
SENATE BILL 5948

State of Washington

62nd Legislature

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By Senators Pflug and Keiser

Read first time 04/15/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to improving transparency and containing costs for
2 state-purchased outpatient services; amending RCW 70.41.020, 51.36.080,
3 84.36.840, 84.36.040, and 43.70.052; adding a new section to chapter
4 41.05 RCW; adding a new section to chapter 74.09 RCW; and adding a new
5 section to chapter 70.41 RCW.

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

7 **Sec. 1.** RCW 70.41.020 and 2010 c 94 s 17 are each amended to read
8 as follows:

9 Unless the context clearly indicates otherwise, the following
10 terms, whenever used in this chapter, shall be deemed to have the
11 following meanings:

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

13 (2) "Emergency care to victims of sexual assault" means medical
14 examinations, procedures, and services provided by a hospital emergency
15 room to a victim of sexual assault following an alleged sexual assault.

16 (3) "Emergency contraception" means any health care treatment
17 approved by the food and drug administration that prevents pregnancy,
18 including but not limited to administering two increased doses of

1 certain oral contraceptive pills within seventy-two hours of sexual
2 contact.

3 (4) "Freestanding emergency room" means a facility that is
4 advertised or presented to the public as an emergency department, but
5 is not physically connected or adjacent to a hospital licensed under
6 this chapter.

7 (5) "Hospital" means any institution, place, building, or agency
8 which provides accommodations, facilities and services over a
9 continuous period of twenty-four hours or more, for observation,
10 diagnosis, or care, of two or more individuals not related to the
11 operator who are suffering from illness, injury, deformity, or
12 abnormality, or from any other condition for which obstetrical,
13 medical, or surgical services would be appropriate for care or
14 diagnosis. "Hospital" as used in this chapter does not include hotels,
15 or similar places furnishing only food and lodging, or simply
16 domiciliary care; nor does it include clinics, or physician's offices
17 where patients are not regularly kept as bed patients for twenty-four
18 hours or more; nor does it include nursing homes, as defined and which
19 come within the scope of chapter 18.51 RCW; nor does it include
20 birthing centers, which come within the scope of chapter 18.46 RCW; nor
21 does it include psychiatric hospitals, which come within the scope of
22 chapter 71.12 RCW; nor any other hospital, or institution specifically
23 intended for use in the diagnosis and care of those suffering from
24 mental illness, intellectual disability, convulsive disorders, or other
25 abnormal mental condition. Furthermore, nothing in this chapter or the
26 rules adopted pursuant thereto shall be construed as authorizing the
27 supervision, regulation, or control of the remedial care or treatment
28 of residents or patients in any hospital conducted for those who rely
29 primarily upon treatment by prayer or spiritual means in accordance
30 with the creed or tenets of any well recognized church or religious
31 denominations.

32 ((+5+)) (6) "Person" means any individual, firm, partnership,
33 corporation, company, association, or joint stock association, and the
34 legal successor thereof.

35 ((+6+)) (7) "Secretary" means the secretary of health.

36 ((+7+)) (8) "Sexual assault" has the same meaning as in RCW
37 70.125.030.

1 ((+8)) (9) "Victim of sexual assault" means a person who alleges
2 or is alleged to have been sexually assaulted and who presents as a
3 patient.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 41.05 RCW
5 to read as follows:

6 (1) Effective January 1, 2012, the authority shall not reimburse,
7 either directly or in contract, facility charges from a freestanding
8 emergency room, as defined in RCW 70.41.020, unless that freestanding
9 emergency room is physically connected to a fully serviceable inpatient
10 operating room.

11 (2) The amount paid to the freestanding emergency room under this
12 section, plus any applicable copayment, coinsurance, or deductible
13 payable by the person who received services at the freestanding
14 emergency room for professional charges, constitutes payment in full
15 for the services rendered at the freestanding emergency room. The
16 person who receives services at the freestanding emergency room is not
17 responsible for any portion of the facility charge.

18 NEW SECTION. **Sec. 3.** A new section is added to chapter 74.09 RCW
19 to read as follows:

20 (1) Effective January 1, 2012, the department shall prohibit
21 reimbursement, directly or through a managed care contract, for
22 facility charges from a freestanding emergency room, as defined in RCW
23 70.41.020, unless that freestanding emergency room is physically
24 connected to a fully serviceable inpatient operating room.

25 (2) The amount paid to the freestanding emergency room under this
26 section, plus any applicable copayment, coinsurance, or deductible
27 payable by the person who received services at the freestanding
28 emergency room for professional charges, constitutes payment in full
29 for the services rendered at the freestanding emergency room. The
30 person who receives services at the freestanding emergency room is not
31 responsible for any portion of the facility charge.

