HOUSE BILL 1444

State of Washington 58th Legislature 2003 Regular Session

By Representatives Haigh, Eickmeyer, Clibborn, Dickerson, Rockefeller and Morrell

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AN ACT Relating to protection of proprietary or confidential information acquired through state health services purchasing; amending RCW 42.30.110 and 41.05.026; and reenacting and amending RCW 42.17.310.

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

5 Sec. 1. RCW 42.30.110 and 2001 c 216 s 1 are each amended to read 6 as follows:

7 (1) Nothing contained in this chapter may be construed to prevent
8 a governing body from holding an executive session during a regular or
9 special meeting:

10 (a) To consider matters affecting national security;

(b) To consider the selection of a site or the acquisition of real estate by lease or purchase when public knowledge regarding such consideration would cause a likelihood of increased price;

14 (c) To consider the minimum price at which real estate will be 15 offered for sale or lease when public knowledge regarding such 16 consideration would cause a likelihood of decreased price. However, 17 final action selling or leasing public property shall be taken in a 18 meeting open to the public; (d) To review negotiations on the performance of publicly bid
 contracts when public knowledge regarding such consideration would
 cause a likelihood of increased costs;

4 (e) To consider, in the case of an export trading company,
5 financial and commercial information supplied by private persons to the
6 export trading company;

7 (f) To receive and evaluate complaints or charges brought against 8 a public officer or employee. However, upon the request of such 9 officer or employee, a public hearing or a meeting open to the public 10 shall be conducted upon such complaint or charge;

(g) To evaluate the qualifications of an applicant for public 11 12 employment or to review the performance of a public employee. However, 13 subject to RCW 42.30.140(4), discussion by a governing body of 14 salaries, wages, and other conditions of employment to be generally applied within the agency shall occur in a meeting open to the public, 15 16 and when a governing body elects to take final action hiring, setting 17 the salary of an individual employee or class of employees, or discharging or disciplining an employee, that action shall be taken in 18 a meeting open to the public; 19

(h) To evaluate the qualifications of a candidate for appointment to elective office. However, any interview of such candidate and final action appointing a candidate to elective office shall be in a meeting open to the public;

(i) To discuss with legal counsel representing the agency matters relating to agency enforcement actions, or to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

This subsection (1)(i) does not permit a governing body to hold an executive session solely because an attorney representing the agency is present. For purposes of this subsection (1)(i), "potential litigation" means matters protected by RPC 1.6 or RCW 5.60.060(2)(a) concerning:

36 (A) Litigation that has been specifically threatened to which the
37 agency, the governing body, or a member acting in an official capacity
38 is, or is likely to become, a party;

(B) Litigation that the agency reasonably believes may be commenced
 by or against the agency, the governing body, or a member acting in an
 official capacity; or

4 (C) Litigation or legal risks of a proposed action or current 5 practice that the agency has identified when public discussion of the 6 litigation or legal risks is likely to result in an adverse legal or 7 financial consequence to the agency;

8 (j) To consider, in the case of the state library commission or its 9 advisory bodies, western library network prices, products, equipment, 10 and services, when such discussion would be likely to adversely affect 11 the network's ability to conduct business in a competitive economic 12 climate. However, final action on these matters shall be taken in a 13 meeting open to the public;

14 (k) To consider, in the case of the state investment board, 15 financial and commercial information when the information relates to 16 the investment of public trust or retirement funds and when public 17 knowledge regarding the discussion would result in loss to such funds 18 or in private loss to the providers of this information;

<u>(1) To consider proprietary or confidential nonpublished</u>
 <u>information related to the development, acquisition, or implementation</u>
 <u>of state purchased health care services as provided in RCW 41.05.026</u>.

(2) Before convening in executive session, the presiding officer of a governing body shall publicly announce the purpose for excluding the public from the meeting place, and the time when the executive session will be concluded. The executive session may be extended to a stated later time by announcement of the presiding officer.

