HOUSE BILL REPORT
E2SHB 1686

As Passed Legislature

Title: An act relating to creating a health care entity registry.

Brief Description: Creating a health care entity registry.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Bronoske, Fosse, Reed, Scott, Nance, Hill and Macri).

Brief History:

Committee Activity:

Health Care & Wellness: 2/12/25, 2/21/25 [DPS];
Appropriations: 2/25/25, 2/27/25 [DP2S(w/o sub HCW)].

Floor Activity:

Passed House: 3/10/25, 86-7.
Passed Senate: 4/14/25, 49-0.
Passed Legislature.

Brief Summary of Engrossed Second Substitute Bill

- Requires the Department of Health, in consultation with others, to develop a plan and provide recommendations to the Legislature on how to create a complete and interactive registry of the health care landscape in Washington.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Bronoske, Chair; Lekanoff, Vice Chair; Schmick, Ranking Minority Member; Davis, Macri, Obras, Parshley, Shavers, Simmons, Stonier, Thai and Tharinger.

Minority Report: Without recommendation. Signed by 6 members: Representatives

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This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Caldier, Assistant Ranking Minority Member; Marshall, Assistant Ranking Minority Member; Engell, Low, Manjarrez and Stuebe.

Staff: Kim Weidenaar (786-7120).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 20 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Schmick, Assistant Ranking Minority Member; Berg, Bergquist, Callan, Cortes, Doglio, Fitzgibbon, Leavitt, Lekanoff, Peterson, Pollet, Ryu, Springer, Stonier, Street, Thai and Tharinger.

Minority Report: Do not pass. Signed by 5 members: Representatives Couture, Ranking Minority Member; Penner, Assistant Ranking Minority Member; Corry, Keaton and Rude.

Minority Report: Without recommendation. Signed by 6 members: Representatives Connors, Assistant Ranking Minority Member; Burnett, Caldier, Dye, Manjarrez and Marshall.

Staff: Emily Stephens (786-7157).

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 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.

Summary of Engrossed Second Substitute Bill:

The DOH, in consultation with the Health Care Authority, the Office of the Insurance Commissioner, the Office of the Governor, the Office of Financial Management, and with input from stakeholders, must develop a plan and provide recommendations on how to create a complete and interactive registry of the health care landscape in Washington. The plan and recommendations must identify:

- the health care entities, including licensed and unlicensed health care facilities, providers, provider groups, systems, health carriers, and health care benefit managers;
- the information that each entity must report; and
- the fee to be charged by the reporting entities, which may be tiered.

In developing the plan and recommendations, the DOH must consider:

- opportunities to streamline reporting and allow for information sharing between state agencies for health care entities and providers licensed or certified by a state agency; and
- strategies to fully understand and monitor the business structure, funding, and contractual relationships of health care entities in Washington, including the current status and future changes in the direct or indirect ownership, control, or affiliation of and between health care entities and other entities and organizations, including private equity investment, that serve Washingtonians.

The DOH must provide a progress update to the relevant health and fiscal committees of the

Legislature by December 21, 2027, and a final report by November 1, 2028.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed. However, the bill is null and void unless funded in the budget.

Staff Summary of Public Testimony (Health Care & Wellness):

(In support) There is work being done to make this bill as implementable as possible and keep the reporting requirements from being too onerous or burdensome. The goal is to have a better understanding of health care in Washington and see where providers are, where services are provided, who is employed by who, and try to start to address access to care shortages and cost increases.

During the production of the OIC's Affordability Report, the authors found that it was very challenging to identify all of the providers and entities that were affiliated with a health care system or employed by a system. It was also very difficult to identify where there might be private equity ownership involved in health care delivery.

Health carriers already file detailed financial reports with the OIC and the requirements of this bill are very similar to what is required for carriers that are domiciled in Washington to currently report. The OIC is working on language that would allow the agencies to share information in both directions.

The idea of a centralized registry is supported, and it could provide a lot of value. The scope of entities included in the bill is very broad. This information could be helpful for both consumers and employers.