32 **Sec. 4.** RCW 51.36.080 and 1998 c 245 s 104 are each amended to
33 read as follows:

34 (1) All fees and medical charges under this title shall conform to
35 the fee schedule established by the director and shall be paid within

1 sixty days of receipt by the department of a proper billing in the form
2 prescribed by department rule or sixty days after the claim is allowed
3 by final order or judgment, if an otherwise proper billing is received
4 by the department prior to final adjudication of claim allowance. The
5 department shall pay interest at the rate of one percent per month, but
6 at least one dollar per month, whenever the payment period exceeds the
7 applicable sixty-day period on all proper fees and medical charges.

8 Beginning in fiscal year 1987, interest payments under this
9 subsection may be paid only from funds appropriated to the department
10 for administrative purposes.

11 Nothing in this section may be construed to require the payment of
12 interest on any billing, fee, or charge if the industrial insurance
13 claim on which the billing, fee, or charge is predicated is ultimately
14 rejected or the billing, fee, or charge is otherwise not allowable.

15 In establishing fees for medical and other health care services,
16 the director shall consider the director's duty to purchase health care
17 in a prudent, cost-effective manner without unduly restricting access
18 to necessary care by persons entitled to the care. With respect to
19 workers admitted as hospital inpatients on or after July 1, 1987, the
20 director shall pay for inpatient hospital services on the basis of
21 diagnosis-related groups, contracting for services, or other prudent,
22 cost-effective payment method, which the director shall establish by
23 rules adopted in accordance with chapter 34.05 RCW.

24 (2) The director may establish procedures for selectively or
25 randomly auditing the accuracy of fees and medical billings submitted
26 to the department under this title.

27 (3) Effective January 1, 2012, the director shall prohibit
28 reimbursement of facility charges from a freestanding emergency room,
29 as defined in RCW 70.41.020, unless that freestanding emergency room is
30 physically connected to a fully serviceable inpatient operating room.
31 The amount paid to the freestanding emergency room under this
32 subsection, plus any applicable copayment, coinsurance, or deductible
33 payable by the person who received services at the freestanding
34 emergency room for professional charges, constitutes payment in full
35 for the services rendered at the freestanding emergency room. The
36 person who receives services at the freestanding emergency room is not
37 responsible for any portion of the facility charge.

1 NEW SECTION. **Sec. 5.** A new section is added to chapter 70.41 RCW
2 to read as follows:

3 (1) Effective January 1, 2012, a freestanding emergency room
4 operating under a license issued by this chapter shall not require or
5 request any state-purchased health care program as defined in RCW
6 41.05.011, to pay a facility charge for services rendered in a
7 freestanding emergency room, unless that freestanding emergency room is
8 physically connected to a fully serviceable inpatient operating room.
9 Nothing in this section shall preclude a freestanding emergency room
10 from seeking reimbursement for professional services rendered at the
11 facility.

12 (2) The amount paid to the freestanding emergency room under this
13 act, plus any applicable copayment, coinsurance, or deductible payable
14 by the person who received services at the freestanding emergency room
15 for professional charges, constitutes payment in full for the services
16 rendered at the freestanding emergency room. The person who receives
17 services at the freestanding emergency room is not responsible for any
18 portion of the facility charge.

19 **Sec. 6.** RCW 84.36.840 and 2007 c 111 s 305 are each amended to
20 read as follows:

21 (1) In order to determine whether organizations, associations,
22 corporations, or institutions, except those exempted under RCW
23 84.36.020 and 84.36.030, are exempt from property taxes, and before the
24 exemption (~~shall be~~) is allowed for any year, the superintendent or
25 manager or other proper officer of the organization, association,
26 corporation, or institution claiming exemption from taxation (~~shall~~)
27 must file with the department of revenue a statement certifying that
28 the income and the receipts thereof, including donations to it, have
29 been applied to the actual expenses of operating and maintaining it, or
30 for its capital expenditures, and to no other purpose. This report
31 (~~shall~~) must also include a statement of the receipts and
32 disbursements of the exempt organization, association, corporation, or
33 institution.

34 (2) Educational institutions claiming exemption under RCW 84.36.050
35 (~~shall~~) must also file a list of all property claimed to be exempt,
36 the purpose for which it is used, the revenue derived from it for the
37 preceding year, the use to which the revenue was applied, the number of

1 students who attended the school or college, the total revenues of the
2 institution with the source from which they were derived, and the
3 purposes to which the revenues were applied, listing the items of such
4 revenues and expenditures in detail.

5 (3) A nonprofit hospital that claims an exemption under RCW
6 84.36.040 must file an unofficial copy of their federal Schedule H form
7 990 with the department within five days of filing the form with the
8 internal revenue service. The department must make each unofficial
9 copy of the federal Schedule H form 990 available for download on the
10 department's web site.