27 **Sec. 2.** RCW 41.05.026 and 1991 c 79 s 1 are each amended to read 28 as follows:

(1) When soliciting proposals for the purpose of awarding contracts for goods or services, the administrator shall, upon written request by the bidder, exempt from public inspection and copying such proprietary data, trade secrets, or other information contained in the bidder's proposal that relate to the bidder's unique methods of conducting business or of determining prices or premium rates to be charged for services under terms of the proposal.

36 (2) <u>When soliciting information for the development, acquisition,</u>
 37 <u>or implementation of state purchased health care services, the</u>

1 administrator shall, upon written request by the respondent, exempt 2 from public inspection and copying such proprietary data, trade 3 secrets, or other information submitted by the respondent that relate 4 to the respondent's unique methods of conducting business, data unique 5 to the product or services of the respondent, or to determining prices 6 or rates to be charged for services.

7 (3) Actuarial formulas, statistics, cost and utilization data, or other proprietary information submitted upon request of the 8 administrator ((or)), board, or any committee or entity created to 9 10 facilitate the development, acquisition, or implementation of state purchased health care under this chapter by a contracting insurer, 11 12 health care service contractor, health maintenance organization, ((or)) 13 vendor, or other health services organization may be withheld at any 14 time from public inspection when necessary to preserve trade secrets or prevent unfair competition. 15

16 (((3))) (4) The board, or any committee or entity created to 17 facilitate the development, acquisition, or implementation of state 18 purchased health care under this chapter, may hold an executive session 19 in accordance with chapter 42.30 RCW during any regular or special 20 meeting to discuss information submitted in accordance with subsections 21 (1) ((or (2))) through (3) of this section.

22 (5) A person who challenges a request for or designation of 23 information as exempt under this section is entitled to seek judicial 24 review pursuant to chapter 42.17 RCW.

Sec. 3. RCW 42.17.310 and 2002 c 335 s 1, 2002 c 224 s 2, 2002 c 26 205 s 4, and 2002 c 172 s 1 are each reenacted and amended to read as 27 follows:

28 (1) The following are exempt from public inspection and copying:

(a) Personal information in any files maintained for students in
 public schools, patients or clients of public institutions or public
 health agencies, or welfare recipients.

32 (b) Personal information in files maintained for employees,
 33 appointees, or elected officials of any public agency to the extent
 34 that disclosure would violate their right to privacy.

35 (c) Information required of any taxpayer in connection with the 36 assessment or collection of any tax if the disclosure of the 37 information to other persons would (i) be prohibited to such persons by

1 RCW 84.08.210, 82.32.330, 84.40.020, or 84.40.340 or (ii) violate the 2 taxpayer's right to privacy or result in unfair competitive 3 disadvantage to the taxpayer.

4 (d) Specific intelligence information and specific investigative 5 records compiled by investigative, law enforcement, and penology 6 agencies, and state agencies vested with the responsibility to 7 discipline members of any profession, the nondisclosure of which is 8 essential to effective law enforcement or for the protection of any 9 person's right to privacy.

10 (e) Information revealing the identity of persons who are witnesses to or victims of crime or who file complaints with investigative, law 11 12 enforcement, or penology agencies, other than the public disclosure 13 commission, if disclosure would endanger any person's life, physical 14 If at the time a complaint is filed the safety, or property. complainant, victim or witness indicates a desire for disclosure or 15 nondisclosure, such desire shall govern. However, all complaints filed 16 17 with the public disclosure commission about any elected official or candidate for public office must be made in writing and signed by the 18 complainant under oath. 19

(f) Test questions, scoring keys, and other examination data usedto administer a license, employment, or academic examination.

(g) Except as provided by chapter 8.26 RCW, the contents of real estate appraisals, made for or by any agency relative to the acquisition or sale of property, until the project or prospective sale is abandoned or until such time as all of the property has been acquired or the property to which the sale appraisal relates is sold, but in no event shall disclosure be denied for more than three years after the appraisal.

