
HOUSE BILL 2317

State of Washington 62nd Legislature 2012 Regular Session

By Representatives Cody, Jinkins, Dickerson, and Ormsby

Read first time 01/11/12. Referred to Committee on Health Care & Wellness.

1 AN ACT Relating to financing hospitals by the health care
2 facilities authority; amending RCW 70.37.090; reenacting and amending
3 RCW 70.37.050; and adding new sections to chapter 70.37 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 70.37 RCW
6 to read as follows:

7 (1) The total amount of outstanding indebtedness of the authority
8 with respect to hospital projects may not exceed five billion five
9 hundred million dollars at any time.

10 (2) For purposes of this section, the calculation of outstanding
11 indebtedness must include the initial principal amount of an issue and
12 may not include interest that is either currently payable or that
13 accrues as a part of the face amount of an issue payable at maturity or
14 earlier redemption. Outstanding indebtedness does not include notes or
15 bonds as to which the obligation of the authority has been satisfied
16 and discharged by refunding or for which payment has been provided by
17 reserves or otherwise.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.37 RCW
2 to read as follows:

3 (1) In addition to the terms and conditions imposed under RCW
4 70.37.060, and to further the public policy set forth in RCW 70.37.010,
5 the authority shall require participants in a hospital project to
6 agree, as minimum conditions of financing, that the hospital must:

7 (a) Provide charity care that exceeds the average expenditures for
8 charity care, as reported to the department of health, provided by the
9 peer group of hospitals in this state during the year immediately
10 preceding the year in which a financing application is submitted under
11 this chapter;

12 (b) Implement one or more programs to substantially reduce the
13 number and rate of emergency department visits for nonemergent health
14 conditions. Such programs may include, but are not limited to:

15 (i) Maintaining full-service primary care capacity outside the
16 emergency department to serve as an accessible, available alternative
17 to emergency department care for nonemergent care; or

18 (ii) Identifying persons who use the hospital's emergency room for
19 nonemergent care more than three times in a calendar year, referring
20 those persons to a willing primary care provider, and developing a plan
21 of care that addresses the need to provide care for the nonemergent
22 health conditions for which emergency department care is sought; and

23 (c) Maintain a rate of facility readmissions that is below the
24 average medicare hospital readmission rate for the peer group of
25 hospitals in this state, as calculated by the federal centers for
26 medicare and medicaid.

27 (2) This section:

28 (a) Applies only to hospital projects for which financing is
29 awarded on or after the effective date of this section.

30 (b) Does not apply to a project with total bonding issued by the
31 authority of less than ten million dollars. A participant may not
32 subdivide a project costing more than this amount for the purpose of
33 circumventing the requirements of this section.

34 (3) The authority shall verify, at least annually, that a hospital
35 meets the minimum conditions of financing under this section. A
36 participant that fails to meet the minimum conditions is subject to
37 penalties adopted by the authority by rule.

1 **Sec. 3.** RCW 70.37.050 and 1983 c 210 s 2 and 1983 c 167 s 171 are
2 each reenacted and amended to read as follows:

3 (1) The authority shall:

4 (a) Establish rules concerning its exercise of the powers
5 authorized by this chapter(~~(. The authority shall))~~); and

6 (b) Receive from applicants requests for the providing of bonds for
7 financing of health care facilities, and ((shall)) investigate and
8 determine the need and the feasibility of providing such bonds. As
9 part of its review of requests for financing awarded on or after the
10 effective date of this section, the authority must consider whether the
11 applicant:

12 (i) Agrees to, and can reasonably be expected to achieve the
13 requirements of, the financing conditions of section 2 of this act; and

14 (ii) Complied with the requirements of section 2 of this act under
15 any previous financing agreements under this chapter.

16 (2)(a) Whenever the authority deems it necessary or advisable for
17 the benefit of the public health to provide financing for a health care
18 facility, it shall adopt a financing plan therefor and shall declare
19 the estimated cost thereof, as near as may be, including as part of
20 such cost funds necessary for the expenses incurred in the financing as
21 well as in the construction or purchase or other acquisition or in
22 connection with the rental or other payment for the use thereof,
23 interest during construction, reserve funds and any funds necessary for
24 initial start-up costs, and shall issue and sell its bonds for the
25 purposes of carrying out the proposed financing plan(~~(+ PROVIDED,~~
26 That)). However, if a certificate of need is required for the proposed
27 project, no such financing plan shall be adopted until such certificate
28 has been issued pursuant to chapter 70.38 RCW (~~(by the secretary of the~~
29 department of social and health services)).

30 (b) The authority shall have power as a part of ((such)) a plan
31 adopted under this subsection to create a special fund or funds for the
32 purpose of defraying the cost of such project and for other projects of
33 the same participant subsequently or at the same time approved by it
34 and for their maintenance, improvement, reconstruction, remodeling and
35 rehabilitation, into which special fund or funds it shall obligate and
36 bind the participant to set aside and pay from the gross revenues of
37 the project or from other sources an amount sufficient to pay the
38 principal and interest of the bonds being issued, reserves and other

1 requirements of the special fund and to issue and sell bonds payable as
2 to both principal and interest out of such fund or funds relating to
3 the project or projects of such participant.

4 ((Such)) (c) Bonds issued under this subsection shall bear such
5 date or dates, mature at such time or times, be in such denominations,
6 be in such form, either coupon or registered, or both, as provided in
7 RCW 39.46.030, carry such registration privileges, be made
8 transferable, exchangeable, and interchangeable, be payable in such
9 medium of payment, at such place or places, be subject to such terms of
10 redemption, bear such fixed or variable rate or rates of interest, and
11 be sold in such manner, at such price, as the authority shall
12 determine. Such bonds ((shall)) must be executed by the chair((man)),
13 by either its duly elected secretary or its executive director, and by
14 the trustee if the authority determines to utilize a trustee for the
15 bonds. Execution of the bonds may be by manual or facsimile
16 signature(~~(: PROVIDED, That)~~); however, at least one signature placed
17 thereon ((shall)) must be manually subscribed. Any interest coupons
18 appurtenant to the bonds ((shall)) must be executed by facsimile or
19 manual signature or signatures, as the authority shall determine.

20 **Sec. 4.** RCW 70.37.090 and 1974 ex.s. c 147 s 9 are each amended to
21 read as follows:

22 The authority shall have power to:
23 (1) Require persons applying for its assistance in connection with
24 ((the investigation and financing of)) projects to pay fees and charges
25 to provide the authority with funds for: (a) Investigation((~~7~~)) and
26 financial feasibility studies((~~7~~)); (b) expenses of issuance and sale
27 of bonds; (c) review and verification of information provided to verify
28 compliance with section 2 of this act; and (d) other charges for
29 services provided by the authority in connection with such projects.
30 All other expenses of the authority including compensation of its
31 employees and consultants, expenses of administration and conduct of
32 its work and business and other expenses shall be paid out of such fees
33 and charges, out of contributions and grants to it, out of the proceeds
34 of bonds issued for projects of participants or out of revenues of such
35 projects; none of its expenses may be paid by the state of
36 Washington(~~(. The authority shall have power to))~~; and

1 (2) Establish special funds into which ((such)) money received by
2 the authority shall be ((~~received~~)) deposited and out of which it may
3 be disbursed by the persons and with the procedure and in the manner
4 established by the authority.

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