
HOUSE BILL 2548

State of Washington

69th Legislature

2026 Regular Session

By Representatives Taylor, Macri, Ormsby, Pollet, Fosse, and Scott

Read first time 01/16/26. Referred to Committee on Civil Rights & Judiciary.

1 AN ACT Relating to strengthening health care market standards;
2 amending RCW 19.390.020, 19.390.030, 19.390.050, and 70.45.020;
3 adding a new section to chapter 19.390 RCW; and adding a new section
4 to chapter 24.03A RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 19.390.020 and 2019 c 267 s 2 are each amended to
7 read as follows:

8 The definitions in this section apply throughout this chapter
9 unless the context clearly requires otherwise.

10 (1) "Acquisition" means an agreement, arrangement, or activity
11 the consummation of which results in a person acquiring directly or
12 indirectly the control of another person, and includes the
13 acquisition of voting securities and noncorporate interests, such as
14 assets, capital stock, membership interests, or equity interests.

15 (2) "Carrier" means the same as in RCW 48.43.005.

16 (3) "Contracting affiliation" means the formation of a
17 relationship between two or more entities that permits the entities
18 to negotiate jointly with carriers or third-party administrators over
19 rates for professional medical services, or for one entity to
20 negotiate on behalf of the other entity with carriers or third-party
21 administrators over rates for professional medical services.

1 "Contracting affiliation" does not include arrangements among
2 entities under common ownership.

3 (4) "Domestic for-profit corporation" has the same meaning as in
4 RCW 24.03A.010.

5 (5) "Domestic unincorporated entity" has the same meaning as in
6 RCW 24.03A.010.

7 (6) "Entity" has the same meaning as in RCW 24.03A.010.

8 (7) "Foreign for-profit corporation" has the same meaning as in
9 RCW 24.03A.010.

10 (8) "Foreign nonprofit corporation" has the same meaning as in
11 RCW 24.03A.010.

12 (9) "Foreign unincorporated entity" has the same meaning as in
13 RCW 24.03A.010.

14 (10) "Health care services" means medical, surgical,
15 chiropractic, hospital, optometric, podiatric, pharmaceutical,
16 ambulance, mental health, substance use disorder, therapeutic,
17 preventative, diagnostic, curative, rehabilitative, palliative,
18 custodial, and any other services relating to the prevention, cure,
19 or treatment of illness, injury, or disease.

20 ((+5)) (11) "Health care services revenue" means the total
21 revenue received for health care services in the previous twelve
22 months.

23 ((+6)) (12) "Health maintenance organization" means an
24 organization receiving a certificate of registration pursuant to
25 chapter 48.46 RCW which provides comprehensive health care services
26 to enrolled participants of such organization on a group practice per
27 capita prepayment basis or on a prepaid individual practice plan,
28 except for an enrolled participant's responsibility for copayments
29 and deductibles, either directly or through contractual or other
30 arrangements with other institutions, entities, or persons, and which
31 qualifies as a health maintenance organization pursuant to RCW
32 48.46.030 and 48.46.040.

33 ((+7)) (13) "Hospital" means a facility licensed under chapter
34 70.41 or 71.12 RCW.

35 ((+8)) (14) "Hospital system" means:

36 (a) A parent corporation of one or more hospitals and any entity
37 affiliated with such parent corporation through ownership or control;
38 or

39 (b) A hospital and any entity affiliated with such hospital
40 through ownership.

1 ~~((9))~~ (15) "Merger" means a consolidation of two or more
2 organizations, including two or more organizations joining through a
3 common parent organization or two or more organizations forming a new
4 organization, but does not include a corporate reorganization.

5 ~~((10))~~ (16) "Nonprofit corporation" has the same meaning as in
6 RCW 24.03A.010.

7 (17) "Person" means, where applicable, natural persons,
8 corporations, trusts, and partnerships.

9 ~~((11))~~ (18) "Provider" means a natural person who practices a
10 profession identified in RCW 18.130.040.

11 ~~((12))~~ (19) "Provider organization" means a corporation,
12 partnership, business trust, association, or organized group of
13 persons, whether incorporated or not, which is in the business of
14 health care delivery or management and that represents seven or more
15 health care providers in contracting with carriers or third-party
16 administrators for the payments of health care services. A "provider
17 organization" includes, but is not limited to, physician
18 organizations, physician-hospital organizations, independent practice
19 associations, provider networks, and accountable care organizations.

20 ~~((13))~~ (20) "Third-party administrator" means an entity that
21 administers payments for health care services on behalf of a client
22 in exchange for an administrative fee.

23 **Sec. 2.** RCW 19.390.030 and 2019 c 267 s 3 are each amended to
24 read as follows:

25 (1) Not less than sixty days prior to the effective date of any
26 transaction that results in a material change, the parties to the
27 transaction shall submit written notice to the attorney general of
28 such material change.

29 (2) For the purposes of this section, a material change includes
30 ~~((a))~~ :

31 (a) A merger, acquisition, or contracting affiliation between two
32 or more entities of the following types:

33 ~~((a))~~ (i) Hospitals;

34 ~~((b))~~ (ii) Hospital systems; or

35 ~~((c))~~ (iii) Provider organizations;

36 (b) Transactions involving any entity or person that results in a
37 change of ownership or control of a hospital, hospital system, or
38 provider organization;

1 (c) Significant acquisitions, sales, or transfers of hospital,
2 hospital system, or provider organization assets including, but not
3 limited to, real property sale and leaseback transactions; or

4 (d) A conversion of a hospital, hospital system, or provider
5 organization from a nonprofit corporation or a foreign nonprofit
6 corporation to:

7 (i) A domestic or foreign for-profit corporation; or

8 (ii) A domestic or foreign unincorporated entity.