(h) Valuable formulae, designs, drawings, computer source code or object code, and research data obtained by any agency within five years of the request for disclosure when disclosure would produce private gain and public loss.

(i) Preliminary drafts, notes, recommendations, and intra-agency memorandums in which opinions are expressed or policies formulated or recommended except that a specific record shall not be exempt when publicly cited by an agency in connection with any agency action.

37 (j) Records which are relevant to a controversy to which an agency

1 is a party but which records would not be available to another party 2 under the rules of pretrial discovery for causes pending in the 3 superior courts.

4 (k) Records, maps, or other information identifying the location of
5 archaeological sites in order to avoid the looting or depredation of
6 such sites.

(1) Any library record, the primary purpose of which is to maintain
control of library materials, or to gain access to information, which
discloses or could be used to disclose the identity of a library user.

10 (m) Financial information supplied by or on behalf of a person, 11 firm, or corporation for the purpose of qualifying to submit a bid or 12 proposal for (i) a ferry system construction or repair contract as 13 required by RCW 47.60.680 through 47.60.750 or (ii) highway 14 construction or improvement as required by RCW 47.28.070.

(n) Railroad company contracts filed prior to July 28, 1991, with the utilities and transportation commission under RCW 81.34.070, except that the summaries of the contracts are open to public inspection and copying as otherwise provided by this chapter.

(o) Financial and commercial information and records supplied by private persons pertaining to export services provided pursuant to chapter 43.163 RCW and chapter 53.31 RCW, and by persons pertaining to export projects pursuant to RCW 43.23.035.

(p) Financial disclosures filed by private vocational schools under
 chapters 28B.85 and 28C.10 RCW.

(q) Records filed with the utilities and transportation commission or attorney general under RCW 80.04.095 that a court has determined are confidential under RCW 80.04.095.

(r) Financial and commercial information and records supplied by businesses or individuals during application for loans or program services provided by chapters 43.163, 43.160, 43.330, and 43.168 RCW, or during application for economic development loans or program services provided by any local agency.

(s) Membership lists or lists of members or owners of interests of units in timeshare projects, subdivisions, camping resorts, condominiums, land developments, or common-interest communities affiliated with such projects, regulated by the department of licensing, in the files or possession of the department.

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(t) All applications for public employment, including the names of
 applicants, resumes, and other related materials submitted with respect
 to an applicant.

4 (u) The residential addresses or residential telephone numbers of 5 employees or volunteers of a public agency which are held by any public 6 agency in personnel records, public employment related records, or 7 volunteer rosters, or are included in any mailing list of employees or 8 volunteers of any public agency.

9 (v) The residential addresses and residential telephone numbers of 10 the customers of a public utility contained in the records or lists 11 held by the public utility of which they are customers, except that 12 this information may be released to the division of child support or 13 the agency or firm providing child support enforcement for another 14 state under Title IV-D of the federal social security act, for the 15 establishment, enforcement, or modification of a support order.

(w)(i) The federal social security number of individuals governed 16 17 under chapter 18.130 RCW maintained in the files of the department of health, except this exemption does not apply to requests made directly 18 to the department from federal, state, and local agencies of 19 20 government, and national and state licensing, credentialing, 21 investigatory, disciplinary, and examination organizations; (ii) the 22 current residential address and current residential telephone number of a health care provider governed under chapter 18.130 RCW maintained in 23 24 the files of the department, if the provider requests that this 25 information be withheld from public inspection and copying, and provides to the department an accurate alternate or business address 26 27 and business telephone number. On or after January 1, 1995, the current residential address and residential telephone number of a 28 health care provider governed under RCW 18.130.040 maintained in the 29 files of the department shall automatically be withheld from public 30 inspection and copying unless the provider specifically requests the 31 32 information be released, and except as provided for under RCW 42.17.260(9). 33

34 (x) Information obtained by the board of pharmacy as provided in 35 RCW 69.45.090.

