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**Ways & Means Committee**

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**HB 2130**

**Brief Description:** Eliminating cost-based reimbursement for critical access hospitals.

**Sponsors:** Representatives Cody and Hunter; by request of Health Care Authority.

**Brief Summary of Bill**

- Requires the Health Care Authority to specify in rule the methodology for paying critical access hospitals for services provided to clients of state medical assistance programs.
- Removes critical access hospitals from the definition of “prospective payment system hospitals” for purposes of the Hospital Safety Net Assessment program.

**Hearing Date:** 12/2/11

**Staff:** Erik Cornellier (786-7116).

**Background:**

Medical assistance is available to eligible low-income state residents and their families from the Health Care Authority (HCA), primarily through the Medicaid program.

The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program. The program allows more flexibility in staffing and simplified billing methods, and it creates incentives to integrate health delivery systems. Washington currently has 38 hospitals certified as critical access hospitals. Payments to critical access hospitals under Washington’s medical assistance programs are based on allowable costs. Larger urban private hospitals are reimbursed under the Prospective Payment System for inpatient services and the Outpatient Prospective Payment System for outpatient services.

Pursuant to Chapter 30, Laws of 2010, Engrossed Second Substitute House Bill 2956, hospital provider assessments are imposed on most hospitals and proceeds from the assessments are deposited into the Hospital Safety Net Assessment Fund (Fund). Money in the Fund may be

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used for various increases in hospital payments. The levels of the assessments and payments vary depending on the type of hospital.

**Summary of Bill:**

The HCA must specify in rule the methodology for paying critical access hospitals for services provided to clients of state medical assistance programs.

Critical access hospitals are excluded from the definition of “prospective payment system hospitals” for purposes of the Hospital Safety Net Assessment program.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.