9 (3) A material change includes proposed changes identified in
10 subsection (2)(a) of this section between a Washington entity and an
11 out-of-state entity where the out-of-state entity generates ten
12 million dollars or more in health care services revenue from patients
13 residing in Washington state, and the entities are of the types
14 identified in subsection (2)(a) of this section. Any party to a
15 material change that is licensed or operating in Washington state
16 shall submit a notice as required under this section.

17 (4) For purposes of subsection (2)(a) of this section, a merger,
18 acquisition, or contracting affiliation between two or more
19 hospitals, hospital systems, or provider organizations only qualifies
20 as a material change if the hospitals, hospital systems, or provider
21 organizations did not previously have common ownership or a
22 contracting affiliation.

23 **Sec. 3.** RCW 19.390.050 and 2019 c 267 s 5 are each amended to
24 read as follows:

25 (1) The attorney general shall make any requests for additional
26 information from the parties under RCW 19.86.110 within thirty days
27 of the date notice is received under RCW 19.390.030 and 19.390.040.

28 (2) If the attorney general requests additional information
29 pursuant to subsection (1) of this section, the transaction between
30 the parties subject to the request may not proceed until 30 days
31 after the parties have substantially complied with the request. Any
32 subsequent request for additional information from the attorney
33 general shall not further delay the transaction.

34 (3) Nothing in this section precludes the attorney general from
35 conducting an investigation or enforcing state or federal antitrust
36 laws at a later date.

37 NEW SECTION. **Sec. 4.** A new section is added to chapter 19.390
38 RCW to read as follows:

1 The attorney general may enter into, or revise existing,
2 memoranda of understanding with the department of health, the office
3 of the insurance commissioner, and the health care authority to
4 facilitate the exchange of data and information between the attorney
5 general and such agencies for the purpose of RCW 19.390.030,
6 19.390.040, and 19.390.050.

7 NEW SECTION. **Sec. 5.** A new section is added to chapter 24.03A
8 RCW to read as follows:

9 (1) The secretary of state shall revoke a hospital's, hospital
10 system's, or provider organization's nonprofit corporation or foreign
11 nonprofit corporation designation if:

12 (a) The hospital, hospital system, or provider organization is a
13 party to a transaction involving a material change described in RCW
14 19.390.030(2) (a), (b), or (d);

15 (b) The other party to the transaction is a domestic or foreign
16 for-profit corporation or a domestic or foreign unincorporated
17 entity;

18 (c) The surviving entity is a domestic or foreign for-profit
19 corporation or a domestic or foreign unincorporated entity; or

20 (d) The controlling interest is a domestic or foreign for-profit
21 corporation or a domestic or foreign unincorporated entity.

22 (2) Any hospital, hospital system, or provider organization whose
23 nonprofit corporation or foreign nonprofit corporation designation is
24 revoked under subsection (1) of this section shall follow the
25 processes outlined in chapter 70.45 RCW for transactions involving a
26 material change described in RCW 19.390.030(2) (a), (b), or (d).

27 (3) For purposes of this section:

28 (a) "Controlling interest" has the same meaning as in RCW
29 82.45.033;

30 (b) "Hospital" has the same meaning as in RCW 19.390.020;

31 (c) "Hospital system" has the same meaning as in RCW 19.390.020;
32 and

33 (d) "Provider organization" has the same meaning as in RCW
34 19.390.020.

35 **Sec. 6.** RCW 70.45.020 and 1997 c 332 s 2 are each amended to
36 read as follows:

37 The definitions in this section apply throughout this chapter
38 unless the context clearly requires otherwise.

1 (1) "Department" means the Washington state department of health.

2 (2) "Hospital" means any entity that is: (a) Defined as a
3 hospital in RCW 70.41.020 and is required to obtain a license under
4 RCW 70.41.090; or (b) a (~~psychiatric~~) behavioral health hospital
5 required to obtain a license under chapter 71.12 RCW.

6 (3) "Acquisition" means (~~an~~):

7 (a) An acquisition by a person of an interest in a nonprofit
8 hospital, whether by purchase, merger, lease, gift, joint venture, or
9 otherwise, that results in a change of ownership or control of twenty
10 percent or more of the assets of the hospital, or that results in the
11 acquiring person holding or controlling fifty percent or more of the
12 assets of the hospital, but acquisition does not include an
13 acquisition if the acquiring person: (a) Is a nonprofit corporation
14 having a substantially similar charitable health care purpose as the
15 nonprofit corporation from whom the hospital is being acquired, or is
16 a government entity; (b) is exempt from federal income tax under
17 section 501(c)(3) of the internal revenue code or as a government
18 entity; and (c) will maintain representation from the affected
19 community on the local board of the hospital; or

20 (b) An acquisition that involves a material change described in
21 RCW 19.390.030(2) (a), (b), or (d), and a revocation of nonprofit
22 corporation or foreign nonprofit corporation designation under
23 section 5(1) of this act.

24 (4) "Nonprofit hospital" means a hospital owned by a nonprofit
25 corporation organized under Title 24 RCW.

26 (5) "Person" means an individual, a trust or estate, a
27 partnership, a corporation including associations, limited liability
28 companies, joint stock companies, and insurance companies.

29 NEW SECTION. Sec. 7. If any provision of this act or its
30 application to any person or circumstance is held invalid, the
31 remainder of the act or the application of the provision to other
32 persons or circumstances is not affected.

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