36 (y) Information obtained by the board of pharmacy or the department 37 of health and its representatives as provided in RCW 69.41.044, 38 69.41.280, and 18.64.420.

(z) Financial information, business plans, examination reports, and
 any information produced or obtained in evaluating or examining a
 business and industrial development corporation organized or seeking
 certification under chapter 31.24 RCW.

5 (aa) Financial and commercial information supplied to the state 6 investment board by any person when the information relates to the 7 investment of public trust or retirement funds and when disclosure 8 would result in loss to such funds or in private loss to the providers 9 of this information.

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(bb) Financial and valuable trade information under RCW 51.36.120.

(cc) Client records maintained by an agency that is a domestic violence program as defined in RCW 70.123.020 or 70.123.075 or a rape crisis center as defined in RCW 70.125.030.

(dd) Information that identifies a person who, while an agency employee: (i) Seeks advice, under an informal process established by the employing agency, in order to ascertain his or her rights in connection with a possible unfair practice under chapter 49.60 RCW against the person; and (ii) requests his or her identity or any identifying information not be disclosed.

20 (ee) Investigative records compiled by an employing agency 21 conducting a current investigation of a possible unfair practice under 22 chapter 49.60 RCW or of a possible violation of other federal, state, 23 or local laws prohibiting discrimination in employment.

24 (ff) Business related information protected from public inspection 25 and copying under RCW 15.86.110.

(gg) Financial, commercial, operations, and technical and research information and data submitted to or obtained by the clean Washington center in applications for, or delivery of, program services under chapter 70.95H RCW.

30 (hh) Information and documents created specifically for, and 31 collected and maintained by a quality improvement committee pursuant to 32 RCW 43.70.510 or 70.41.200, or by a peer review committee under RCW 33 4.24.250, regardless of which agency is in possession of the 34 information and documents.

35 (ii) Personal information in files maintained in a data base 36 created under RCW 43.07.360.

37 (jj) Financial and commercial information requested by the public

stadium authority from any person or organization that leases or uses
 the stadium and exhibition center as defined in RCW 36.102.010.

3 (kk) Names of individuals residing in emergency or transitional 4 housing that are furnished to the department of revenue or a county 5 assessor in order to substantiate a claim for property tax exemption 6 under RCW 84.36.043.

7 (11) The names, residential addresses, residential telephone 8 numbers, and other individually identifiable records held by an agency 9 in relation to a vanpool, carpool, or other ride-sharing program or 10 service. However, these records may be disclosed to other persons who 11 apply for ride-matching services and who need that information in order 12 to identify potential riders or drivers with whom to share rides.

(mm) The personally identifying information of current or former participants or applicants in a paratransit or other transit service operated for the benefit of persons with disabilities or elderly persons.

17 (nn) The personally identifying information of persons who acquire and use transit passes and other fare payment media including, but not 18 19 limited to, stored value smart cards and magnetic strip cards, except that an agency may disclose this information to a person, employer, 20 21 educational institution, or other entity that is responsible, in whole 22 or in part, for payment of the cost of acquiring or using a transit pass or other fare payment media, or to the news media when reporting 23 24 on public transportation or public safety. This information may also 25 be disclosed at the agency's discretion to governmental agencies or groups concerned with public transportation or public safety. 26

27 (oo) Proprietary financial and commercial information that the submitting entity, with review by the department of health, 28 specifically identifies at the time it is submitted and that is 29 provided to or obtained by the department of health in connection with 30 an application for, or the supervision of, an antitrust exemption 31 32 sought by the submitting entity under RCW 43.72.310. If a request for such information is received, the submitting entity must be notified of 33 the request. Within ten business days of receipt of the notice, the 34 submitting entity shall provide a written statement of the continuing 35 need for confidentiality, which shall be provided to the requester. 36 37 Upon receipt of such notice, the department of health shall continue to 38 treat information designated under this section as exempt from

disclosure. If the requester initiates an action to compel disclosure
 under this chapter, the submitting entity must be joined as a party to
 demonstrate the continuing need for confidentiality.

