

# HOUSE BILL REPORT

## HB 1616

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**As Reported by House Committee On:**  
Health Care & Wellness

**Title:** An act relating to the charity care act.

**Brief Description:** Concerning the charity care act.

**Sponsors:** Representatives Simmons, Cody, Bateman, Valdez, Davis, Macri, Slatter, Pollet and Taylor; by request of Attorney General.

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 1/13/22, 1/19/22 [DPS].

**Brief Summary of Substitute Bill**

- Establishes two categories of hospitals for the purposes of charity care requirements and increases the existing income threshold for patients to receive charity care for the full amount of their charges, as well as the threshold to receive a discount on their charges.
- Allows hospitals to reduce the amount of a discount provided to a charity care patient based on the person's assets.
- Requires hospital charity care policies to include procedures for identifying patients who may be eligible for health care coverage through public medical assistance programs or the Washington Health Benefit Exchange and assisting them in applying for available coverage.

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### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cody, Chair; Bateman, Vice Chair; Caldier, Assistant Ranking Minority Member; Bronoske, Davis, Macri, Riccelli, Simmons, Stonier

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

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**Minority Report:** Do not pass. Signed by 5 members: Representatives Schmick, Ranking Minority Member; Harris, Maycumber, Rude and Ybarra.

**Staff:** Christopher Blake (786-7392).

**Background:**

Each hospital must develop, implement, and maintain: (1) a charity care policy to enable persons below the federal poverty level (FPL) to access appropriate, hospital-based medical services; and (2) a sliding fee schedule for determining discounts for qualifying patients. "Charity care" is defined as medically necessary hospital care provided to indigent persons to the extent that they are unable to pay for the care or the deductibles or coinsurance amounts required by a third-party payer.

The charity care standards require that a patient whose family income is at or below 100 percent of the FPL must receive charity care for the full amount of hospital charges, unless third-party coverage applies. Under Department of Health regulations, a patient whose family income is 101 to 200 percent of the FPL qualifies for discounts based on the hospital's sliding fee schedule. Hospitals may classify a person whose family income is over 200 percent of the FPL as indigent based on the person's financial circumstances.

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**Summary of Substitute Bill:**

The requirements that: (1) hospitals develop, implement, and maintain a sliding fee schedule for providing charity care; (2) the Department of Health develop guidelines for the development of sliding fee schedules; and (3) persons with incomes below 100 percent of the federal poverty level (FPL) receive charity care for the full amount of hospital charges are replaced with new charity care policy standards. The new minimum standards for hospital charity care policies categorize hospitals into two different groups, each with different standards.

The first category includes: (1) acute care hospitals owned or operated by a health system that owns or operates three or more acute care hospitals in Washington; (2) acute care hospitals with over 300 licensed beds located in the most populous county in the state; and (3) acute care hospitals with over 200 licensed beds located in a county with at least 450,000 residents and located on Washington's southern border. For hospitals in this category, the minimum standards require patients and their guarantors whose income is:

- not more than 300 percent of the FPL, adjusted for family size, be deemed charity care patients for the full amount of their portion of the hospital charges;
- between 301 percent and 350 percent of the FPL, adjusted for family size, be entitled to a 75 percent discount for the full amount of their portion of the hospital charges;

and

- between 351 percent and 400 percent of the FPL, adjusted for family size, be entitled to a 50 percent discount for the full amount of their portion of the hospital charges.

The second category includes all hospitals that do not meet the criteria for the first category. For these hospitals, the minimum standards require patients and their guarantors whose income is:

- not more than 200 percent of the FPL, adjusted for family size, be deemed charity care patients for the full amount of their portion of the hospital charges;
  - between 201 percent and 300 percent of the FPL, adjusted for family size, be entitled to a 75 percent discount for the full amount of their portion of the hospital charges;
  - between 301 percent and 350 percent of the FPL, adjusted for family size, be entitled to a 50 percent discount for the full amount of their portion of the hospital charges;
- and
- between 351 percent and 400 percent of the FPL, adjusted for family size, be entitled to a 25 percent discount for the full amount of their portion of the hospital charges.

A hospital may reduce the amount of the discount, except for patients receiving the full amount of their charges, by giving consideration to the existence, availability, and value of a person's assets. The hospital must maintain a policy regarding such asset consideration and corresponding discounts, and make it publicly available. A hospital may not consider a minimum of \$5,000 of monetary assets, any equity in a primary residence, retirement plans other than 401(k) plans, and one motor vehicle. A hospital may not impose procedures that are an unreasonable burden on the responsible person. Information requests to verify assets are limited to those reasonably necessary and readily available, and may not be used to discourage applications. When considering monetary assets, one current account statement is sufficient for asset verification. If no documentation for an asset is available, a written and signed statement from the party is adequate. The hospital may not use asset information for collection activities.

