

# SENATE BILL REPORT

## SB 5532

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As of February 9, 2023

**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 King, Cleveland, Lovelett, Warnick and Wellman.

**Brief History:**

**Committee Activity:** Health & Long Term Care: 2/09/23.

**Brief Summary of Bill**

- Requires Medicaid payments for acute care services be made based on allowable costs incurred when services are provided by a hospital that meets certain requirements.

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### SENATE COMMITTEE ON HEALTH & LONG TERM CARE

**Staff:** Julie Tran (786-7283)

**Background:** Critical Access Hospitals. Rural hospitals report unique operating challenges due to their remote locations and the large percentage of their revenue derived from publicly funded health care programs, including Medicaid and Medicare. Eligible rural hospitals may be certified by the Centers for Medicare and Medicaid Services as critical access hospitals.

To be eligible for critical access hospital status, a rural hospital must have 25 beds or fewer acute care inpatient beds, offer 24/7 emergency department care services, and have an average length of stay of 96 hours or less for acute care patients.

In Washington State, there are 39 critical access hospitals. These hospitals are often operated by public hospital districts. In addition to emergency and acute care, they provide a

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range of health care services such as primary care, long-term care, and physical and occupational therapy. These hospitals receive Medicare and Medicaid payments based on allowable costs, whereas non-designated critical access hospitals are paid based on a set fee per diagnosis or procedure.

In 2015, the Department of Health and the Washington State Hospital Association created the Washington Rural Health Access Preservation (WRHAP) pilot to reform payment and service delivery for Washington's rural hospitals. Currently, there are 13 hospitals participating in the WRHAP pilot working to implement or expand care coordination and behavioral health services for Medicaid clients.

Astria Toppenish Hospital. The only hospital in Washington that meets the criteria is Astria Toppenish Hospital (ATH), located in Toppenish, Washington. This facility is a community hospital including emergency, surgical, and outpatient services. In December 2022, ATH announced the closure of the Family Maternity Center and would no longer offer labor and delivery services in Toppenish.

**Summary of Bill:** The bill as referred to committee not considered.

**Summary of Bill (Proposed Substitute):** Beginning July 1, 2023, Medicaid payments for acute care services provided by the hospital, regardless of the beneficiary's managed care enrollment status, must be based on allowable costs incurred during the year when services are provided if the hospital:

- is not currently designated as a critical access hospital, and does not meet current federal eligibility requirements for designation as a critical access hospital;
- has Medicaid inpatient days greater than 50 percent of all hospital inpatient days; and
- is located on the land of a federally recognized Indian tribe.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Effective Date:** The bill takes effect on July 1, 2023.

**Staff Summary of Public Testimony On Proposed Substitute:** PRO: This is a bill that is vitally important to a small hospital in Yakima. The critical access hospital designation is not an option for some small hospitals like Toppenish because they don't meet the current federal distance requirement. Toppenish serves a lot of the Yakima tribe community, and the community relies on the hospital. This hospital is a beacon of hope for health equity, and unfortunately, it had to close the maternity unit due to funding issues. There is hope that this bill will pass both chambers this time so Toppenish hospital can receive the funding it needs as this will help keep the hospital open so they can provide critical services to

members of the Yakima nation and other people living in the area.

**Persons Testifying:** PRO: Senator Curtis King, Prime Sponsor; Dr. Raul Garcia, