



Summary of SHB 1616

2022 Changes to Washington State Charity Care Law

During the 2022 legislative session WSHA actively worked with the state attorney general’s office (AGO) and other stakeholders to protect hospital interests while negotiating changes to the state’s charity care law (RCW 70.170) which will, among other things, increase the discounts hospitals are required to provide patients. Below is a summary of the changes included in SHB 1616. The new law goes into effect July 1, 2022, and the new changes are not retroactive.

Topic	Current Law	SHB 1616	New Law (<u>underlined</u> is new language)
Charity Care Discounts	<ul style="list-style-type: none"> Patients from 0-100% of the federal poverty level (FPL), based on family size and income receive free care. 101-200% FPL receive a sliding scale discount on the patient portion of the bill, which is established, and posted publicly, by each individual hospital. 	<ul style="list-style-type: none"> Establishes two tiers of hospitals, grouped by type, and establishes separate free and discounted care for each tier based on where a patient falls in the federal poverty level (FPL), based on family size and income. Posting requirements continue. 	<ul style="list-style-type: none"> See language under “discounts for hospitals in tier 1” and “discounts for hospitals in tier 2.”
Discounts in tier 1	<ul style="list-style-type: none"> Not in current law 	<ul style="list-style-type: none"> Tier 1 hospitals include hospitals owned or operated by a health system that owns or 	<u>(a) At a minimum, a hospital owned or operated by a health system that owns or operates three or more acute hospitals licensed under chapter 70.41 RCW, an acute care</u>

		<p>operates 3 or more acute care hospitals (also including Seattle Children’s Hospital, Overlake Medical Center, EvergreenHealth Kirkland, and Legacy Salmon Creek):</p> <ul style="list-style-type: none"> ○ Free care up to 300% FPL; ○ 75% discount between 301-350% FPL; ● 50% discount between 351-400% FPL. 	<p><u>hospital with over 300 licensed beds located in the most populous county in Washington, or an acute care hospital with over 200 licensed beds located in a county with at least 450,000 residents and located on Washington’s southern border shall grant charity care per the following guidelines:</u></p> <p style="padding-left: 40px;"><u>(i) All patients and their guarantors whose income is not more than 300 percent of the federal poverty level, adjusted for family size, shall be deemed charity care patients for the full amount of the patient responsibility portion of their hospital charges;</u></p> <p style="padding-left: 40px;"><u>(ii) All patients and their guarantors whose income is between 301 and 350 percent of the federal poverty level, adjusted for family size, shall be entitled to a 75 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection;</u></p> <p style="padding-left: 40px;"><u>(iii) All patients and their guarantors whose income is between 351 and 400 percent of the federal poverty level, adjusted for family size, shall be entitled to a 50 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection.</u></p>
<p>Discounts in tier 2 (those not in tier 1)</p>	<ul style="list-style-type: none"> ● Not in current law 	<ul style="list-style-type: none"> ● Tier 2 includes all other hospitals (independent and 	<p style="padding-left: 40px;"><u>(b) At a minimum, a hospital not subject to (a) of this subsection shall grant charity care per the following guidelines:</u></p>

		<p>small hospitals and behavioral health not owed by system):</p> <ul style="list-style-type: none"> ○ Free care up to 200% FPL; ○ 75% discount between 201-250% FPL; ○ 50% discount between 251-300% FPL. 	<p><u>(i) All patients and their guarantors whose income is not more than 200 percent of the federal poverty level, adjusted for family size, shall be deemed charity care patients for the full amount of the patient responsibility portion of their hospital charges;</u></p> <p><u>(ii) All patients and their guarantors whose income is between 201 and 250 percent of the federal poverty level, adjusted for family size, shall be entitled to a 75 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection;</u></p> <p><u>(iii) All patients and their guarantors whose income is between 251 and 300 percent of the federal poverty level, adjusted for family size, shall be entitled to a 50 percent discount for the full amount of the patient responsibility portion of their hospital charges, which may be reduced by amounts reasonably related to assets considered pursuant to (c) of this subsection.</u></p>
<p>Asset Consideration to reduce charity care discounts</p>	<p><i>Not in current statute, WAC requirement:</i></p> <ul style="list-style-type: none"> ● Hospitals may consider asset information to reduce sliding scale discounts for patients that are at 101% FPL or above. 	<ul style="list-style-type: none"> ● Hospitals may not consider assets for patients eligible for free care. ● Hospitals may consider the existence, availability, and value of assets for patients qualifying for discounted care (301-400% FPL for Tier 1 	<ul style="list-style-type: none"> ● See language under “discounts for hospitals in tier 1” and “discounts for hospitals in tier 2.”

