



Preserve Strategic Health Care Relationships

Background

Washington State hospitals and health systems are dedicated to providing care to their communities 24/7/365 and prioritizing access to care across the state. Ensuring this access often requires strategic relationships – including mergers and affiliations – with other hospitals or systems to create efficiencies, sustain services, ease the burden of complying with state and federal regulations, and respond to the Accountable Care Act’s push toward innovation. These arrangements – which include contractual relationships – are subject to antitrust oversight by the state Attorney General’s Office and federal antitrust agencies, the Department of Justice, and the Federal Trade Commission. The sale, purchase or lease of a hospital in Washington State is also subject to the Department of Health’s Certificate of Need review.

WSHA Position

WSHA supports the ability of hospitals and health systems to work collaboratively to create efficiencies and sustain services. These approaches have never been more important, as hospitals provide crucial services while facing the enormous financial strain imposed by the unprecedented and ongoing COVID-19 pandemic. Increased administrative burden will delay business decisions needed to sustain the financial viability of hospitals.

Key Messages

- Positive financial margins are necessary for hospitals to invest in facility upkeep, treatments, labor costs and technologies to better care for patients and build reserves to meet unexpected expenses or revenue shortfalls. Community hospitals and solo providers face continuing challenges to achieve a healthy margin.
- Provider and facility integration standardizes care across the continuum by sharing financial risk, streamlining compliance and business functions, and expanding networks to better coordinate patient care, transitions and follow-up. Younger physicians are generally looking to belong to group practices that take care of the business aspects of health care and allow for a reasonable work-life balance.
- Oversight of health care transactions and enforcement of antitrust laws must be evenly applied to all types of health care entities. This includes non-profit and for-profit entities, religious and secular entities, and care provided at the primary, sub-acute, acute, post-acute and long-term care levels.
- Integration and strategic partnerships are driven by state and federal forces, including low reimbursement by government payers, value-based and bundled payments, accountable care organizations, Medicare’s moving of more care to the outpatient setting, the complexity of billing and health information technology.

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