S-3951.1

SENATE BILL 6208

State of Washington 69th Legislature 2026 Regular Session

By Senators Dhingra, Trudeau, Alvarado, Bateman, Frame, Hasegawa, Lovelett, Nobles, Pedersen, Robinson, Stanford, Valdez, Wellman, and C. Wilson

Read first time 01/19/26. Referred to Committee on Law & Justice.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

((~~(8)~~)) (14) "Hospital system" means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) A domestic or foreign unincorporated entity.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) For purposes of this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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