

# SENATE BILL REPORT

## SB 5872

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As Reported by Senate Committee On:  
Ways & Means, March 1, 2019

**Title:** An act relating to providing enhanced payment to low volume, small rural hospitals.

**Brief Description:** Providing enhanced payment to low volume, small rural hospitals.

**Sponsors:** Senators Honeyford, Keiser, Rivers, Cleveland, Bailey and Becker.

**Brief History:**

**Committee Activity:** Ways & Means: 2/26/19, 3/01/19 [DP, w/oRec].

**Brief Summary of Bill**

- Beginning January 1, 2020, increases Medicaid payments for certain hospitals to 150 percent of the Medicaid fee-for-service fee schedule
- Qualifying hospitals must: have fewer than 50 acute beds; not be designated as a critical access hospital under state or federal regulations; and, have combined Medicare and Medicaid inpatient days greater than 50 percent.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Braun, Ranking Member; Honeyford, Assistant Ranking Member, Capital; Becker, Billig, Conway, Darneille, Hasegawa, Hunt, Keiser, Palumbo, Rivers, Schoesler, Van De Wege, Wagoner, Warnick and Wilson, L..

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

Signed by Senators Carlyle, Liias and Pedersen.

**Staff:** Sandy Stith (786-7710)

**Background:** Critical Access Hospitals. 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

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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.

**Summary of Bill:** Beginning January 1, 2020, hospitals with fewer than 50 acute beds that are not designated as critical access hospitals and that have greater than 50 percent of their inpatient bed days attributable to Medicare and Medicaid combined shall have their hospital rates increased to 150 percent of the Medicaid fee-for-service fee schedule.

**Appropriation:** None.

**Fiscal Note:** Requested on February 8, 2019.

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

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony:** PRO: We support this bill. We have a piecemeal system with regard to hospital funding. We are asking for a funding increase for Toppenish Hospital to make it commensurate with the hospitals around it that have a critical access hospital (CAH) designation. It makes it difficult when you have one hospital that is reimbursed much lower than the hospitals around it. There are a handful of hospitals in Washington that have a high combined Medicare and Medicaid client mix. This puts them at a severe disadvantage to larger hospitals and larger CAHs. Medicaid reimbursements are 50 to 75 percent more for these types of hospitals. With few commercially insured patients, there are few opportunities to make up the shortfall. Toppenish is the most severely impacted of these small hospitals. Toppenish has combined Medicaid and Medicare inpatient days of 87 percent. This is also the only small hospital that is not a public hospital, so it is not supported by public tax dollars. We are just asking to put it on a level playing field.

**Persons Testifying:** PRO: Eric Jensen, CEO Astria Toppenish Hospital; Roman Daniels-Brown, Astria Health.

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