

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1520

65th Legislature
2017 Regular Session

Passed by the House April 13, 2017
Yeas 96 Nays 0

Speaker of the House of Representatives

Passed by the Senate April 11, 2017
Yeas 49 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1520** as passed by House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1520

AS AMENDED BY THE SENATE

Passed Legislature - 2017 Regular Session

State of Washington 65th Legislature 2017 Regular Session

By House Appropriations (originally sponsored by Representatives Tharinger, Short, Cody, Schmick, and Springer)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to allowing alternative payment methodologies for
2 critical access hospitals participating in the Washington rural
3 health access preservation pilot; amending RCW 74.09.5225; and
4 creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 74.09.5225 and 2016 sp.s. c 31 s 2 are each amended
7 to read as follows:

8 (1) Payments for recipients eligible for medical assistance
9 programs under this chapter for services provided by hospitals,
10 regardless of the beneficiary's managed care enrollment status, shall
11 be made based on allowable costs incurred during the year, when
12 services are provided by a rural hospital certified by the centers
13 for medicare and medicaid services as a critical access hospital,
14 unless the critical access hospital is participating in the
15 Washington rural health access preservation pilot described in
16 subsection (2)(b) of this section. Any additional payments made by
17 the authority for the healthy options program shall be no more than
18 the additional amounts per service paid under this section for other
19 medical assistance programs.

20 (2)(a) Beginning on July 24, 2005, except as provided in (b) of
21 this subsection, a moratorium shall be placed on additional hospital

1 participation in critical access hospital payments under this
2 section. However, rural hospitals that applied for certification to
3 the centers for medicare and medicaid services prior to January 1,
4 2005, but have not yet completed the process or have not yet been
5 approved for certification, remain eligible for medical assistance
6 payments under this section.

7 (b)(i) The purpose of the Washington rural health access
8 preservation pilot is to develop an alternative service and payment
9 system to the critical access hospital authorized under section 1820
10 of the social security act to sustain essential services in rural
11 communities.

12 (ii) For the purposes of state law, any rural hospital approved
13 by the department of health for participation in critical access
14 hospital payments under this section that participates in the
15 Washington rural health access preservation pilot identified by the
16 state office of rural health and ceases to participate in critical
17 access hospital payments may renew participation in critical access
18 hospital associated payment methodologies under this section at any
19 time.

20 (~~(ii)~~) (iii) The Washington rural health access preservation
21 pilot is subject to the following requirements:

22 (A) In the pilot formation or development, the department of
23 health, health care authority, and Washington state hospital
24 association will identify goals for the pilot project before any
25 hospital joins the pilot project;

26 (B) Participation in the pilot is optional and no hospital may be
27 required to join the pilot;

28 (C) Before a hospital enters the pilot program, the health care
29 authority must provide information to the hospital regarding how the
30 hospital could end its participation in the pilot if the pilot is not
31 working in its community; (~~and~~)

32 (D) Payments for services delivered by public health care service
33 districts participating in the Washington rural health access
34 preservation pilot to recipients eligible for medical assistance
35 programs under this chapter must be based on an alternative, value-
36 based payment methodology established by the authority. Subject to
37 the availability of amounts appropriated for this specific purpose,
38 the payment methodology must provide sufficient funding to sustain
39 essential services in the areas served, including but not limited to
40 emergency and primary care services. The methodology must adjust

1 payment amounts based on measures of quality and value, rather than
2 volume. As part of the pilot, the health care authority shall
3 encourage additional payers to use the adopted payment methodology
4 for services delivered by the pilot participants to individuals
5 insured by those payers;

6 (E) The department of health, health care authority, and
7 Washington state hospital association will report interim progress to
8 the legislature no later than December 1, 2018, and will report on
9 the results of the pilot no later than six months following the
10 conclusion of the pilot. The reports will describe any policy changes
11 identified during the course of the pilot that would support small
12 critical access hospitals; and

13 (F) Funds appropriated for the Washington rural health access
14 preservation pilot will be used to help participating hospitals
15 transition to a new payment methodology and will not extend beyond
16 the anticipated three-year pilot period.

17 (3)(a) Beginning January 1, 2015, payments for recipients
18 eligible for medical assistance programs under this chapter for
19 services provided by a hospital, regardless of the beneficiary's
20 managed care enrollment status, shall be increased to one hundred
21 twenty-five percent of the hospital's fee-for-service rates, when
22 services are provided by a rural hospital that:

23 (i) Was certified by the centers for medicare and medicaid
24 services as a sole community hospital as of January 1, 2013;

25 (ii) Had a level III adult trauma service designation from the
26 department of health as of January 1, 2014;

27 (iii) Had less than one hundred fifty acute care licensed beds in
28 fiscal year 2011; and

29 (iv) Is owned and operated by the state or a political
30 subdivision.

31 (b) The enhanced payment rates under this subsection shall be
32 considered the hospital's medicaid payment rate for purposes of any
33 other state or private programs that pay hospitals according to
34 medicaid payment rates.

35 (c) Hospitals participating in the certified public expenditures
36 program may not receive the increased reimbursement rates provided in
37 this subsection (3) for inpatient services.

38 NEW SECTION. Sec. 2. If specific funding for the purposes of
39 this act, referencing this act by bill or chapter number, is not

1 provided by June 30, 2017, in the omnibus appropriations act, this
2 act is null and void.

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