

# SENATE BILL REPORT

## ESSB 6570

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As Passed Senate, March 4, 2014

**Title:** An act relating to adjusting timelines regarding the hospital safety net assessment.

**Brief Description:** Adjusting timelines for fiscal year 2014 relating to the hospital safety net assessment.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Becker, Keiser, Hargrove, Braun, Hill and Ranker; by request of Health Care Authority).

**Brief History:**

**Committee Activity:** Ways & Means: 2/25/14, 2/26/14 [DPS, w/oRec].

Passed Senate: 3/04/14, 42-5.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6570 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hill, Chair; Honeyford, Capital Budget Chair; Hargrove, Ranking Member; Ranker, Assistant Ranking Member on the Operating Budget; Bailey, Becker, Billig, Braun, Conway, Dammeier, Hasegawa, Hatfield, Hewitt, Kohl-Welles, Parlette, Rivers, Schoesler and Tom.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Padden.

**Staff:** Michael Bezanson (786-7449)

**Background:** Provider charges, either assessments, fees, or taxes, have been used by some states to help fund the costs of the Medicaid program. Under federal rules, this would include any mandatory payment where at least 85 percent of the burden falls on health care providers. States collect funds from providers and pay them back as Medicaid payments, and states can claim the federal matching share of those payments.

The Legislature first created a Hospital Safety Net Assessment (HSNA) program in 2010. The program was set to expire on July 1, 2013. In the 2013 legislative session, the Legislature extended and modified the HSNA program in Engrossed Substitute Senate Bill 5913 (ESSB 5913).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

In ESSB 5913, assessments are imposed on most hospitals, and proceeds from the assessments are deposited into the HSNA Fund (Fund). Money in the Fund may be used for various payments to hospitals, including supplemental payments and increased managed care payments for hospital services. The assessments, supplemental payments, and increased managed care payments phase down to zero by July 1, 2019. The sum of \$199.8 million in the 2013-15 biennium may be expended from the Fund in lieu of General Fund-State payments to hospitals. That amount also phases down to zero by July 1, 2019.

ESSB 5913 contained an emergency clause and was effective July 1, 2013. The legislation directs the Health Care Authority (HCA) to begin charging assessments in quarterly installments beginning on July 1, 2013. The HCA did not begin collecting assessments until October 1, 2013 due to a delay in receiving federal approval for the program. As a result, the delay will increase General Fund-State spending by approximately \$25 million from enacted budget levels.

**Summary of Engrossed Substitute Bill:** HCA is directed to collect all of fiscal year 2014's assessments between October 1, 2013, and June 30, 2014.

The timing for charging assessments and making supplemental payments and increased managed care payments is adjusted to reflect the October 1, 2013, start date.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** This bill contains an effective clause and takes effect immediately.

**Staff Summary of Public Testimony:** PRO: We support this bill. HCA did not get federal approval in time. Without this bill the state loses money and hospitals lose money. We assisted in drafting this bill as a technical fix and support it as a technical fix. HCA supports this bill and the bill would allow us to implement a program we have federal approval to do. We did apply for the program timely but did not receive approval in a timely fashion.

**Persons Testifying:** PRO: Len McComb, WA State Hospital Assn.; Susan Lucas, HCA.