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## Health Care & Wellness Committee

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### HB 2378

**Brief Description:** Concerning facility fees charged by certain affiliated health care providers.

**Sponsors:** Representatives Tharinger, Macri, Bateman, Harris, Reed, Doglio and Pollet.

#### Brief Summary of Bill

- Prohibits health care providers from charging a facility fee, except when services are provided to a patient on a hospital's campus.
- Defines "campus" to include the hospital's main buildings and the physical area immediately adjacent to the main buildings, including a provider-based clinic that is within 250 yards of the main buildings.
- Requires the amount of the facility fee to be included in notices that provider-based clinics that charge a facility fee must send to patients prior to an appointment.
- Requires that initial billing statements that include a facility fee provide information related to the purpose of the fee, the patient's financial responsibility for the fee, and the right to request a reduction in the fee.
- Requires that provider-based clinics that are newly affiliated with or newly owned by a hospital or health system provide notice to patients who had received services from the clinic in the prior 12 months.

**Hearing Date:** 1/31/24

**Staff:** Chris Blake (786-7392).

#### **Background:**

A "facility fee" is any separate charge or billing by a provider-based clinic that is in addition to

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the professional fee for physician's services and is intended to cover building, electronic medical records systems, billing, and other administrative and operational expenses.

A "provider-based clinic" is defined as the site of an off-campus clinic or provider office that is licensed as part of a hospital and is owned by a hospital or a health system that operates one or more hospitals. The clinic or provider must be primarily engaged in providing diagnostic and therapeutic care. This definition does not include clinics exclusively designed for and providing laboratory, X-ray, testing, therapy, pharmacy, or educational services and does not include facilities designated as rural health clinics.

Provider-based clinics that charge facility fees must provide a notice to patients receiving nonemergency services. The notice must inform the patient that the clinic is licensed as part of a hospital, and the patient may receive a separate billing for the facility component of a health care visit, which may result in a higher out-of-pocket expense.

Hospitals with provider-based clinics that bill a separate facility fee must report specific information to the Department of Health each year. The reportable information relates to the number of provider-based clinics that bill a separate fee, the number of patient visits at each of those provider-based clinics, the revenue received by the hospital through the facility fees billed at each of those provider-based clinics, and the range of allowable facility fees paid by public or private payers at each of those provider-based clinics.

## **Summary of Bill:**

### Limitations on Charging Facility Fees.

Affiliated health care providers may not charge, bill, or collect a facility fee except for services provided to a patient when the patient is on a hospital's campus. "Affiliated health care provider" is defined as an individual, entity, corporation, or organization, whether for-profit or not-for-profit, that furnishes, bills, or is paid for health care service delivery in the normal course of business, including health systems, hospitals, and provider-based clinics. The term "campus" is defined to include the hospital's main buildings and the physical area immediately adjacent to the main buildings, including a provider-based clinic that is within 250 yards of the main buildings.

The exemption for clinics exclusively providing laboratory, testing, therapy, pharmacy, or education services is eliminated. The exemption for facilities designated as rural health clinics is expanded to include critical access hospitals and sole community hospitals.

### Notification Requirements Related to Facility Fees.

The notice that provider-based clinics that charge a facility fee must provide to patients prior to delivering services must include the amount of the facility fee that will be charged. The notice must be provided to a patient at the time an appointment is scheduled and at the time that the health care service is provided.

Beginning January 1, 2025, initial billing statements that include a facility fee must:

- clearly identify the fee as a facility fee that is billed in addition to, or separately from, any professional fee;
- include a statement that the facility fee is intended to cover the hospital's or health system's operational expenses;
- inform patients that their financial liability for the services may have been less had they been provided at a facility not owned or operated by the hospital or health system; and
- notify patients of their right to request a reduction in the facility fee or other portion of the bill and a phone number to call to request a reduction.

Provider-based clinics that are newly affiliated with or newly owned by a hospital or health system must provide written notice to all patients who had received services within the prior 12 months before the affiliation or change of ownership to inform them that the provider-based clinic is part of a hospital or health system. The notice must include:

- the name, business address, and phone number of the purchasing or affiliating hospital or health system;
- a statement that the provider-based clinic bills, or is likely to bill, a facility fee in addition to any professional fee; and
- a statement that patients should contact their health insurers for information regarding the provider-based clinic's facility fees, including any potential financial liability, before they seek services at the provider-based clinic.

A facility fee may not be collected for services provided by a health care provider that is affiliated or owned by a hospital or health system from the date the services are provided until at least 30 days after the newly affiliated notice has been sent to the patient.

#### Additional Requirements.

Provider-based clinics must obtain a National Provider Identifier that is separate from that of the hospital that owns or operates the provider-based clinic. The provider-based clinic's National Provider Identifier must be included on any claim for payment for services that it provided. The Department of Health may adopt rules to implement provisions regarding facility fees and may impose sanctions on a hospital for failure to comply with the requirements.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 2024.

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