A hospital's charity care policy must include procedures for identifying patients who may be eligible for health care coverage through public medical assistance programs or the Washington Health Benefit Exchange. The hospital must actively assist patients to apply for any available coverage. If the hospital has identified the patient as potentially eligible for retroactive health care coverage through medical assistance programs and the patient or the patient's guarantor refuses to apply for the coverage, the hospital is not obligated to provide any charity care to the patient.

The requirement that hospitals develop, implement, and maintain a charity care policy to enable persons below the FPL to access appropriate, hospital-based medical services is changed to apply to indigent persons accessing charity care, rather than persons below the FPL accessing hospital-based medical services. The term "indigent person" is defined as a patient, or the patient's guarantor, whose income is no more than 400 percent of the FPL, adjusted for family size. In addition to applying to hospitals, the term "charity care" is

expanded to also apply to health care provided to indigent persons at a clinic affiliated with a hospital.

The new charity care standards only apply to care provided on or after July 1, 2022, and care provided before that date is governed by the section as it previously existed.

**Substitute Bill Compared to Original Bill:**

The substitute bill limits the application of the charity care thresholds in the underlying bill to acute care hospitals owned or operated by a health system that owns or operates three or more acute care hospitals in Washington, acute care hospitals with over 300 licensed beds located in the most populous county in the state, or acute care hospitals with over 200 licensed beds located in a county with at least 450,000 residents and located on Washington's southern border.

The substitute bill establishes minimum charity care requirements for hospitals, other than those owned or operated by a health system that owns or operates three or more acute care hospitals in Washington, such that patients below 200 percent of the federal poverty level (FPL) receive coverage for the full amount of their charges, patients from 201 percent up to 300 percent of the FPL receive coverage for 75 percent of their charges, patients from 301 percent up to 350 percent of the FPL receive coverage for 50 percent of their charges, and patients from 351 percent up to 400 percent of the FPL receive coverage for 25 percent of their charges.

The substitute bill allows hospitals to reduce the amount of the discount for a patient, other than a patient receiving a discount for the full amount of charges, by considering the patient's assets. The substitute bill requires hospitals that consider a patient's assets to make their policy on asset considerations and related discount reductions publicly available. The substitute bill requires that the procedures not place an unreasonable burden on the responsible party and excludes specified assets from consideration.

The substitute bill requires that hospital charity care policies include procedures for identifying patients who may be eligible for medical assistance programs and Washington Health Benefit Exchange coverage and actively assisting them to apply for the coverage. A hospital is released from charity care obligations for any patient or patient's guarantor who has been identified as eligible for retroactive medical assistance coverage and refuses to apply for such coverage.

The substitute bill removes the application of charity care requirements for hospital-affiliated clinics. The new charity care standards only apply to care provided on or after July 1, 2022, and care provided before that date is governed by the section as it previously existed. The term "federal poverty standard" is changed to "federal poverty level." It is clarified that the term "indigent person" applies to persons who have exhausted any third-party coverage.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on January 19, 2022.

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

**Staff Summary of Public Testimony:**

(In support) This bill will bring uniformity to charity policies across the state and give Washington the most expansive charity care policy in the nation at no cost to taxpayers. This bill will expand eligibility to more than 3 million Washingtonians who are not currently eligible for charity care and give 4 million Washingtonians a legal right to affordable hospital care. The proposed substitute bill will strengthen the social safety net for Washington patients and takes an approach that is financially sustainable for hospitals and is equitable across the health care system. Access to care is an issue of equity and communities of color are disproportionately underinsured. Rural areas stand to benefit the most from this bill. This legislation will provide peace of mind to millions that they will not be bankrupted or have their credit destroyed by an unexpected health emergency.

(Opposed) None.

(Other) There is support for the underlying bill, but the proposed substitute bill does not divide the large multi-hospital systems and small rural hospitals into two tiers. If the intent is to capture rural hospitals, it is more accurate to consider the delineation as critical access hospitals, sole community hospitals, and hospitals with 25 beds or less.

**Persons Testifying:** (In support) Representative Tarra Simmons, prime sponsor; Sherry Jones; Joyce Bruce, Office of the Attorney General; and Zosia Stanley, Washington State Hospital Association.

(Other) Lindsey Grad, Service Employees International Union Healthcare 1199NW.

**Persons Signed In To Testify But Not Testifying:** None.