

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5178**

59th Legislature  
2005 Regular Session

Passed by the Senate March 14, 2005  
YEAS 44 NAYS 3

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**President of the Senate**

Passed by the House April 5, 2005  
YEAS 91 NAYS 1

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**Speaker of the House of Representatives**

Approved

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**Governor of the State of Washington**

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5178** as passed by the Senate and the House of Representatives on the dates hereon set forth.

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**Secretary**

FILED

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5178**

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Passed Legislature - 2005 Regular Session

**State of Washington                      59th Legislature                      2005 Regular Session**

**By** Senate Committee on Health & Long-Term Care (originally sponsored by Senators Kastama, Keiser, Benson and Brandland)

READ FIRST TIME 02/10/05.

1            AN ACT Relating to licensing specialty hospitals; creating new  
2 sections; providing an expiration date; and declaring an emergency.

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

4            NEW SECTION.    **Sec. 1.** The federal government has established an  
5 eighteen-month moratorium on the exemption under 42 U.S.C. 1395nn that  
6 allows physicians to refer patients to physician-owned specialty  
7 hospitals. The moratorium effectively prevents the establishment of  
8 any new physician-owned specialty hospitals reimbursed under medicare  
9 and other federal health programs until the medicare payment advisory  
10 commission and the secretary of health and human services each conduct  
11 a study to assess physician-owned specialty hospitals. The legislature  
12 finds that imposing a similar moratorium on the licensing of any new  
13 physician-owned specialty hospital until the results of the medicare  
14 payment advisory commission and health and human services' studies are  
15 available is necessary to enable the legislature to determine the  
16 appropriate regulation of physician-owned specialty hospitals in  
17 Washington.

1        NEW SECTION.    **Sec. 2.**    (1) From January 1, 2005, until July 1,  
2        2006, no specialty hospital in which a physician, or an immediate  
3        family member of a physician, has an ownership or investment interest  
4        shall be granted a license under chapter 70.41 RCW.

5        (2) For the purposes of this section:

6        (a) "Specialty hospital" means a subclass of hospital that is  
7        primarily or exclusively engaged in the care and treatment of one of  
8        the following categories: (i) Patients with a cardiac condition; (ii)  
9        patients with an orthopedic condition; (iii) patients receiving a  
10       surgical procedure; and (iv) any other specialized category of services  
11       that the secretary of health and human services designates as a  
12       specialty hospital.

13       (b) An ownership or investment interest in a specialty hospital may  
14       be through equity, debt, or other means and includes an interest in an  
15       entity that holds an ownership or investment interest in a specialty  
16       hospital.

17       NEW SECTION.    **Sec. 3.**    This act expires July 1, 2006.

18       NEW SECTION.    **Sec. 4.**    This act is necessary for the immediate  
19       preservation of the public peace, health, or safety, or support of the  
20       state government and its existing public institutions, and takes effect  
21       immediately.

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