
Health Care & Wellness Committee

HB 1870

Brief Description: Concerning the ownership of hospitals.

Sponsors: Representatives Schmick and Cody.

Brief Summary of Bill

- Prohibits the Department of Health from issuing a certificate of need through June 30, 2016, for the sale, purchase, or lease of an existing hospital to another hospital or purchasing entity that has an ownership or investment interest in another hospital in Washington.

Hearing Date: 2/18/15

Staff: Chris Blake (786-7392).

Background:

The certificate of need process evaluates proposals by certain health care providers to expand health care activities and reviews the potential impact of the expansion on a community's need for the service. A certificate of need from the Department of Health (Department) is generally required prior to the construction, renovation, or sale of a health care facility; changes in bed capacity; an increase in the number of dialysis stations at a kidney disease treatment center; or the addition of specialized health services. Under the program, the Department reviews the project under specific criteria related to community need, quality of services, financial feasibility, and the impact on health care costs in the community. A facility or service that is subject to the certificate of need program must be approved prior to beginning operations.

The statutory requirement that the "sale, purchase, or lease" of an existing hospital receive a certificate of need has recently been interpreted by the Department in rule. The rule includes within that term, transactions that change the control of a hospital to a different person whether by "contract, affiliation, corporate membership restructuring, or any other transaction." In a challenge to the Department's rule, the Thurston County Superior Court invalidated the broader

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definition of the term "sale, purchase, or lease." The Department has appealed the decision to the Washington State Supreme Court and also asked for a stay of the superior court decision. The Supreme Court commissioner has granted a partial stay while the Department pursues its appeal. Under the partial stay the Department may apply the term "sale, purchase, or lease" under the broad definition as long as notice is provided to the applicant of the superior court's invalidation of it or the Department may apply the term in its limited form.

Summary of Bill:

The Department of Health may not issue a certificate of need for the sale, purchase, or lease of an existing hospital to another hospital or purchasing entity that has an ownership or investment interest in another hospital in Washington. The prohibition begins retroactively on January 1, 2015 and ends on June 30, 2016.

Appropriation: None.

Fiscal Note: Available.

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