



February 14, 2024

House Committee on Civil Rights & Judiciary
House Hearing Room A
John L. O'Brien Building
Olympia, WA

RE: House Committee on Civil Rights & Judiciary Public Hearing on SB 5241

Dear Chair Taylor and Honorable Members of the House Committee on Civil Rights & Judiciary,

Thank you to the committee for the opportunity to provide testimony **in support of SB 5241**, providing important oversight of health care mergers and acquisitions to ensure Washingtonians are protected from the [negative impacts](#) of health care consolidation. United States of Care (USofCare) is a non-partisan, non-profit organization working to ensure [everyone](#) has access to quality, affordable health care, regardless of health status, social need, or income. We work in states across the country to develop pragmatic policy solutions that are designed to respond to the needs of people. In Washington, we have supported the state's efforts to expand access to coverage and improve affordability for Washingtonians through the development of the Cascade Care and Select programs. In the other states we work in, we often highlight Washington as a pioneer in providing high-quality health care, addressing health disparities, and increasing affordability for people.

One of the main drivers of increasing health care costs can be traced to both vertical and horizontal [health care consolidation](#) in Washington and nationwide. Data shows just how much health care consolidation has increased:

- Between 2012 and 2018, total shares of physician practices owned by hospitals rose from [14% to 31%](#) nationally.
- Between 2013 and 2016, private equity firms acquired [355](#) physician practices, targeting an array of specialties.
- Of the 1,500 hospitals targeted for a merger or acquisition between 2010 and 2019, [55%](#) were located in different commuting zones and [21%](#) in different states than the acquiring system.

This trend can also be seen in Washington – the number of hospital beds in the state that were part of a larger health system skyrocketed between 2007 and 2017, jumping from 27% to 73%. Both vertical and horizontal health care consolidation has led to less competition and [higher prices](#) for patients, usually with no corresponding increase in [quality of care](#).

Despite the negative impacts of consolidation on the cost, quality and access to care for Washingtonians, health entities operating in the state are currently subject to little oversight of their consolidation transactions, like mergers or acquisitions. SB 5241 offers a solution to

protect Washingtonians from the effects of corporate – rather than community – values by increasing transparency and oversight and requiring approval for health care material change transactions, effectively addressing both horizontal and vertical consolidation efforts. Providing the Attorney General with the ability to consider the impact the merger or acquisition has on people, including ensuring robust access to important health care services and maintained affordability will help the state move closer to providing the transparency in health care that people demand. In addition, the bill's stakeholder engagement and health equity assessment process helps ensure health care entities in Washington are held accountable to serve the needs of their community. Finally, the authorization of regular studies on the impacts of health entity mergers and acquisitions in Washington will help to guide policymaker's action on additional meaningful solutions to address the negative impacts of vertical and horizontal consolidation on Washington residents.

By passing SB 5241, Washington has the opportunity to join the [13 states](#) with laws requiring state entity or Attorney General review and approval of some or all health care transactions which takes into consideration the impact on health care access and affordability. These state's health care transaction review laws vary in review criteria and authority. Many provisions in SB 5241 mirror one of the most comprehensive health care merger review processes in the country, created in neighboring Oregon with the passage of [HB 2362](#) in 2021, while going even further to take into consideration the unique needs of Washingtonians from their health care providers.

We thank the committee for your commitment to ensuring Washington residents are able to access the services they need to keep themselves and their families healthy. **United States of Care is supportive of HB 1957 and strongly encourages the committee to vote in favor of this bill.** We thank the committee for its work on this issue and urge the committee to consider United States of Care a resource moving forward. Please do not hesitate to reach out if you have any questions.

Sincerely,

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