Washington State Hospital Association

NoHLA
Northwest Health Law Advocates

2026 Legislative Session Key health care budget & policy results

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WSSHA Spring Presentation

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WSHA Mission:

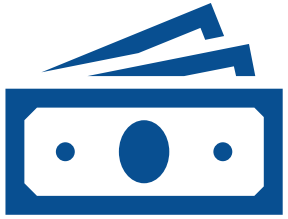
- The Washington State Hospital Association advocates for and provides value to members in achieving their missions.

NoHLA Mission:

- NoHLA is working to achieve a health care system in which all Washington residents receive quality, affordable health care.

Today's Objectives

Overview of the 2026 legislative session



Discuss specific health care related policy and budget bills

What we expect looking ahead to 2027 legislative session

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Context for the 2026 State Legislative Session

- Short session
- State facing large budget deficit
- Governor proposed almost all cuts budget
- Non-health care priorities of the legislature:
  - Face coverings for ICE
  - Automated license plate readers
  - Mandatory arbitration
  - Restrictions on employer-implanted microchips
- Hospitals facing major cuts/taxes enacted in 2025
- HR 1 had not passed when 2025 session adjourned
- Hospital sector lost the most jobs (1600) in most recent state economic forecast

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Timeline and WA impact of H.R. 1 health care coverage losses

What is happening?	How many Washingtonians affected?	When?
People with Exchange plans lost enhanced premium tax credits	216,000 (40-80K expected to be priced out)	Jan. 2026
Lawfully present immigrants under the poverty level lost Exchange federal premium tax credits & cost-sharing reductions	10,000	Jan. 2026
Lawfully present immigrants* lose Medicaid	20,000 (including 2,700 losing long-term care)	Oct. 2026
Lawfully present immigrants* lose Medicare	unknown	July 2026 would-be new eligibles; Jan. 2027 for existing eligibles
Lawfully present immigrants* over the poverty level lose Exchange federal premium tax credits & cost-sharing reductions	15,000	Jan. 2027
Medicaid Expansion community engagement (work reporting) requirements and other eligibility and enrollment requirements (e.g., semi-annual redeterminations; retroactive coverage reductions) go into effect	200,000-250,000	Jan. 2027
Medicaid cost-sharing requirements go into effect	78,000	Oct. 2028
In addition to these coverage losses, H.R. 1 is expected to result in billions of reduced revenue to WA health providers & systems.		

*Naturalized citizens, green card holders, COFA islanders, and Cuban/Haitian entrants remain eligible

High-Level Session Outcomes: Bills & Budget

Bills

- 267 bills passed the Legislature, far fewer than usual

Budget

- Budget draws on the Rainy Day Fund
- Balanced to two-year biennium rather than 4-year outlook
- Few new investments - only $621M for new policy
- Targeted cuts to health, human services, early learning and education - but worst cuts spared

Budget Outlook and Negotiations

Budget Proposals

Gov. Ferguson's proposed budget:

- No relief on hospital cuts and taxes enacted in the 2025 budget
- Additional ~$58 million cut to hospitals through 'site neutral' Medicaid payment policy and shifting Medicaid pharmacy benefit to managed care
- Little investment in mitigating coverage losses from HR 1

House & Senate proposed budgets:

- Did not include Gov. Ferguson's cuts
- House proposed eliminating Medicaid coverage of PT/OT/ST for adults
- Different levels of investment in mitigating coverage losses – both insufficient compared to need

Final 2025-27 Budget

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Appropriates $80.2 billion in general funds.

Avoided major cuts to health care. Most significant items impacting health care include:

- **Level-funded premium assistance** for people buying insurance from the Washington Health Benefits Exchange. ($25 million total)
- Changes to the **Apple Health Expansion program** (–$28 million state/total) – but 5,000 new slots starting 1/1/27
- **Funding for HR 1 Medicaid eligibility changes** ($2.5 million state, $14.6 million total)
- Funds 1,191 state **long-term care** slots starting 10/1/26