11 (4) The reports required under ((subsections (1) and (2) of)) this
12 section may be submitted electronically, in a format provided or
13 approved by the department, or mailed to the department. Except as
14 otherwise provided in subsection (3) of this section, the reports
15 ((shall)) must be submitted on or before March 31st of each year. The
16 department ((shall)) must remove the tax exemption from the property of
17 any organization, association, corporation, or institution that does
18 not file the required report with the department on or before the due
19 date. However, the department ((shall)) must allow a reasonable
20 extension of time for filing upon receipt of a written request on or
21 before the required filing date and for good cause shown therein.

22 **Sec. 7.** RCW 84.36.040 and 2010 c 106 s 305 are each amended to
23 read as follows:

24 (1)(a) The real and personal property used by, and for the purposes
25 of, the following nonprofit organizations is exempt from property
26 taxation:

27 ((+a)) (i) Child day care centers ((as defined in subsection (4)
28 of this section));

29 ((+b)) (ii) Free public libraries;

30 ((+c)) (iii) Orphanages and orphan asylums;

31 ((+d)) (iv) Homes for the sick or infirm;

32 ((+e)) (v) Hospitals for the sick; and

33 ((+f)) (vi) Outpatient dialysis facilities.

34 (b) For the purposes of this subsection (1), "hospitals for the
35 sick" does not include a freestanding emergency room as defined in RCW
36 70.41.020 if the freestanding emergency room charges a facility rate
37 for services rendered on an outpatient basis.

1 (2) The real and personal property leased to and used by a hospital
2 for hospital purposes is exempt from property taxation if the hospital
3 is established under chapter 36.62 RCW or is owned and operated by a
4 public hospital district established under chapter 70.44 RCW.

5 (3) To be exempt under this section, the property must be used
6 exclusively for the purposes for which exemption is granted, except as
7 provided in RCW 84.36.805, and the benefit of the exemption must inure
8 to the user.

9 (4) For purposes of (~~subsection (1) of~~) this section, "child day
10 care center" means a nonprofit organization that regularly provides
11 child day care and early learning services for a group of children for
12 periods of less than twenty-four hours.

13 **Sec. 8.** RCW 43.70.052 and 1995 c 267 s 1 are each amended to read
14 as follows:

15 (1) To promote the public interest consistent with the purposes of
16 chapter 492, Laws of 1993 as amended by chapter 267, Laws of 1995, the
17 department shall continue to require hospitals to submit hospital
18 financial and patient discharge information, which shall be collected,
19 maintained, analyzed, and disseminated by the department. The
20 department shall, if deemed cost-effective and efficient, contract with
21 a private entity for any or all parts of data collection. Data
22 elements shall be reported in conformance with a uniform reporting
23 system established by the department. This includes data elements
24 identifying each hospital's revenues, expenses, contractual allowances,
25 charity care, bad debt, other income, total units of inpatient and
26 outpatient services, and other financial information reasonably
27 necessary to fulfill the purposes of this section. Data elements
28 relating to use of hospital services by patients shall be the same as
29 those currently compiled by hospitals through inpatient discharge
30 abstracts and shall also include patient discharge abstracts for all
31 visits to a freestanding emergency room, as defined in RCW 70.41.020.
32 The department shall encourage and permit reporting by electronic
33 transmission or hard copy as is practical and economical to reporters.

34 (2) In identifying financial reporting requirements, the department
35 may require both annual reports and condensed quarterly reports from
36 hospitals, so as to achieve both accuracy and timeliness in reporting,

1 but shall craft such requirements with due regard of the data reporting
2 burdens of hospitals.

3 (3) The health care data collected, maintained, and studied by the
4 department shall only be available for retrieval in original or
5 processed form to public and private requestors and shall be available
6 within a reasonable period of time after the date of request. The cost
7 of retrieving data for state officials and agencies shall be funded
8 through the state general appropriation. The cost of retrieving data
9 for individuals and organizations engaged in research or private use of
10 data or studies shall be funded by a fee schedule developed by the
11 department that reflects the direct cost of retrieving the data or
12 study in the requested form.

13 (4) The department shall, in consultation and collaboration with
14 the federally recognized tribes, urban or other Indian health service
15 organizations, and the federal area Indian health service, design,
16 develop, and maintain an American Indian-specific health data,
17 statistics information system. The department rules regarding
18 confidentiality shall apply to safeguard the information from
19 inappropriate use or release.

20 (5) All persons subject to the data collection requirements of this
21 section shall comply with departmental requirements established by rule
22 in the acquisition of data.

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