

FINAL BILL REPORT

HB 1316

C 255 L 21
Synopsis as Enacted

Brief Description: Concerning the hospital safety net assessment.

Sponsors: Representatives Cody, Macri, Duerr, Santos, Bateman and Lekanoff.

House Committee on Appropriations
Senate Committee on Ways & Means

Background:

Provider Assessments.

Health care provider-related charges, such as assessments, fees, or taxes, have been used in some states to help fund the costs of the Medicaid program. Under federal rules, these provider-related charges include any mandatory payment where at least 85 percent of the burden falls on health care providers. States collect funds from health care providers and pay them back as Medicaid payments. States use these provider-related payments to claim federal matching funds. To conform to federal laws, health care provider-related assessments, fees, and taxes must be broad-based, uniform, and in compliance with hold-harmless provisions. To be broad-based and uniform, they must be applied to all providers of the same class and be imposed at the same rate to each provider in that class. If a provider-related assessment, fee, or tax is not broad-based or uniform, these provisions may be waived if the assessment, fee, or tax is generally redistributive. The hold-harmless provision may not be waived. Additionally, Medicaid payments for these services cannot exceed Medicare reimbursement levels.

Hospital Safety Net Assessment Program.

The Legislature created a Hospital Safety Net Assessment (HSNA) program in 2010 and has subsequently modified and extended it several times. An assessment on non-Medicare inpatient days is imposed on most hospitals, and proceeds from the assessments are deposited into the HSNA Fund (Fund). Money in the Fund may be used for various

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increases in hospital payments. In 2010 inpatient and outpatient Medicaid payment rates were restored to levels in place on June 30, 2009. Beyond that restoration, most hospitals received additional payment rate increases for inpatient and outpatient services. In 2013 the methodology for increases was changed from a specific percentage of inpatient and outpatient rate increases to an overall level of increase. The overall level of increase was split between fee-for-service and managed care payments.

During the 2019-21 and 2021-23 biennia a total of \$292 million from the Fund may be used in lieu of State General Fund payments to hospitals. An additional sum of \$1 million per biennium may be disbursed from the Fund for payment of administrative expenses incurred by the Health Care Authority (HCA) related to the HSNA program. For the 2019-21 and 2021-23 biennia, funds may be used for family medicine and integrated, evidence-based psychiatry residencies through the University of Washington. The HSNA program expires on July 1, 2023. Upon expiration of the program, Medicaid hospital rates return to the levels in place on June 30, 2009.

Summary:

The HSNA program is extended through fiscal year 2025. Various dates throughout the program are moved forward to reflect the extension. The intent of the Legislature is to:

- extend funding to be used in lieu of State General Fund payments for Medicaid hospital services through the 2023-25 biennium; and
- continue funding for integrated evidence-based psychiatry and family residency programs through the 2023-25 biennium.

Votes on Final Passage:

House	90	8	
Senate	47	2	(Senate amended)
House	90	7	(House concurred)

Effective: July 25, 2021