

# SENATE BILL REPORT

## HB 1534

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As Reported by Senate Committee On:  
Behavioral Health Subcommittee to Health & Long Term Care, March 22, 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:** Passed House: 3/01/19, 94-0.

**Committee Activity:** Behavioral Health Subcommittee to Health & Long Term Care: 3/15/19, 3/22/19 [DP-WM].

### Brief Summary of Bill

- Requires the Health Care Authority to increase psychiatric inpatient per diem payments until June 30, 2019, for Medicaid clients served by Astria Toppenish Hospital.
- Contains an emergency clause and takes effect immediately.

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### SENATE COMMITTEE ON BEHAVIORAL HEALTH SUBCOMMITTEE TO HEALTH & LONG TERM CARE

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Dhingra, Chair; Wagoner, Ranking Member; Darneille and Frockt.

**Staff:** Kevin Black (786-7747)

**Background:** Psychiatric Inpatient Payments to Hospitals. The Health Care Authority (HCA) pays for Medicaid psychiatric inpatient services using a per diem payment method.

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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.*

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 ten hospitals participating in the CPE program.

Astria Toppenish Hospital. The only hospital in Washington that meets the criteria of the underlying bill is Astria Toppenish Hospital, located in Toppenish, Washington. This facility is a 63-bed community hospital including emergency, surgical, and outpatient services. Astria Toppenish has a behavioral health unit offering medication withdrawal management and short-term acute inpatient psychiatric services. This facility has been involved in planning with the state to expand its psychiatric services to include long-term inpatient psychiatric care to patients committed on 90-day and 180-day involuntary orders. A psychiatric per diem rate increase affecting Astria Toppenish was proposed by the Governor in his 2019-2021 biennial budget, starting July 1, 2019.

**Summary of Bill:** HCA must increase inpatient psychiatric per diem payments until June 30, 2019, for Medicaid patients who receive hospital services at a hospital that:

- is designated as a rural hospital;
- has less than 50 acute care beds;
- is not designated as a critical access hospital;
- does not participate in the CPE full cost reimbursement program; and
- more than half of inpatient care days go to Medicaid or Medicare patients.

The increase in per diem payments must be sufficient to ensure that services are provided.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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

**Staff Summary of Public Testimony:** PRO: This bill will help open a psychiatric care facility for long-term involuntary patients in the city of Toppenish, allowing patients to receive care closer to their families and support networks. The expanded facility is already authorized, but requires two years of experience to qualify for an cost reimbursement rate. This bill adjusts the current reimbursement rate from \$750 to \$1,050 per day per bed, which is the median rate for rural hospitals providing care. We worked with the Legislature last year to find a way to accommodate patients on 90-day and 180-day orders and we are glad to participate. We have renovated a wing and have four patients currently receiving care, but we are losing money at the current reimbursement rate.

**Persons Testifying:** PRO: Representative Jeremie Dufault, Prime Sponsor; Roman Daniels-Brown, Astria Toppenish Hospital.

**Persons Signed In To Testify But Not Testifying:** No one.