
SUBSTITUTE HOUSE BILL 1865

State of Washington

58th Legislature

2003 Regular Session

By House Committee on Health Care (originally sponsored by Representatives Cody, Campbell, Morrell, Schual-Berke, Kenney, Haigh, Conway and Santos)

READ FIRST TIME 03/03/03.

1 AN ACT Relating to improving health care professional and health
2 care facility patient safety practices; amending RCW 43.70.110 and
3 43.70.250; adding new sections to chapter 43.70 RCW; adding a new
4 section to chapter 7.70 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** The legislature finds that thousands of
7 patients are injured each year in the United States as a result of
8 medical errors, and that a more comprehensive approach than looking
9 only at the fault of individual practitioners is needed to effectively
10 reduce the incidence of medical errors in our health care system.
11 Incentives should be available to encourage health care providers,
12 facilities, and health carriers to engage in proven patient safety and
13 medical error reduction efforts. Investments in proven strategies can
14 reduce medical errors, and thereby potentially reduce the need for
15 disciplinary actions against licensed health care professionals and
16 facilities, and the frequency and severity of medical malpractice
17 claims. Through the adoption of a patient safety fee to fund proven
18 patient safety and medical error reduction strategies, the legislature

1 intends to positively influence the safety and quality of care provided
2 in Washington state's health care system.

3 **Sec. 2.** RCW 43.70.110 and 1993 sp.s. c 24 s 918 are each amended
4 to read as follows:

5 (1) The secretary shall charge fees to the licensee for obtaining
6 a license. After June 30, 1995, municipal corporations providing
7 emergency medical care and transportation services pursuant to chapter
8 18.73 RCW shall be exempt from such fees, provided that such other
9 emergency services shall only be charged for their pro rata share of
10 the cost of licensure and inspection, if appropriate. The secretary
11 may waive the fees when, in the discretion of the secretary, the fees
12 would not be in the best interest of public health and safety, or when
13 the fees would be to the financial disadvantage of the state.

14 (2) Except as provided in section 4 of this act, fees charged shall
15 be based on, but shall not exceed, the cost to the department for the
16 licensure of the activity or class of activities and may include costs
17 of necessary inspection.

18 (3) Department of health advisory committees may review fees
19 established by the secretary for licenses and comment upon the
20 appropriateness of the level of such fees.

21 **Sec. 3.** RCW 43.70.250 and 1996 c 191 s 1 are each amended to read
22 as follows:

23 It shall be the policy of the state of Washington that the cost of
24 each professional, occupational, or business licensing program be fully
25 borne by the members of that profession, occupation, or business. The
26 secretary shall from time to time establish the amount of all
27 application fees, license fees, registration fees, examination fees,
28 permit fees, renewal fees, and any other fee associated with licensing
29 or regulation of professions, occupations, or businesses administered
30 by the department. In fixing said fees, the secretary shall set the
31 fees for each program at a sufficient level to defray the costs of
32 administering that program and the patient safety fee established in
33 section 4 of this act. All such fees shall be fixed by rule adopted by
34 the secretary in accordance with the provisions of the administrative
35 procedure act, chapter 34.05 RCW.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 43.70 RCW
2 to read as follows:

3 (1) For calendar years 2004 and 2005, the secretary shall increase
4 the licensing fee established under RCW 43.70.110 for health care
5 professionals and facilities designated in subsection (2) of this
6 section by one percent of the amount of the applicable annual licensing
7 fee. Proceeds of the patient safety fee must be dedicated to patient
8 safety and medical error reduction efforts that have been proven to
9 improve the quality of care provided by health care professionals and
10 facilities.

11 (2) Health care professionals and facilities subject to the one
12 percent patient safety fee include:

13 (a) Health care professionals licensed under Title 18 RCW; and

14 (b) Hospitals licensed under chapter 70.41 RCW and psychiatric
15 hospitals licensed under chapter 71.12 RCW.

16 (3) Patient safety fee proceeds shall be administered by the
17 department of health, in consultation with established patient safety
18 coalitions. Proceeds will be distributed in the form of grants, loans,
19 or other appropriate arrangements to support strategies that have been
20 proven to reduce medical errors and enhance patient safety. In
21 developing criteria for the award of grants, loans, or other funding
22 arrangements under this section, the department shall:

23 (a) Consult with established patient safety coalitions and health
24 care workers engaged in direct patient care activities; and

25 (b) Rely heavily upon evidence-based practices that have been shown
26 to improve patient safety and have been identified and recommended by
27 governmental and private organizations, including but not limited to:

28 (i) The federal agency for health care quality and research;

29 (ii) The federal institute of medicine;

30 (iii) The joint commission on accreditation of health care
31 organizations; and

32 (iv) The national quality forum.

33 NEW SECTION. **Sec. 5.** A new section is added to chapter 7.70 RCW
34 to read as follows:

35 (1) One percent of the present value of the settlement or judgment
36 in any action for damages based upon injuries resulting from health
37 care that is paid to an injured claimant in calendar year 2004 or 2005

1 shall be deducted from the settlement or judgment as a patient safety
2 set aside. Proceeds of the patient safety set aside will be
3 distributed by the department of health in the form of grants, loans,
4 or other appropriate arrangements to support strategies that have been
5 proven to reduce medical errors and enhance patient safety as provided
6 in section 4 of this act.

7 (2) Patient safety set asides shall be transmitted to the secretary
8 of the department of health for deposit into the patient safety account
9 established in section 7 of this act.

10 (3) The supreme court shall by rule adopt procedures to implement
11 this section.

12 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.70 RCW
13 to read as follows:

14 The secretary may solicit and accept grants or other funds from
15 public and private sources to support patient safety and medical error
16 reduction efforts under this act. Any grants or funds received may be
17 used to enhance these activities as long as program standards
18 established by the secretary are maintained.

19 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.70 RCW
20 to read as follows:

21 The patient safety account is created in the custody of the state
22 treasurer. All receipts from the fees and set aside established in
23 sections 4 and 5 of this act must be deposited into the account.
24 Expenditures from the account may be used only for the purposes of this
25 act. Only the secretary or the secretary's designee may authorize
26 expenditures from the account. The account is subject to allotment
27 procedures under chapter 43.88 RCW, but an appropriation is not
28 required for expenditures.

29 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.70 RCW
30 to read as follows:

31 By December 1, 2006, the department shall report the following
32 information to the governor and the health policy and fiscal committees
33 of the legislature:

34 (1) The amount of patient safety fees and set asides deposited to
35 date in the patient safety account;

1 (2) The criteria for distribution of grants and loans under this
2 act; and

3 (3) A description of the medical error reduction and patient safety
4 grants and loans distributed to date, including their desired
5 objectives, activities, timelines, and any available information on
6 outcomes.

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