Revenue Raising Measures

- **Millionaires' Tax (SB 6346) - Passed**
  - 9.9% tax on personal income above $1 M. **Effective January 1, 2028, first payments due in 2029**
  - **Hospital/health system tax relief:** Includes a 1-year early repeal (2029)of the 0.5% B&O tax surcharge on hospitals and providers with annual revenue above $250 million
  - **Broad tax relief:** Repeals new sales taxes on services, starting January 2029

- **Insurer B&O Exemption (HB 2487):** Clarifies that insurers are only exempted from the B&O tax on insurance business for which they pay the premium tax, rather than ancillary lines of business **– Passed**

- **Abortion Savings Program (SB 6182):**Establishes an annual assessment on Exchange health plans to fund DOH grants that support abortion services for patients that are uninsured, underinsured, or have insurance barriers – **Passed**

- **Rx Warehousing/Reselling (SB 6228):** Removes a tax exemption for the warehousing/reselling of prescription drugs and provides a tax preference for critical access pharmacies – **Passed**

Revenue Raising Measures

- **Payroll Tax (HB 2100):** 5% tax paid by businesses on employee wages over $125,000/year **- Failed**
- **Apple Health Employer Assessment (SB 6173/HB 2300)** Tax paid by businesses to cover the cost of health care for Medicaid expansion enrollees employed by the business **- Failed**
- **Funding health insurance premium assistance** (**HB 2073/SB 5808)** Would have require nonprofit health carriers to pay a portion of any excessive surplus to the OIC to help fund premium assistance **- Failed**
- **Increasing the insurance premium tax on certain health insurance providers** (**HB 2626**) – Would have increased HMO insurance premium tax by 1% to help fund premium assistance, created a new premium tax on disability insurers, and removed a premium tax exemption for dentistry services payments **- Failed**
- **Increasing temporarily insurance premium taxes to fund health insurance premium assistance** (**HB 2745**) - Would have temporarily increased the premium tax by 0.75% in 2026 to help fund premium assistance **– Failed**
- **Increasing access & resources for behavioral health emergency services providers by imposing a covered lives assessment** (HB 2720) – Would have established a tax on specified health plans to help fund crisis services **– Failed**

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2026 Significant Bills

Mergers/Strengthening Marketplace Standards (HB 2548)

Signed into law

Expands the types of transactions subject to pre-transaction notice (RCW 19.390)

Establishes fees for transaction review

Requires Attorney General to publicly post transaction information

Enact Prior Authorization Transparency and Modifications (SB 5395)

Signed into law

Establishes new guardrails on prior authorization decisions to ensure clinical review and greater accountability from state-regulated private health plans

Limits the use of AI in coverage determinations

Prohibits retrospective denials and modifications after care has been approved and delivered

Modernizes Carrier Timely Payment Requirements (SB 5845)

Signed into law

Applies to health plans filed or renewed by January 1, 2027.

Requires health plans to pay clean claims in 30 days

New requirements for unclean claims

Creates tiered interest payments and administrative penalties for failing to meet timelines included in the law

Reduces the time-frame for carriers to request payment refunds from providers from 24 months to 12 months

Protect 340B Access for Patients and Communities (SB 5981)

Signed into law

Effort to protect 340B drug discount program

Prohibits drug manufacturers from limiting sales or applying onerous reporting to 340B entities or their contract pharmacies

Requires covered entity and drug manufacturer reporting to the state

Creating Network Adequacy Standards for Post-Acute Care (SB 5124)

Signed into law

Directs the HCA to establish network adequacy standards for post-acute care services by Medicaid Managed Care Organizations (MCOs) by 2028

Applies to inpatient rehabilitation hospitals and skilled nursing facilities

More Flexible Supervision for IV Contrast Administration (HB 2113)

Signed into law

Allows physicians to provide virtual direct supervision and for ARNPs and PAs to provide in-person direct supervision of radiologic technologists who perform IV contrast procedures

Brings Washington in closer alignment with CMS standards

ICE in areas of public accommodation (SB 5906)

Did not pass

Limits information sharing with immigration authorities in hospitals and other public places

Requires a judicial warrant for ICE to access nonpublic areas

Adds notification requirements when ICE activity occurs

Preserving access to preventive health services (HB 2242)

Signed into law

Allows DOH, using evidence-based methods, to recommend preventive health services

