

FINAL BILL REPORT

ESHB 2341

C 103 L 12
Synopsis as Enacted

Brief Description: Concerning community benefits provided by hospitals.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Jinkins, Cody, Ladenburg, Van De Wege, Green, Reykdal, Moeller, Tharinger, McCoy, Darneille and Hunt).

House Committee on Health Care & Wellness
House Committee on Health & Human Services Appropriations & Oversight
Senate Committee on Health & Long-Term Care

Background:

Until 1973, all hospitals in Washington were exempt from property taxes. Beginning in 1973, the property tax exemption was applied to nonprofit hospitals. A 2007 report by the Joint Legislative Audit and Review Committee found that in property tax year 2006-07 nonprofit hospitals had an annual property tax savings of approximately \$47 million.

Among the requirements for obtaining nonprofit status, a hospital must provide the Washington State Department of Revenue with documentation from the federal Internal Revenue Service that the hospital is exempt from federal income taxes. Federal law requires that hospitals claiming nonprofit status must provide community benefits. The community benefit standard does not quantify a specific level of benefit to the community that must be provided by a hospital, but requires that nonprofit hospitals demonstrate they are providing sufficient benefits to the community. There are several types of community benefits that hospitals may report to satisfy this requirement, including financial assistance in the form of free or discounted health services, other than bad debt; health professions education; community health improvement services; and research.

The federal Patient Protection and Affordable Care Act changes the requirements for hospitals to qualify as nonprofit organizations. Among the new requirements, a hospital must complete a community health needs assessment every three years and adopt an implementation strategy to meet the identified community health needs. When developing a community health needs assessment, a hospital must consider input from people who represent broad interests in the community served by the hospital, including those with special knowledge or expertise in public health.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary:

As of January 1, 2013, nonprofit hospitals must make the community health needs assessments completed for the federal government widely available to the public every three years. Unless it is contained in the community health needs assessment, a nonprofit hospital must complete a detailed description of the community served by the hospital and make it available to the public. A hospital must provide both a geographic description and a description of the general population of the community served by the hospital. In addition, the description must include specific demographic information, including leading causes of death, levels of chronic illness, and descriptions of the medically underserved, low-income, minority, or chronically ill populations.

Within a year of completing the community health needs assessment, a nonprofit hospital must complete a community benefit implementation strategy and make it widely available to the public. The community benefit implementation strategy must be developed in consultation with community-based organizations and stakeholders and local public health jurisdictions. The hospital must provide a brief explanation for not accepting recommendations for community benefit proposals identified by the stakeholder process. Implementation strategies must be evidence-based, as available, or any innovative programs and practices should be supported by evaluation measures.

Votes on Final Passage:

House	63	35
Senate	42	6

Effective: June 7, 2012