

# HOUSE BILL REPORT

## HB 1534

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**As Passed House:**  
March 1, 2019

**Title:** An act relating to psychiatric payments under medical assistance programs for certain rural hospitals that are not designated as critical access hospitals, do not participate in the certified public expenditure program, have less than fifty acute care beds, and have combined medicare and medicaid inpatient days greater than fifty percent of total days.

**Brief Description:** Concerning psychiatric payments under medical assistance programs for certain rural hospitals that are not designated as critical access hospitals, do not participate in the certified public expenditure program, have less than fifty acute care beds, and have combined medicare and medicaid inpatient days greater than fifty percent of total days.

**Sponsors:** Representatives Dufault, Cody, Chandler, Mosbrucker, Chapman, Corry, Leavitt and Steele.

**Brief History:**

**Committee Activity:**

Appropriations: 2/4/19, 2/14/19 [DP].

**Floor Activity:**

Passed House: 3/1/19, 94-0.

**Brief Summary of Bill**

- Requires the Health Care Authority to increase psychiatric per diem payments for hospitals that meet certain criteria.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 33 members: Representatives Ormsby, Chair; Bergquist, 2nd Vice Chair; Robinson, 1st Vice Chair; Stokesbary, Ranking Minority Member; MacEwen, Assistant Ranking Minority Member; Rude, Assistant Ranking Minority Member; Caldier, Chandler, Cody, Dolan, Dye, Fitzgibbon, Hansen, Hoff, Hudgins, Jinkins, Kraft, Macri, Mosbrucker, Pettigrew, Pollet, Ryu, Schmick, Senn, Springer, Stanford, Steele, Sullivan, Sutherland, Tarleton, Tharinger, Volz and Ybarra.

**Staff:** Catrina Lucero (786-7192).

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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.*

**Background:**Psychiatric Inpatient Payments to Hospitals.

The Health Care Authority pays for Medicaid psychiatric inpatient services using a per diem payment method. Hospitals are paid either a statewide average rate or a provider-specific rate. Hospitals must have a full year of cost report data to be eligible to receive a provider-specific rate. Per diem rates are only updated during a detailed rebasing process or as directed by the Legislature. The most recent rebase was in fiscal year 2014. The Legislature increased per diem rates for hospitals with 200 or more bed days during the 2017 Legislative Session. Priority was given to hospitals not currently paid based on provider-specific costs.

Critical Access Hospitals.

Washington has 39 hospitals certified as critical access hospitals (CAH). A CAH must have 25 beds or less and be located in a rural area. 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 CAH 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.

Certified Public Expenditure Program.

Certified Public Expenditure (CPE) programs allow public providers of medical services to certify their expenses as the non-federal share in order to receive Medicaid matching dollars, which means that the state does not have to contribute the matching share of these expenditures. These CPE programs can be combined with supplemental payments to provide additional funding to public providers without incurring additional state costs. There are currently 10 hospitals participating in the CPE program.

**Summary of Bill:**

The Health Care Authority must increase Medicaid psychiatric per diem payments to an amount sufficient to ensure that services are provided. To be eligible for the rate increase, hospitals must:

1. be designated as a rural hospital by the Department of Health;
2. have less than 50 staffed acute care beds;
3. not currently be designated or eligible for designation as a critical access hospital;
4. not participate in the Certified Public Expenditure program; and
5. have a combined Medicare and Medicaid inpatient days greater than 50 percent of total days.

The rate increase expires on June 30, 2019.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) This will fill a gap in psychiatric care in rural Washington where there is a need for these services. The 10-bed facility would provide services to clients with mental health needs in their own community and adjacent to their support networks. The current reimbursement rate is below the rate for other similarly located hospitals. This rate increase is necessary to ensure that the 10-bed unit opens and is reimbursed at an appropriate level.

(Opposed) None.

**Persons Testifying:** Representative Dufault, prime sponsor; and Roman Daniels-Brown, Astria Toppenish Hospital.

**Persons Signed In To Testify But Not Testifying:** None.