SENATE BILL REPORT
SB 5561

As of February 4, 2025

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

Brief Description: Creating a health care entity registry.

Sponsors: Senators Cleveland, Hasegawa, Nobles and Valdez.

Brief History:
Committee Activity: Health & Long-Term Care: 2/04/25.

Brief Summary of Bill

- Requires certain health care entities to submit ownership, affiliation, and services information to the Department of Health on an annual basis.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Greg Attanasio (786-7410)

Background: Washington requires health care market participants to provide 60 days notice of certain transactions to the attorney general. Qualifying material changes include any merger, acquisition, or contracting affiliation between two or more hospitals, hospital systems, or provider organizations. A merger, acquisition, or contracting affiliation between two or more covered entities only qualifies as a material change if the covered entities did not previously have common ownership or a contracting affiliation.

The notice required by this provision must include: (1) the names of the parties and their current business addresses, (2) identification of all locations where health care services are currently provided by each party, (3) a brief description of the nature and purpose of the proposed material change, and (4) the anticipated effective date of the proposed material change. A party may voluntarily supply the attorney general with additional information.

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.

Summary of Bill: Beginning June 30, 2027, and annually thereafter, health care entities, including health care facilities, providers, provider organizations, health care benefit managers, and health carriers, shall report to the Department of Health (DOH) the following information:

- the legal name of the entity;
- the 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:
    1. has an ownership or investment interest in the health care entity including, but not limited to, participation from a private equity fund;
    2. has a controlling interest in the health care entity; or
    3. 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 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 an entity that is a provider organization or health care facility:
    1. 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
    2. 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 two or fewer providers or provider organizations that are owned or controlled by a reporting entity.

Except for tax identification numbers that are also Social Security numbers, information provided in this act is not considered confidential. DOH may share information reported under this section with the Office of the Attorney General, and other state agencies, to reduce or avoid duplication in reporting requirements or to facilitate oversight or enforcement pursuant to the laws of the state.

DOH may, in consultation with the relevant state agencies, merge similar reporting requirements where appropriate.

By January 1, 2028, 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:
    1. affiliates or subsidiaries of the reporting health care entity; and
    2. 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.

DOH may audit and inspect the records of any health care entity that has failed to submit complete information pursuant to this act or if DOH has reason to question the accuracy or completeness of the information submitted pursuant to this act. DOH may assess civil fines against health care entities that fail to comply with this act. Any civil penalty recovered under this section shall go toward costs associated with implementing this act.

Information collected pursuant to this act shall be collected at no cost to DOH. DOH may adopt any rules necessary to implement this act, including necessary fees.

Appropriation: None.

Fiscal Note: Requested on January 29, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Domiciled carriers provide most of this information to OIC, but carriers from outside the state do not. This would help people understand who is affiliated with whom. A centralized registry will help increase access and show where gaps lie in the system. No public data source exists in the state currently. This information can be used for system improvement.

OTHER: This concept is reasonable to understand consolidation, but some reporting requirements are extensive and difficult to comply with. The fines seem excessive. Hospitals are not opposed to transparency, but the definitions are very broad and not all connected to health care delivery. The data required in the bill should be narrowed. Some provider disclosures could jeopardize privacy.

Persons Testifying: PRO: Senator Annette Cleveland, Prime Sponsor; Jane Beyer, Office of the Insurance Commissioner; Emily Brice, Northwest Health Law Advocates; Sam Hatzenbeler, Economic Opportunity Institute; Pam MacEwan, Purchasers Business Group on Health; David Keepnews, Washington State Nurses Association.

OTHER: Lisa Thatcher, Washington State Hospital Association; Sean Graham, Washington State Medical Assocation (WSMA); Megan Veith, Washington State Department of Health.

Persons Signed In To Testify But Not Testifying: No one.