

**ESB 5241** - H AMD TO APP COMM AMD (H-3433.2/24) **1198**

By Representative Volz

1 On page 5, beginning on line 13 of the striking amendment,  
2 strike all of subsections (1) through (4) and insert the following:

3  
4 "(1) Not less than (~~sixty~~) 120 days prior to the effective  
5 date of any transaction that results in a material change, the  
6 parties to the transaction shall submit written notice to the  
7 attorney general of such material change transaction.

8 (2) For the purposes of this (~~section~~) chapter, a material  
9 change transaction includes a merger, acquisition, or contracting  
10 affiliation between two or more entities of the following types and  
11 which meets the requirements of subsection (4) of this section:

- 12 (a) Hospitals;  
13 (b) Hospital systems; or  
14 (c) Provider organizations.

15 (3) A material change transaction includes proposed changes  
16 identified in subsection (2) of this section between Washington  
17 entities, as well as between a Washington entity and an out-of-state  
18 entity where the out-of-state entity or any of its affiliates  
19 generate(~~s ten million dollars~~) \$10,000,000 or more in health care  
20 services revenue from patients residing in Washington state, (~~and~~)  
21 the entities are of the types identified in subsection (2) of this  
22 section, and the transaction meets the requirements of subsection  
23 (4) of this section. Any party to a material change transaction that  
24 is licensed or operating in Washington state shall submit a notice  
25 as required under this section.

26 (4) To qualify as a material change transaction:

27

1 (a) At least one party to the material change transaction must  
2 have had an average revenue of \$25,000,000 or more in the preceding  
3 three fiscal years; and

4 (b)(i) The second party to the transaction must have had an  
5 average revenue of at least \$10,000,000 in the preceding three  
6 fiscal years; or

7 (ii) In the case of a new entity, the new entity is projected to  
8 have at least \$10,000,000 in revenue in the first full year of  
9 operation at normal levels of utilization or operation.

10 (5) For purposes of subsection (2) of this section, a merger,  
11 acquisition, or contracting affiliation between two or more  
12 hospitals, hospital systems, or provider organizations only  
13 qualifies as a material change transaction if the hospitals,  
14 hospital systems, or provider organizations did not previously have  
15 common ownership or a contracting affiliation."

16  
17 Renumber the remaining subsection consecutively and correct  
18 internal references accordingly.

19

EFFECT: Adds a monetary threshold based on the revenue of the parties involved in the material change transaction, as follows: (1) One party must have an average of \$25M or more in revenue over the last 3 years; and (2) the other party must have an average of \$10M or more in revenue over the last 3 years, or for a new entity, the new entity must have \$10M in projected revenue in the first full year of operations. Provides that below these thresholds, a transaction does not qualify as a material change transaction for the purpose of the act.

Removes transactions with carriers, insurance holding companies, and other persons or entities with the primary function of providing health care services, from the scope of covered material change transactions, while retaining coverage of transactions between two or more hospitals, hospital systems, or provider organizations.

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