4 (pp) Records maintained by the board of industrial insurance 5 appeals that are related to appeals of crime victims' compensation 6 claims filed with the board under RCW 7.68.110.

7 (qq) Financial and commercial information supplied by or on behalf 8 of a person, firm, corporation, or entity under chapter 28B.95 RCW 9 relating to the purchase or sale of tuition units and contracts for the 10 purchase of multiple tuition units.

(rr) Any records of investigative reports prepared by any state, county, municipal, or other law enforcement agency pertaining to sex offenses contained in chapter 9A.44 RCW or sexually violent offenses as defined in RCW 71.09.020, which have been transferred to the Washington association of sheriffs and police chiefs for permanent electronic retention and retrieval pursuant to RCW 40.14.070(2)(b).

17 (ss) Credit card numbers, debit card numbers, electronic check 18 numbers, card expiration dates, or bank or other financial account 19 numbers supplied to an agency for the purpose of electronic transfer of 20 funds, except when disclosure is expressly required by law.

(tt) Financial information, including but not limited to account numbers and values, and other identification numbers supplied by or on behalf of a person, firm, corporation, limited liability company, partnership, or other entity related to an application for a liquor license, gambling license, or lottery retail license.

(uu) Records maintained by the employment security department and
 subject to chapter 50.13 RCW if provided to another individual or
 organization for operational, research, or evaluation purposes.

(vv) Individually identifiable information received by the work force training and education coordinating board for research or evaluation purposes.

32 (ww) Those portions of records assembled, prepared, or maintained 33 to prevent, mitigate, or respond to criminal terrorist acts, which are 34 acts that significantly disrupt the conduct of government or of the 35 general civilian population of the state or the United States and that 36 manifest an extreme indifference to human life, the public disclosure 37 of which would have a substantial likelihood of threatening public 38 safety, consisting of:

1 (i) Specific and unique vulnerability assessments or specific and 2 unique response or deployment plans, including compiled underlying data 3 collected in preparation of or essential to the assessments, or to the 4 response or deployment plans; and

5 (ii) Records not subject to public disclosure under federal law 6 that are shared by federal or international agencies, and information 7 prepared from national security briefings provided to state or local 8 government officials related to domestic preparedness for acts of 9 terrorism.

10 (xx) Commercial fishing catch data from logbooks required to be 11 provided to the department of fish and wildlife under RCW 77.12.047, 12 when the data identifies specific catch location, timing, or 13 methodology and the release of which would result in unfair competitive 14 disadvantage to the commercial fisher providing the catch data. 15 However, this information may be released to government agencies 16 concerned with the management of fish and wildlife resources.

17 (yy) Sensitive wildlife data obtained by the department of fish and 18 wildlife. However, sensitive wildlife data may be released to 19 government agencies concerned with the management of fish and wildlife 20 resources. Sensitive wildlife data includes:

(i) The nesting sites or specific locations of endangered species
designated under RCW 77.12.020, or threatened or sensitive species
classified by rule of the department of fish and wildlife;

(ii) Radio frequencies used in, or locational data generated by,telemetry studies; or

(iii) Other location data that could compromise the viability of a specific fish or wildlife population, and where at least one of the following criteria are met:

29 30 (A) The species has a known commercial or black market value;

(B) There is a history of malicious take of that species; or

31 (C) There is a known demand to visit, take, or disturb, and the 32 species behavior or ecology renders it especially vulnerable or the 33 species has an extremely limited distribution and concentration.

34 (zz) The personally identifying information of persons who acquire 35 recreational licenses under RCW 77.32.010 or commercial licenses under 36 chapter 77.65 or 77.70 RCW, except name, address of contact used by the 37 department, and type of license, endorsement, or tag. However, the 1 department of fish and wildlife may disclose personally identifying 2 information to:

3 (i) Government agencies concerned with the management of fish and4 wildlife resources;

5 (ii) The department of social and health services, child support 6 division, and to the department of licensing in order to implement RCW 7 77.32.014 and 46.20.291; and

8 (iii) Law enforcement agencies for the purpose of firearm 9 possession enforcement under RCW 9.41.040.

