, health care
15 facility, or provider organization to perform management or
16 administrative services relating to, supporting, or facilitating the
17 provision of health care services.

18 (6) "Private equity fund" means a publicly traded or nonpublicly
19 traded company that collects capital investments from individuals or
20 entities and purchases a direct or indirect ownership share or
21 controlling interest of a health care entity.

22 (7) "Provider organization" means any corporation, partnership,
23 business trust, association, or organized group of persons that is in
24 the business of health care delivery or management, whether
25 incorporated or not, that represents one or more health care
26 providers in contracting with carriers for the payments of health
27 care services. "Provider organization" includes, but is not limited
28 to, physician organizations, physician-hospital organizations,
29 independent practice associations, provider networks, accountable
30 care organizations, management services organizations, and any other
31 organization that contracts with carriers for payment for health care
32 services.

33 NEW SECTION. **Sec. 2.** (1) Beginning June 30, 2027, and annually
34 thereafter, except as provided in subsection (2) of this section,
35 each health care entity shall report to the department on an annual
36 basis, in a form and manner determined by the department, the
37 following information:

38 (a) The legal name of the entity;

39 (b) The business address;

1 (c) The addresses of all locations of operations;

2 (d) Applicable business identification numbers including, but not
3 limited to, taxpayer identification number, national provider
4 identifier, employer identification number, centers for medicare and
5 medicaid services certification number, national association of
6 insurance commissioners identification number, or health care benefit
7 manager registration number;

8 (e) A name and contact information of a representative of the
9 health care entity;

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

12 (i) Has an ownership or investment interest in the health care
13 entity including, but not limited to, participation from a private
14 equity fund;

15 (ii) Has a controlling interest in the health care entity; or

16 (iii) Is contracted as a management services organization with
17 the health care entity;

18 (g) A current organizational chart showing the business structure
19 of the health care entity, including any person or entity listed in
20 (f) of this subsection, affiliates, and subsidiaries of the health
21 care entity;

22 (h) The names, compensation, and affiliation with any other
23 health care entity of the members of the governing board, board of
24 directors, or similar governance body for the health care entity, any
25 entity that is owned or controlled by, affiliated with, or under
26 common control with the health care entity, and any entity listed in
27 (f) of this subsection;

28 (i) Comprehensive financial reports of the health care entity and
29 any entities having ownership or control over the health care entity,
30 as determined by the department in rule. In promulgating rules, the
31 department shall consider information already collected through
32 existing reporting requirements; and

33 (j) For a health care entity that is a provider organization or a
34 health care facility:

35 (i) The name, license type, specialty, and applicable
36 identification number of each health care provider providing care at
37 that entity, the address of the principal practice location of each
38 provider, and whether that provider is employed by or contracted with
39 the entity; and

1 (ii) The name and address of any affiliated health care
2 facilities by license number, and facilities or services under the
3 primary license, license type, and capacity in each major service
4 area.

5 (2) Health care entities shall report the information required
6 under this section at no cost to the department.

7 (3) The following health care entities are exempt from the
8 reporting requirements under subsection (1) of this section:

9 (a) Independent health care provider organizations consisting of
10 two or fewer providers; and

11 (b) Health care provider organizations that are owned or
12 controlled by a reporting health care entity, if the health care
13 provider organization is shown in the organizational chart submitted
14 under subsection (1)(g) of this section and the controlling health
15 care entity reports all the information required under subsection (1)
16 of this section on behalf of the health care provider organization.

17 (4) Information provided under this section shall be considered
18 public information and may not be considered confidential,
19 proprietary, or a trade secret, except that an individual health care
20 provider's taxpayer identification number that is also their social
21 security number shall be confidential.

22 (5) The department may share information reported under this
23 section with the office of the attorney general, other state
24 agencies, and other state officials to reduce or avoid duplication in
25 reporting requirements or to facilitate oversight or enforcement
26 pursuant to the laws of the state, provided that any tax
27 identification numbers that are individual social security numbers
28 may only be shared with other agencies if they agree to maintain the
29 confidentiality of such information. The department may, in
30 consultation with the relevant state agencies, merge similar
31 reporting requirements where appropriate.

32 NEW SECTION. **Sec. 3.** (1) By January 1, 2028, the department
33 shall develop an interactive tool to allow the public to search and
34 view the following information submitted by health care entities
35 based on the previous year's data submitted pursuant to section 2 of
36 this act:

37 (a) The number of health care entities reporting that year,
38 disaggregated by the business structure of each specified entity;

1 (b) The name, address, and business structure of each reporting
2 health care entity;

3 (c) The name, address, and business structure of any entity with
4 an ownership or controlling interest in a reporting health care
5 entity;

6 (d) The name, address, and business structure of any:

7 (i) Affiliates or subsidiaries of the reporting health care
8 entity; and

9 (ii) Management services organizations contracted or affiliated
10 with the reporting health care entity;

11 (e) Any change in ownership or control for each reporting health
12 care entity; and

13 (f) An analysis of trends in horizontal and vertical
14 consolidation, disaggregated by business structure and provider type.

15 (2) The department shall update the data available through this
16 tool at least once annually.

17 NEW SECTION. **Sec. 4.** (1) The department may audit and inspect
18 the records of any health care entity that has failed to submit
19 complete information pursuant to section 2 of this act or if the
20 department has reason to question the accuracy or completeness of the
21 information submitted pursuant to section 2 of this act.

22 (2) If a health care entity fails to provide a complete report
23 under section 2 of this act, or submits a report containing false
24 information, such entity shall be subject to a civil penalty as
25 follows:

26 (a) Health care entities consisting of independent health care
27 providers or provider organizations without any third-party ownership
28 or control entities, with 10 or fewer physicians or less than
29 \$10,000,000 in annual revenue, the penalty shall not exceed \$50,000
30 for each report not provided or containing false information.

31 (b) For all other health care entities, the penalty shall not
32 exceed \$500,000 for each report not provided or containing false
33 information.

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

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

1 NEW SECTION. **Sec. 5.** The department may adopt any rules
2 necessary to implement this act, including necessary fees.

3 NEW SECTION. **Sec. 6.** Sections 1 through 5 of this act
4 constitute a new chapter in Title 70 RCW.

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