

2SSB 5532 - H COMM AMD  
By Committee on Appropriations

ADOPTED 04/10/2023

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** The legislature finds that promoting a  
4 financially viable health care system in all parts of the state is a  
5 critical interest. The federal centers for medicare and medicaid  
6 services has recognized the crucial role hospitals play in providing  
7 care in rural areas by creating the sole community hospital program,  
8 which allows certain small rural hospitals to receive enhanced  
9 payments for medicare services. The state of Washington has created a  
10 similar program based on the federal criteria. The legislature  
11 further finds that some small, rural, low volume hospitals provide  
12 vital services to the communities they serve, but are not eligible  
13 for the federal or state programs. The legislature therefore finds  
14 that creating a similar reimbursement system for the state's medicaid  
15 program for small, rural, low volume hospitals will promote the long-  
16 term financial viability of the rural health care system in those  
17 communities.

18 **Sec. 2.** RCW 74.09.5225 and 2017 c 198 s 1 are each amended to  
19 read as follows:

20 (1) Payments for recipients eligible for medical assistance  
21 programs under this chapter for services provided by hospitals,  
22 regardless of the beneficiary's managed care enrollment status, shall  
23 be made based on allowable costs incurred during the year, when  
24 services are provided by a rural hospital certified by the centers  
25 for medicare and medicaid services as a critical access hospital,  
26 unless the critical access hospital is participating in the  
27 Washington rural health access preservation pilot described in  
28 subsection (2)(b) of this section. Any additional payments made by  
29 the authority for the healthy options program shall be no more than  
30 the additional amounts per service paid under this section for other  
31 medical assistance programs.

1 (2) (a) Beginning on July 24, 2005, except as provided in (b) of  
2 this subsection, a moratorium shall be placed on additional hospital  
3 participation in critical access hospital payments under this  
4 section. However, rural hospitals that applied for certification to  
5 the centers for medicare and medicaid services prior to January 1,  
6 2005, but have not yet completed the process or have not yet been  
7 approved for certification, remain eligible for medical assistance  
8 payments under this section.

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

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

22 (iii) The Washington rural health access preservation pilot is  
23 subject to the following requirements:

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

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

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

34 (D) Payments for services delivered by public health care service  
35 districts participating in the Washington rural health access  
36 preservation pilot to recipients eligible for medical assistance  
37 programs under this chapter must be based on an alternative, value-  
38 based payment methodology established by the authority. Subject to  
39 the availability of amounts appropriated for this specific purpose,  
40 the payment methodology must provide sufficient funding to sustain

1 essential services in the areas served, including but not limited to  
2 emergency and primary care services. The methodology must adjust  
3 payment amounts based on measures of quality and value, rather than  
4 volume. As part of the pilot, the health care authority shall  
5 encourage additional payers to use the adopted payment methodology  
6 for services delivered by the pilot participants to individuals  
7 insured by those payers;

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

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

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

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

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

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

31 (iv) Is owned and operated by the state or a political  
32 subdivision.

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

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

1 (4) Beginning July 1, 2024, through December 31, 2028, payments  
2 for recipients eligible for medical assistance programs under this  
3 chapter for acute care services provided by a hospital, regardless of  
4 the beneficiary's managed care enrollment status, shall be increased  
5 to 120 percent of the hospital's fee-for-service rate for inpatient  
6 services and 200 percent of the hospital's fee-for-service rate for  
7 outpatient services, when services are provided by a hospital that:

8 (a) Is not currently designated as a critical access hospital,  
9 and does not meet current federal eligibility requirements for  
10 designation as a critical access hospital;

11 (b) Has medicaid inpatient days greater than 50 percent of all  
12 hospital inpatient days as reported on the hospital's most recently  
13 filed medicare cost report with the state; and

14 (c) Is located on the land of a federally recognized Indian  
15 tribe.

16 NEW SECTION. Sec. 3. This act is necessary for the immediate  
17 preservation of the public peace, health, or safety, or support of  
18 the state government and its existing public institutions, and takes  
19 effect July 1, 2023.

20 NEW SECTION. Sec. 4. (1) This act expires on the date that the  
21 federal centers for medicare and medicaid services approves the  
22 hospital safety net program as required by RCW 74.60.150(1)(a),  
23 including section 4(3)(e), chapter . . . (Substitute House Bill No.  
24 1850 (hospital safety net assessment)), Laws of 2023.

25 (2) The health care authority must provide written notice of the  
26 expiration date of this act to affected parties, the chief clerk of  
27 the house of representatives, the secretary of the senate, the office  
28 of the code reviser, and others as deemed appropriate by the  
29 authority.

30 NEW SECTION. Sec. 5. If specific funding for the purposes of  
31 this act, referencing this act by bill or chapter number, is not  
32 provided by June 30, 2023, in the omnibus appropriations act, this  
33 act is null and void."

34 Correct the title.

EFFECT: Changes the implementation date for increased hospital reimbursement rates from January 1, 2024, to July 1, 2024. Adds a contingent expiration date that causes the act to expire when CMS approves the Hospital Safety Net Program as established in statute and as amended by Substitute House Bill No. 1850 (hospital safety net assessment).

A null and void clause is added, making the bill null and void unless funded in the budget.

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