



E2SHB 1272 RULEMAKING

Hospital Charity Care and Financial Data



Tribal Land Acknowledgement

Agenda

- Welcome and introductions
- Completed E2SHB 1272 requirements
- Current Rulemaking
 - Process and timeline
 - E2SHB 1272 changes to RCW
 - Potential conflicts between new RCW and existing WAC
 - Modernizing outdated references
- Next steps

Completed - E2SHB 1272 Requirements

Bill Requirement	Additional Information	Contact
<u>Patient Discharge Reporting</u>	<u>E2SHB 1272 Implementation Patient Discharge Reporting</u>	<u>CHARSGeneral@doh.wa.gov</u>
<u>Quarterly Charity Care Application</u>	<u>Hospital Charity Care, Financial, and Community Benefit Reporting Guide For Hospitals</u>	<u>Hos@doh.wa.gov</u>
<u>Health System Consolidated Income Statement and Balance Sheet</u>		
<u>Community Health Needs Assessment</u>		
<u>Community Health Improvement Services Addendum</u>		
<u>Study of Acute Care Staff & Patient Outcomes in Washington State Hospitals</u>		

Rulemaking Process

Administrative Procedures Act - Rulemaking consists by law of three parts:

Step	Process	Activity
CR101	Preproposal inquiry	Public outreach and interested party work occurs (workshops, drafts, informal input).
CR102	Proposal	The product that goes forward for public hearing and final testimony from the public.
CR103	Adoption	Final rule is adopted, filed with the Code Reviser's Office, and becomes effective 31 days later unless another effective date is specified in rule.

Proposed Rulemaking Timeline

Date	Process/Step	Activity
Nov. 2021	CR101 - WSR# 21-23-082	Announced possible rule making to address hospital financial reporting within E2SHB 1272 .
Feb. – Apr. 2022	4 Interested party meetings	Interested parties met to workshop rules, creates data submittal tools, and discuss submittal procedures .
Jul. 2024	CR101 – WSR# 24-15-024 Previous CR101 withdrawn	Announced possible rule making to address hospital financial reporting within E2SHB 1272 .
Aug. 2024	Interested party meeting	Interested parties meet to workshop rules.
Sep. – Nov. 2024	CR102	The formal rule is proposed, written comments are received, and public hearing held.
Dec. 2024	CR103	Final rule adoption and rules package developed.
Jan. 2025	CR103 filed	CR-103 is approved by the Secretary for filing with the Code Reviser.
Jan. 2025	Rules effective	Anticipated rule effective date. A rule becomes effective 31 days after it is filed with the Code Reviser.

Rule(s) to be Discussed and Possibly Revised

- Chapter 246-454 WAC, Hospitals – System of accounting, financial reporting, budgeting, cost allocation
- WAC 246-451-010 and 246-451-050, Hospitals – Assessment and Related Reports
- The Department of Health is considering updating these rule sections to address the changes within RCW 43.70.052 that effect the uniform [hospital financial] reporting system. Also, under consideration are changes to modernize rules and update out of date references.

E2SHB 1272 Changes to RCW

RCW 43.70.052 (1)(c): By January 1, 2023, the department must revise the uniform reporting system to further delineate hospital expenses reported in the other direct expense category in the statement of revenue and expense. The department must include the following additional categories of expenses within the other direct expenses category:

- Blood supplies;
- Contract staffing;
- Information technology, including licenses and maintenance;
- Insurance and professional liability;
- Laundry services;
- Legal, audit, and tax professional services;
- Purchased laboratory services;
- Repairs and maintenance;
- Shared services or system office allocation;
- Staff recruitment;
- Training costs;
- Taxes;
- Utilities; and
- Other noncategorized expenses.

E2SHB 1272 Changes to RCW

RCW 43.70.052 (1)(d): The department must revise the uniform reporting system to further delineate hospital revenues reported in the other operating revenue category in the statement of revenue and expense. The department must include the following additional categories of revenues within the other operating revenues category:

- Donations;
- Grants;
- Joint venture revenue;
- Local taxes;
- Outpatient pharmacy;
- Parking;
- Quality incentive payments;
- Reference laboratories;
- Rental income;
- Retail cafeteria; and
- Other noncategorized revenues.

E2SHB 1272 Changes to RCW

- RCW 43.70.052 (1)(e)(i): A hospital, other than a hospital designated by medicare as a critical access hospital or sole community hospital, must report line items and amounts for any expenses or revenues in the other noncategorized expenses category in (c)(xiv) of this subsection or the other noncategorized revenues category in (d)(xi) of this subsection that either have a value: (A) Of \$1,000,000 or more; or (B) representing one percent or more of the total expenses or total revenues.
- RCW 43.70.052 (1)(e)(ii): A hospital designated by medicare as a critical access hospital or sole community hospital must report line items and amounts for any expenses or revenues in the other noncategorized expenses category in (c)(xiv) of this subsection or the other noncategorized revenues category in (d)(xi) of this subsection that represent the greater of: (A) \$1,000,000; or (B) one percent or more of the total expenses or total revenues.

E2SHB 1272 Changes to RCW

- RCW 43.70.052 (1)(f) A hospital must report any money, including loans, received by the hospital or a health system to which it belongs from a federal, state, or local government entity in response to a national or state-declared emergency, including a pandemic. Hospitals must report this information as it relates to federal, state, or local money received after January 1, 2020, in association with the COVID-19 pandemic. The department shall provide guidance on reporting pursuant to this subsection.

Conflicts between new RCW and existing WAC



RCW 43.70.052 (1)(c), (d), (e), and (f) reference new reporting requirements that require revisions to the **uniform [hospital financial] reporting system**.

Uniform reporting system = [Accounting and Reporting Manual | Washington State Department of Health](#)

- Has been updated to:
 - Modernize to current accounting standards
 - Reflect requirements in E2SHB 1272
- Also contains a system for modifications/updates

Proposal: Eliminate Manual from WAC (Rule)

WAC/Rule	Eliminate Rule	Eliminate Reference to Uniform Reporting System
246-454-001 Purpose.		X
246-454-010 Definitions.		X
246-454-020 Adoption and establishment of uniform system.	X	
246-454-050 Submission of year-end report.		X
246-454-080 Alternative system of financial reporting.		X
246-454-090 Modifications of uniform system.	X	
246-454-110 Uniformly applicable interpretive rulings and minor manual modifications.	X	
246-451-010 Definitions.		X

Proposal: Modernizing Out of Date References

Rule	Outdated Reference	Updated Reference
246-454-001 Purpose.	RCW 70.170.100, 43.70.050	RCW 43.70.052, 43.70.053
246-454-010 Definitions.	Psychiatric hospital	Behavioral health hospital
246-454-080 Alternative system of financial reporting.	WAC 246-454-030	WAC 246-454-070
246-454-120 Penalties for violation.	References the penalties within Chapter 70.170 RCW	Eliminate WAC 246-454-120
246-451-050 Reporting of information.	Only references year-end reports to calculate assessments.	Quarterly reports added as back-up if year-end report was not been submitted.

Next Steps

Rulemaking: Chapter 246-454 and 246-451

CR102 filed (formal rule proposed):	September 2024
Written comments received for 30 days.	Submit to: hos@doh.wa.gov
Public Hearing held:	October - November 2024



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Next Steps

Rulemaking: Chapter 246-453 WAC

Prompted by:	Substitute Senate Bill 6273 and Substitute House Bill 1616
Legislation revised:	Chapter 70.170 RCW
Draft rule recommendations released:	October – November 2024
Interested party meetings:	November – December 2024



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