5241.E AMH VOLZ ADAM 123

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

By Representative Volz

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

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

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

(a) Hospitals;

(b) Hospital systems; or

(c) Provider organizations.

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

(4) To qualify as a material change transaction:

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

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

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

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

Renumber the remaining subsection consecutively and correct internal references accordingly.

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|  | 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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