		hospitals and 201-300% FPL for Tier 2 hospitals) to reduce the discount extended.	
Excluded Assets	<ul style="list-style-type: none"> • Not in current law 	<ul style="list-style-type: none"> • Specific assets may not be considered by hospitals. Those assets include: <ul style="list-style-type: none"> ○ The first \$5000 in monetary assets for an individual, \$8000 for a family of two, and \$1500 of monetary assets for each additional family member. ○ Equity in a primary residence ○ Retirement plans other than 401(k) plans ○ One motor vehicle. A second motor vehicle if it is necessary for employment or medical purposes. • Life insurance policies with a face value of \$10,000 or less. 	<p><u>(ii) If a hospital considers assets, the following types of assets shall be excluded from consideration:</u></p> <p><u>(A) The first \$5,000 of monetary assets for an individual or \$8,000 of monetary assets for a family of two, and \$1,500 of monetary assets for each additional family member. The value of any asset that has a penalty for early withdrawal shall be the value of the asset after the penalty has been paid;</u></p> <p><u>(B) Any equity in a primary residence;</u></p> <p><u>(C) Retirement plans other than 401(k) plans;</u></p> <p><u>(D) One motor vehicle and a second motor vehicle if it is necessary for employment or medical purposes;</u></p> <p><u>(E) Any prepaid burial contract or burial plot; and</u></p> <p><u>(F) Any life insurance policy with a face value of \$10,000 or less.</u></p>
Asset Documentation Restrictions	<ul style="list-style-type: none"> • Not in current law 	<ul style="list-style-type: none"> • All collection of asset information must be limited to what is reasonably necessary 	<p><u>(iii) In considering assets, a hospital may not impose procedures which place an unreasonable burden on the responsible party. Information requests from the hospital to</u></p>

		<p>and not overly burdensome for the applicant.</p> <ul style="list-style-type: none"> Hospitals are not prevented from collecting information as necessary for Medicare cost reporting. 	<p><u>the responsible party for the verification of assets shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship and may not be used to discourage application for such sponsorship. Only those facts relevant to eligibility may be verified and duplicate forms of verification may not be demanded.</u></p> <p><u>(A) In considering monetary assets, one current account statement shall be considered sufficient for a hospital to verify a patient's assets.</u></p> <p><u>(B) In the event that no documentation for an asset is available, a hospital shall rely upon a written and signed statement from the responsible party.</u></p> <p><u>(iv) Asset information obtained by the hospital in evaluating a patient for charity care eligibility shall not be used for collection activities.</u></p> <p><u>(v) Nothing in this section prevents a hospital from considering assets as required by the centers for medicare and medicaid services related to medicare cost reporting.</u></p>
Asset Policy	<ul style="list-style-type: none"> Not in current law 	<ul style="list-style-type: none"> Hospitals that choose to consider assets must have an asset policy publicly available. 	<p><u>(c)(i) If a hospital considers the existence, availability, and value of assets in order to reduce the discount extended, it must establish and make publicly available a policy on asset considerations and corresponding discount reductions.</u></p>
Assist Patients who qualify for retroactive	<ul style="list-style-type: none"> Current charity care law requires indigent patients to exhaust available third party coverage (including 	<ul style="list-style-type: none"> Hospitals must adopt procedures to identify patients eligible for retroactive Medicaid eligibility or coverage 	<p><u>The policy shall include procedures for identifying patients who may be eligible for health care coverage through medical assistance programs under chapter 74.09 RCW or the Washington health benefit</u></p>

<p>Medicaid coverage</p>	<p>Medicaid) prior to being considered for charity care.</p>	<p>on the Washington health benefit exchange.</p> <ul style="list-style-type: none"> • Hospitals must assist eligible patients in applying for Medicaid coverage. • Hospitals are not required to provide charity care coverage to patients that do not make reasonable efforts to comply with the Medicaid application process. • Hospitals may not impose unreasonable procedures on patients, taking into account any physical, mental, intellectual, or sensory deficiencies, or language barriers. This includes requiring a patient to apply that is clearly ineligible. 	<p><u>exchange and actively assisting patients to apply for any available coverage. If a hospital determines that a patient or their guarantor is qualified for retroactive health care coverage through the medical assistance programs under chapter 74.09 RCW, a hospital shall assist the patient or guarantor with applying for such coverage. If a hospital determines that a patient or their guarantor qualifies for retroactive health care coverage through the medical assistance programs under chapter 74.09 RCW, a hospital is not obligated to provide charity care under this section to any patient or their guarantor if the patient or their guarantor fails to make reasonable efforts to cooperate with the hospital's efforts to assist them in applying for such coverage. Hospitals may not impose application procedures for charity care or for assistance with retroactive coverage applications which place an unreasonable burden upon the patient or guarantor, taking into account any physical, mental, intellectual, or sensory deficiencies, or language barriers which may hinder the responsible party's capability of complying with application procedures. It is an unreasonable burden to require a patient to apply for any state or federal program where the patient is obviously or categorically ineligible or has been deemed ineligible in the prior 12 months.</u></p>
<p>Definition of "indigent persons"</p>	<p><i>Not defined in current statute, defined in current WAC:</i></p>	<ul style="list-style-type: none"> • Adds a definition of "indigent persons" to the statute to maintain charity care as a 	<p><u>"Indigent persons" are those patients or their guarantors who qualify for charity care pursuant to section 2(5) of this</u></p>

	<ul style="list-style-type: none"> • “Indigent persons’ means those patients who have exhausted any third-party sources, including medicare and medicaid, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payor.” 	resource of last resort for persons that qualify and that have exhausted any third-party coverage.	<u>act based on the federal poverty level, adjusted for family size, and who have exhausted any third-party coverage</u>
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Note: The Department of Health has yet to complete rulemaking implementing SB 6273, a law passed amending the charity care law in 2018. We anticipate further rulemaking both surrounding SB 6273 and SHB 1616. There will be more changes to the charity care rules soon.

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April 2022