Governor/OIC request legislation

Noncompetition agreements (HB 1155)

Signed into law

Bans nearly all noncompete agreements for employees and contractors in the state

Makes all existing noncompete agreements void and unenforceable after June 30, 2027

Corporate practice of medicine (SB 5387)

Did not pass

Bans the corporate practice of medicine unless operated through a professional service corporation or LLC

Prevents those who are not licensed health care professionals from having influence over clinical decisions

Hospital inspections (HB 2577)

Signed into law

More closely aligns state and CMS inspection timelines

Strengthens DOH enforcement and requires a 2-week window and post hospital inspection meeting before final report

Medical cannabis (HB 2152)

Signed into law

Requires hospitals, nursing homes, and hospice to allow medical-cannabis use for terminal patients

Sets facility standards for medical-cannabis policies, including use documentation, storage and provider limitations

IV Phthalates (HB 2402)

Did not pass

Restricts the use of IV bags and tubing containing phthalates

Targets IV supplies used across hospital and health care facilities

Patient advocates (SB 5823)

Did not pass

Requires hospitals to allow patient-designated advocates

Sets expectations for how hospitals communicate and work with advocates

AI transparency (HB 1170)

Signed into law

Requires disclosure when AI is used for content in automated decision-making systems

Directs government agencies to inform consumers when AI tools are part of the process

AI consumer protections (SB 6284)

Did not pass

Establishes risk-management requirements for the use of high-risk AI systems

Extends the sunset date of the artificial intelligence task force and creates a workplace advisory group

Companion AI chat bots (HB 2225)

Did not pass

Requires AI companion-chatbots to display safeguards when used by minors

Directs companion-chatbot providers to create systems to respond to indications of self-harm

High-risk AI (HB 2157)

Did not pass

Targets “high-risk” AI systems with new safety rules

Sets transparency and risk-management obligations for developers/deployers of high-risk AI systems

Other bills

Bill Number	Bill Title	Status
HB 1187	Delayed ambulance bills	Signed into law
HB 1496	Medical records fee caps	Did not pass
HB 2105	Immigrant worker protections	Signed into law
HB 2106	Insurer contract changes	Did not pass
HB 2110	EMS staffing for interfacility transports	Signed into law
HB 2122	Flu vaccines in hospitals	Did not pass
HB 2156	AGO investigator authority	Signed into law
HB 2176	PRA protection, collective drug therapy agreements	Did not pass
HB 2232	Cardiac/stroke	Did not pass
HB 2250	Charity care geographic restrictions	Did not pass
HB 2254	Partnership Access Line (PAL) administrative costs (HCA request)	Signed into law

Bill Number	Bill Title	Status
HB 2255	Litigation finance (LRC attempt)	Did not pass
HB 2429	CYBHWG/CYBHLC – WA Thriving strategic plan	Signed into law
HB 2432	Mandatory rabies vaccine at hospitals	Did not pass
HB 2442	Providing local governments tax resources and fund flexibility	Signed into law
HB 2585	Establishes the state false claims act	Signed into law
HB 2613	Pharmacy compounding	Did not pass
HB 2685	Tribal data	Did not pass
SB 5847	Worker's compensation	Signed into law
SB 5837	Guardianship (supported decision maker provisions)	Signed into law
SB 5917	Access to medication abortions	Signed into law

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Bill Number	Bill Title	Status
SB 5925	AGO powers and duties	Signed into law
SB 5993	Medical debt interest	Did not pass
SB 6002	Automatic license plate readers (incl. health facilities)	Signed into law
SB 6025	Updating the definition of fetal death	Signed into law
SB 6103	Payments for services provided by a rural emergency hospital	Signed into law
SB 6183	Coverage for HIV antiviral drugs	Signed into law
SB 6210	Health plan certification	Did not pass
SB 6296	Involuntary treatment act	Did not pass

Looking Ahead

2026 is an election year; look for important retirements

Many bills defeated in 2026 Session are expected to return in 2027

2027 is a biennial budget writing year

Funding to mitigate HR 1 coverage losses and Medicaid cuts was not addressed in 2026

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Questions?

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Thank you!