

SENATE BILL REPORT

SB 5363

As Reported By Senate Committee On:
Health & Long-Term Care, February 8, 2001

Title: An act relating to providing state medical assistance reimbursements for small, rural hospitals that meet the criteria of a critical access hospital.

Brief Description: Providing medical assistance reimbursements for small, rural hospitals.

Sponsors: Senators Thibaudeau, Parlette, Hewitt, Morton, Costa, Snyder, Hochstatter, Honeyford and Sheahan.

Brief History:

Committee Activity: Health & Long-Term Care: 2/1/01, 2/8/01 [DP].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Deccio, Fraser, Parlette and Winsley.

Staff: Jonathan Seib (786-7427)

Background: Through the Critical Access Hospital Program, the federal Health Care Financing Administration uses a cost-based approach to reimburse certain rural hospitals for services provided to Medicare clients. This program, after certifying that a hospital meets the specified eligibility criteria, provides the hospital with a higher rate of reimbursement than is otherwise paid under Medicare. A similar program does not exist under the programs of the state's Medical Assistance Administration, including Medicaid.

The state's Medicaid program pays for hospital services on both a fee-for-service basis and through capitated contracts with managed care plans, who themselves negotiate reimbursement rates directly with participating hospitals.

Summary of Bill: Hospitals certified as critical access hospitals by the Health Care Financing Administration are to be reimbursed based on allowable costs for services provided to enrollees in the state's medical assistance programs. Additional amounts paid by the state for a service to a Medicaid managed care enrollee must be no more than the additional amount paid for that service for other Medicaid enrollees.

The program must be implemented within 60 days of the effective date of the act.

If funding for the act is not contained in the operating budget, the act is null and void.

Appropriation: None.

Fiscal Note: Requested on January 28, 2001.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Rural hospitals are faced with significant financial difficulties. The additional reimbursement provided under this bill would help address this problem. Absent the bill, services will have to be curtailed, most likely related to emergency care.

Testimony Against: None.

Testified: PRO: Mike Miltermood, Coulee Community Hospital; Lisa Thatcher, Brenda Suitor, Washington State Hospital Association