(aaa)(i) Discharge papers of a veteran of the armed forces of the 10 United States filed at the office of the county auditor before July 1, 11 12 2002, that have not been commingled with other recorded documents. 13 These records will be available only to the veteran, the veteran's next 14 of kin, a deceased veteran's properly appointed personal representative or executor, a person holding that veteran's general power of attorney, 15 16 or to anyone else designated in writing by that veteran to receive the 17 records.

(ii) Discharge papers of a veteran of the armed forces of the 18 United States filed at the office of the county auditor before July 1, 19 2002, that have been commingled with other records, if the veteran has 20 21 recorded a "request for exemption from public disclosure of discharge 22 papers" with the county auditor. If such a request has been recorded, these records may be released only to the veteran filing the papers, 23 24 the veteran's next of kin, a deceased veteran's properly appointed 25 personal representative or executor, a person holding the veteran's general power of attorney, or anyone else designated in writing by the 26 27 veteran to receive the records.

(iii) Discharge papers of a veteran filed at the office of the county auditor after June 30, 2002, are not public records, but will be available only to the veteran, the veteran's next of kin, a deceased veteran's properly appointed personal representative or executor, a person holding the veteran's general power of attorney, or anyone else designated in writing by the veteran to receive the records.

(iv) For the purposes of this subsection (1)(aaa), next of kin of
deceased veterans have the same rights to full access to the record.
Next of kin are the veteran's widow or widower who has not remarried,
son, daughter, father, mother, brother, and sister.

1 (bbb) Those portions of records containing specific and unique 2 vulnerability assessments or specific and unique emergency and escape 3 response plans at a city, county, or state adult or juvenile 4 correctional facility, the public disclosure of which would have a 5 substantial likelihood of threatening the security of a city, county, 6 or state adult or juvenile correctional facility or any individual's 7 safety.

8 (ccc) Information compiled by school districts or schools in the 9 development of their comprehensive safe school plans pursuant to RCW 10 28A.320.125, to the extent that they identify specific vulnerabilities 11 of school districts and each individual school.

12 (ddd) Information regarding the infrastructure and security of 13 computer and telecommunications networks, consisting of security 14 passwords, security access codes and programs, access codes for secure 15 software applications, security and service recovery plans, security 16 risk assessments, and security test results to the extent that they 17 identify specific system vulnerabilities.

18 (eee) Information obtained and exempted or withheld from public 19 inspection by the health care authority under RCW 41.05.026, whether 20 retained by the authority, transferred to another state purchased 21 health care program by the authority, or transferred by the authority 22 to a committee created to facilitate the development, acquisition, or 23 implementation of state purchased health care under chapter 41.05 RCW.

24 (2) Except for information described in subsection (1)(c)(i) of 25 this section and confidential income data exempted from public inspection pursuant to RCW 84.40.020, the exemptions of this section 26 27 are inapplicable to the extent that information, the disclosure of which would violate personal privacy or vital governmental interests, 28 can be deleted from the specific records sought. No exemption may be 29 construed to permit the nondisclosure of statistical information not 30 31 descriptive of any readily identifiable person or persons.

(3) Inspection or copying of any specific records exempt under the provisions of this section may be permitted if the superior court in the county in which the record is maintained finds, after a hearing with notice thereof to every person in interest and the agency, that the exemption of such records is clearly unnecessary to protect any individual's right of privacy or any vital governmental function. 1 (4) Agency responses refusing, in whole or in part, inspection of 2 any public record shall include a statement of the specific exemption 3 authorizing the withholding of the record (or part) and a brief 4 explanation of how the exemption applies to the record withheld.

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