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**HOUSE BILL 1946**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Jinkins, Robinson, Riccelli, Moeller, and Cody

AN ACT Relating to Washington wellness trust obligations for hospitals; adding new sections to chapter 70.170 RCW; and creating a new section.

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

NEW SECTION. **Sec.**  The legislature finds that:

(1) Washington's community hospitals have performed a valuable benefit to the state's residents by providing charity care over the decades. The provision of charity care is one of the considerations related to tax exempt status for nonprofit hospitals and the benefits that come with that status.

(2) Since the implementation of the federal patient protection and affordable care act, the expanded availability of affordable insurance and medicaid coverage has significantly reduced the number of people seeking charity care and the amount provided by hospitals. This reduction has led to a new consideration of what the role of hospitals is in assuring the health of the communities that they serve.

(3) In the past decade, hospitals have typically provided between four and six percent of their adjusted revenue as charity care.

(4) It has been widely recognized that the social determinants of health more strongly affect an individual's and our population's health.

(5) The 2015 report from mental health America found that Washington ranks forty-eighth in the nation in terms of its access to mental health services.

(6) A 2015 study by the Washington state institute for public policy found that Washington ranks either forty-sixth or forty-eighth in the nation in psychiatric bed availability, depending on how the beds are calculated.

(7) It is the desire of Washingtonians to assure that our hospitals continue to partner with communities to achieve improvements in those factors that have the greatest effect on health.

NEW SECTION. **Sec.**  A new section is added to chapter 70.170 RCW to read as follows:

(1) Each hospital is responsible for payment of a Washington wellness trust obligation as determined by the department pursuant to the calculation established under this section.

(2) A hospital's Washington wellness trust obligation shall be determined annually by calculating six percent of the hospital's reported revenue to the department less any reported charity care and community benefits reported by the hospital for that same year.

(3) A hospital may appeal the calculation of its Washington wellness trust obligation according to procedures and timelines adopted by the department.

(4) The department shall:

(a) Adopt procedures for the consistent collection of data under this section;

(b) Develop a methodology for determining each hospital's Washington wellness trust obligation using data collected pursuant to RCW 43.70.052 and other supplemental information that may be necessary;

(c) Adopt procedures for notifying hospitals of their Washington wellness trust obligations and the collection of payments;

(d) Develop an appeals process for a hospital to petition the determination of its Washington wellness trust obligation in accordance with chapter 34.05 RCW; and

(e) Adopt rules as necessary to implement this section.

(5)(a) The department shall convene a work group to clarify the definition of "community benefit" as it is applied in reducing the wellness trust fund obligation of a hospital under subsection (2) of this section. The work group shall consider the definition and application of the term by the federal internal revenue service, as well as activities typically identified in an approved community health needs assessment.

(b) The work group must consist of representatives from local health jurisdictions, including rural local health jurisdictions, regional support networks, hospitals, community health clinics, community mental health centers, health care consumers, and substance abuse treatment programs. The work group may not be larger than fifteen people.

NEW SECTION. **Sec.**  A new section is added to chapter 70.170 RCW to read as follows:

(1) The Washington wellness trust account is created in the state treasury. All receipts from hospital Washington wellness trust obligations, as collected by the department of health, must be deposited into the account. Moneys in the account may be spent only after appropriation. Expenditures from the account may only be used as described in subsection (2) of this section.

(2) During the month of January 2017, and during the month of each January thereafter, the state treasurer shall distribute from the wellness trust account:

(a) Ten percent of the funds in the account to the department of health to fund state activities that support the functions of local health jurisdictions;

(b) Fifty percent of the funds in the account to be distributed to all local health jurisdictions to address population health activities. The apportionment factor for each jurisdiction is the population of the jurisdiction's county as a percentage of the statewide population for the prior calendar year. For two or more counties that have jointly created a health district under chapter 70.46 RCW, the combined population of all counties comprising the health district must be used;

(c) Forty percent of the funds to be distributed equally amongst all counties that have adopted a sales and use tax pursuant to RCW 82.14.460. The apportionment factor for each county is the population of the county as a percentage of the statewide population of all of the counties that have adopted the sales and use tax under RCW 82.14.460. The funds must be used for behavioral health services, including the purposes identified in RCW 82.14.460.

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