Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

HB 1686

Brief Description: Creating a health care entity registry.

Sponsors: Representatives Bronoske, Fosse, Reed, Scott, Nance, Hill and Macri.

Brief Summary of Bill

- Requires certain health care entities to submit ownership, affiliation, and services information to the Department of Health (DOH) on an annual basis.
- Requires the DOH to create an interactive tool to allow the public to search and view the submitted information.

Hearing Date: 2/12/25

Staff: Kim Weidenaar (786-7120).

Background:

Provider and Health Care Facility Licensing.
The Department of Health (DOH) and the health professions boards and commissions regulate over 500,000 health care providers in approximately 85 different health professions. The division of regulatory responsibilities between the DOH and the health professions boards and commissions varies by profession for licensing, examination, discipline, and rulemaking activities. The Uniform Disciplinary Act governs disciplinary actions for all credentialed health care providers.

The DOH also licenses a number of health care facilities including acute care hospitals, psychiatric hospitals, ambulatory surgical facilities, childbirth centers, behavioral health agencies, hospice care centers, kidney centers, medical test sites, pharmacies, and residential

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treatment facilities. The DOH does not license or otherwise credential health care clinics or provider organizations.

Hospital Reporting.
Hospitals licensed in Washington must provide the DOH with a series of financial and governance related reports. Each hospital must report data elements identifying its revenues, expenses, contractual allowances, charity care, bad debt, other income, total units of inpatient and outpatient services, and other financial and employee compensation information. With respect to compensation information, public and nonprofit hospitals must either provide employee compensation information submitted to the federal Internal Revenue Service or provide the compensation information for the five highest compensated employees of the hospital who do not have direct patient responsibilities.

Hospitals, other than those designated as critical access hospitals and sole community hospitals, must report line items and amounts for any noncategorized expenses or revenues that either have a value of $1 million or more or represent 1 percent or more of the total expenses or revenues. Hospitals that are designated as critical access hospitals or sole community hospitals must report line items and amounts for any noncategorized expenses or revenues that represent the greater of either $1 million or 1 percent of total expenses or revenues.

Beginning July 1, 2022, health systems that operate a hospital must annually submit a consolidated income statement and balance sheet to the DOH regarding the facilities that they operate in Washington, including hospitals, ambulatory surgical facilities, health clinics, urgent care clinics, physician groups, health-related laboratories, long-term care facilities, home health agencies, dialysis facilities, ambulance services, behavioral health settings, and virtual care entities. The DOH must make the income statements and balance sheets, as well as the audited financial statements, publicly available. Hospital-owned provider-based clinics that bill a separate facility fee must report the number of owned clinics for which a facility fee was charged, the number of patients charged the fee, the revenues from the fee, and the range of allowable facility fees paid by payers.

Summary of Bill:

Beginning June 30, 2027, each health care entity must report to the DOH on an annual basis, the following information:
- the legal name of the entity and business address;
- the addresses of all locations of operations;
- applicable business identification numbers;
- a name and contact information of a representative of the health care entity;
- the name, business address, and business identification numbers, as applicable, for each person or entity that:
    - has an ownership or investment interest in the health care entity, including participation from a private equity fund;
    - has a controlling interest in the health care entity; or

        - is contracted as a management services organization with the health care entity;
    - a current organizational chart showing the business structure of the health care entity;
    - the names, compensation, and affiliation with any other health care entity of the members of the governing board, board of directors, or similar governance body for the health care entity, any entity that is owned or controlled by, affiliated with, or under common control with the health care entity;
    - comprehensive financial reports of the health care entity and any entities having ownership or control over the health care entity; and
    - for a health care entity that is a provider organization or a health care facility:
        - the name, license type, specialty, and applicable identification number of each health care provider providing care at that entity, the address of the principal practice location of each provider, and whether that provider is employed by or contracted with the entity; and
        - the name and address of any affiliated health care facilities by license number, and facilities or services under the primary license, license type, and capacity in each major service area.

These reporting requirements do not apply to independent health care provider organizations consisting of one or two providers or provider organizations that are owned or controlled by a reporting entity, if the provider organization is shown in the organizational chart submitted by the controlling health care entity and the entity reports all the information required on behalf of the health care provider organization.

By January 1, 2028, the DOH must develop an interactive tool to allow the public to search and view the following information submitted by health care entities:

- the number of health care entities reporting that year, disaggregated by the business structure of each specified entity;
- the name, address, and business structure of each reporting health care entity;
- the name, address, and business structure of any entity with an ownership or controlling interest in a reporting health care entity;
- the name, address, and business structure of any:
    - affiliates or subsidiaries of the reporting health care entity; and
    - management services organizations contracted or affiliated with the reporting health care entity;
- any change in ownership or control for each reporting health care entity; and
- an analysis of trends in horizontal and vertical consolidation, disaggregated by business structure and provider type.

Submitted information, except for social security numbers, is public and may not be considered confidential, proprietary, or trade secret.

The DOH may share submitted information with the Office of the Attorney General (AGO) and other state agencies and officials to reduce or avoid duplication in reporting requirements or to facilitate oversight or enforcement. The DOH may, in consultation with the relevant state

agencies, merge similar reporting requirements where appropriate.

The DOH may audit and inspect the records of any health care entity that has failed to submit complete information as required or if the DOH has reason to question the accuracy or completeness of the information submitted. The DOH may assess civil fines ranging from $50,000 to $500,000, depending on the type of health care entity, for each report not provided or containing false information. The DOH may consult with and refer instances of noncompliance to the AGO. Any civil penalty recovered must go toward costs associated with implementing these requirements.

The information collected must be collected at no cost to the DOH. The DOH may adopt any rules necessary to implement this act, including necessary fees.

"Health care entity" is defined to include:

- health care providers;
- the following health care facilities: hospices, hospitals, rural health care facilities, behavioral health hospitals, nursing homes, community mental health centers, kidney disease treatment centers, ambulatory diagnostic, treatment, or surgical facilities, drug and alcohol treatment facilities, and home health agencies;
- provider organizations, which are any corporation, partnership, business trust, association, or organized group of persons that is in the business of health care delivery or management, whether incorporated or not, that represents one or more health care providers in contracting with carriers for the payments of health care services and includes physician organizations, physician-hospital organizations, independent practice associations, provider networks, accountable care organizations, management services organizations, and any other organization that contracts with carriers for payment for health care services;
- health care benefit managers; and
- health carriers.

Appropriation: None.

Fiscal Note: Requested on February 5, 2025.

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