This bill aims to increase transparency of the health care delivery system and help Washington better understand market dynamics, including private equity involvement. This bill will help us understand whether there are gaps in access to care. The reporting requirements in this bill include components that are not currently collected such as organizational ownership, investment, and governing structures, all of which are necessary to gain a full understanding of consolidation in Washington.

The dashboard required by the bill will increase transparency for policymakers and the public and can be used in decision making around health care access and affordability.

It is currently difficult to identify health care capacity and gaps, measure disparities, and create action plans to address workforce shortages. It is also hard to know where providers are practicing and who owns those practices. Imagine the progress Washington could make

with access to this comprehensive information about providers and facilities. This information could inform work on important issues like network adequacy, maternal health disparities, or rural health care deserts. This information can then be utilized for health planning and system improvement.

The Health Care Cost Transparency Board has also identified these data gaps as a concern that prevents effective monitoring of consolidation trends and cost drivers. Consolidation is one of the main drivers of increasing health care costs. We know that consolidation is happening in Washington, but there is still so much we do not know. This bill brings much-needed transparency to the health care system.

(Opposed) None.

(Other) Hospitals already provide tremendous amounts of information to the DOH and this bill would require hospitals to list thousands of providers. The definitions in this bill are very broad and can capture administrative, billing, and other non-health care related activities. There is fining authority for DOH if entities do not report accurate information, so it must be clear what is required.

The Joint Legislative Audit and Review Committee is working on a report analyzing what the DOH does with all the information hospitals currently submit. If the state is asking for information, there should be a purpose for that information.

Health care consolidation is due to a number of factors including state and federal policies and other incentives that have been put in place. Health care providers have an interest in understanding consolidation as well and it could help inform future policy on other bills under consideration. However, the reporting requirements under the bill are extensive and would be a significant administrative burden. The cost of this system is also borne by reporters and the more extensive the reporting is, the more expensive the cost will be. Health care providers are also required to report on the services they provide and where they are currently working at times of licensure and renewal. The fines are excessive and read as punitive.

Staff Summary of Public Testimony (Appropriations):

(In support) When stakeholders attempted to develop a health care affordability report, it was impossible because no detail is available on private equity ownership. Some health care entities already submit detailed reports, but other companies do not. This bill ensures information that is already provided to the Health Care Authority (HCA) will be public. Unrestrained health care costs are driving the state's budget crisis, due to consolidation among the industry. There is not a census of active health care providers, but state agencies have repeatedly recommended one.

(Opposed) This bill creates duplicative reporting requirements. Many entities already must

report this information on a regular basis, and the Department of Health (DOH) and the HCA should coordinate on this. Fees assessed to health care entities would increase Medicaid billing costs and increase costs to the state.

(Other) There is work to do on clarifying definitions in the bill. It is unclear who is subject to the reporting requirements. Some entities who would be required to report to the DOH under the bill have different financial statements than other entities. It is uncertain what will be done with all of the information collected under the bill.

Persons Testifying (Health Care & Wellness): (In support) Representative Dan Bronoske, prime sponsor; Jane Beyer, Office of the Insurance Commissioner; Emily Brice, Northwest Health Law Advocates; Pam MacEwan, Washington Health Benefit Exchange; and Sam Hatzenbeler, Economic Opportunity Institute.

(Other) Lisa Thatcher, Washington State Hospital Association; Sean Graham, Washington State Medical Association; and Megan Veith, Washington State Department of Health.

Persons Testifying (Appropriations): (In support) Jane Beyer, Office of the Insurance Commissioner; Pam MacEwan, Providers Business Group on Health; and Emily Brice, Northwest Health Law Advocates.

(Opposed) Jeff Gombosky, Washington Health Care Association; and Courtney Williams, Director of Government Affairs and Advocacy for The Adult Family Home Council.

(Other) Sean Graham, Washington State Medical Association; and Lisa Thatcher, Washington State Hospital Association.

Persons Signed In To Testify But Not Testifying (Health Care & Wellness): None.

Persons Signed In To Testify But Not Testifying (Appropriations): None.