

---

**Health Care & Wellness Committee**

---

**HB 1520**

**Brief Description:** Allowing alternative payment methodologies for critical access hospitals participating in the Washington rural health access preservation pilot.

**Sponsors:** Representatives Tharinger, Short, Cody, Schmick and Springer.

**Brief Summary of Bill**

- Requires that medical assistance payments to critical access hospitals participating in the Washington Rural Health Access Preservation project be established at a level sufficient to sustain essential services to the community.

**Hearing Date:** 2/7/17

**Staff:** Chris Blake (786-7392).

**Background:**

There are 39 hospitals in Washington that are certified as critical access hospitals. These are hospitals with 25 beds or less that are generally located in rural areas. They must deliver continuous emergency department services and they may not have an average length of stay of more than 96 hours per patient. The Critical Access Hospital program allows hospitals under Washington's medical assistance programs to receive payment for hospital services based on allowable costs and to have more flexibility in staffing.

The Department of Health and the Health Care Authority, in collaboration with the Washington State Hospital Association, have formed the Washington Rural Health Access Preservation (WRHAP) project to examine different structures for payment and care delivery for critical access hospitals. The WRHAP project expects to create a new facility type that would allow rural critical access hospitals to scale their services to the needs and care patterns of the communities. An interim progress report on the WRHAP project is due to the Legislature by December 1, 2018.

---

*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.*

**Summary of Bill:**

It is clarified that the cost-based method for reimbursing critical access hospitals under medical assistance programs does not apply to critical access hospitals participating in the Washington Rural Health Access Preservation (WRHAP) pilot.

Payments for services delivered by public health care service districts participating in the WRHAP pilot must be sufficient to sustain essential services to the community, including emergency and primary care services. The reimbursement methodology must adjust payment amounts based upon quality and value, rather than volume, and the Health Care Authority must encourage other health care payers to adopt the methodology.

**Appropriation:** None.

**Fiscal Note:** Requested on February 1, 2017.

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