

HOUSE BILL REPORT

SSB 5568

As Reported by House Committee On:

Health Care & Wellness
Appropriations

Title: An act relating to updating and modernizing the Washington state health plan.

Brief Description: Updating and modernizing the Washington state health plan.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Cleveland, Cortes, Nobles and Riccelli).

Brief History:

Committee Activity:

Health Care & Wellness: 3/14/25, 3/19/25 [DP];
Appropriations: 4/2/25, 4/4/25 [DPA].

**Brief Summary of Substitute Bill
(As Amended by Committee)**

- Requires the Office of Financial Management, in coordination with stakeholders, to update the state health plan by developing a statewide health resources strategy.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass. Signed by 16 members: Representatives Bronoske, Chair; Lekanoff, Vice Chair; Rule, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Davis, Low, Macri, Obras, Parshley, Shavers, Simmons, Stonier, Stuebe, Thai and Tharinger.

Minority Report: Without recommendation. Signed by 3 members: Representatives Marshall, Assistant Ranking Minority Member; Engell and Manjarrez.

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.

Staff: Kim Weidenaar (786-7120).

Background:

State Health Plan.

In 2007 the Legislature directed the Office of Financial Management (OFM) to develop a statewide health resource strategy (strategy) to establish statewide health planning policies and goals related to the availability of health care facilities and services, quality of care, and cost of care. The OFM must serve as a coordinating body for public and private efforts to improve quality in health care, promote cost-effectiveness in health care, and plan health facility and service availability. To conduct this work, the OFM has access to data submitted to the Department of Health (DOH) as part of the DOH's health care professional and facility licensing work. The development of the strategy must consider that:

- excess capacity of health services and facilities place considerable economic burden on the public who pay for the construction and operation of these facilities as patients, health insurance purchasers, carriers, and taxpayers; and
- the development and ongoing maintenance of current and accurate health care information and statistics related to the cost and quality of health care, as well as projections of need for health facilities and services, are essential to effective strategic health planning.

The strategy must include:

- a health assessment that describes state population demographics, health status indicators, and trends in health status; and identifies key policy objectives for the state health system related to access to care, health outcomes, qualities, and cost-effectiveness;
- a health care facility and service plan that assesses demand for facilities and services to inform state planning efforts and direct certificate of need (CON) determinations;
- an assessment of emerging trends in health care delivery and technology;
- a rural health resource plan to assess the availability of health resources in rural areas and assess unmet needs; and
- a health care data resource plan that identifies data elements necessary to properly conduct planning activities and to review CON applications. The plan must identify any deficiencies of existing data resources and the data necessary to conduct comprehensive health planning activities.

The OFM was required to submit its initial report in 2010 and is directed to update the strategy every two years. In April 2010 the OFM issued the Strategic Health Planning Progress Report.

Certificate of Need.

The CON Program is operated by the DOH and is a regulatory process that requires certain health care facilities and providers to get state approval before building certain types of facilities or offering new or expanded services. A CON is required before a health care

facility can be constructed, sold, purchased, or leased, or before a health care provider can offer certain new or expanded services, such as a hospital seeking to increase their licensed beds. When the DOH receives a CON application, the DOH reviews the potential impact of the proposed construction or expansion on a community's need for the service. Health care facility CON applications are reviewed subject, but not limited, to the following criteria: the need for such services; the availability of less costly or more effective alternative methods of providing such services; financial feasibility; the impact on health care costs in the community, quality assurance, and cost-effectiveness; the use of existing services and facilities; and, for hospitals, whether the hospital meets or exceeds the regional average level of charity care as well as other factors.

In 2024 the Legislature directed the DOH to conduct an analysis of the CON program and report its findings and recommendations for statutory updates by June 30, 2025. The DOH must consider other state approaches to CON, impacts on access to care, cost control of health services, and equity, and approaches to identifying health care service needs at the statewide and community levels.

Summary of Bill:

The OFM, in coordination with relevant public and private stakeholders, must update the state health plan by developing a strategy, which must take into account principles of health equity, in addition to the existing considerations.

The OFM has access to and may use the data contained in the all-payer claims database, the information submitted to the Health Care Authority (HCA) as part of the annual reporting process, and other relevant HCA, DOH, Office of the Insurance Commissioner, Health Benefit Exchange, and Department of Social and Health Services data where doing so would avoid duplicating collection efforts, in addition to the DOH's provider and facility licensing data. Access to and use of this data must comply with state and federal confidentiality laws and ethical guidelines and must maintain the same degree of confidentiality and nondisclosure as the originating entity.

The OFM must submit a preliminary report outlining its work in developing the strategy by July 1, 2026. The OFM must submit the completed health resources strategy report to the Governor and appropriate committees of the Legislature by December 31, 2027, which must include projections and policy recommendations through 2032. Beginning January 1, 2033, the OFM must report on strategy updates and implementation every two years. The OFM must hold at least one public hearing and allow opportunity for written comment before issuing the preliminary report and another public meeting before issuing the health resources strategy report and any updated reports.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The first state health plan was put together in 1987. The plan looks dated, and health care has changed a great deal since then. This bill requires the involvement of stakeholders and includes updates to the Legislature. It also includes increased data sharing for a well-informed plan and requires the inclusion of health equity. This bill builds on past important work.

This bill will help us get to the bottom of a question that is often glossed over, which is foundational before every other issue including quality, access, and affordability. The question is, what is the right level of health care needed in each community? Health care costs continue to rise at an unsustainable rate. This bill will help us look for gaps and opportunities, allow the state to direct resources where they are needed most, and help the state maintain a more responsive health system.

(Opposed) None.

Persons Testifying: Senator Annette Cleveland, prime sponsor; and Jim Freeburg, Patient Coalition of Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended. Signed by 22 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Schmick, Assistant Ranking Minority Member; Berg, Bergquist, Caldier, Callan, Cortes, Doglio, Dye, Fitzgibbon, Leavitt, Lekanoff, Peterson, Pollet, Ryu, Springer, Stonier, Street, Thai and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative Penner, Assistant Ranking Minority Member.

Minority Report: Without recommendation. Signed by 7 members: Representatives Couture, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Burnett, Corry, Keaton, Manjarrez and Marshall.

Staff: Emily Stephens (786-7157).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

The amended bill requires the OFM to report on strategy updates and implementation every four years instead of every two years. The amended bill also prohibits the DOH from updating CON rules in response to the statewide health resources strategy issued in 2027.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill promotes affordable health care. The bill is a proactive approach to health care planning. Updating the state health plan can help address current challenges related to the cost of health care and improve health care access for rural communities. Health care planning will become more streamlined and efficient.

(Opposed) None.

Persons Testifying: Sam Hatzenbeler, Economic Opportunity Institute.

Persons Signed In To Testify But Not Testifying: None.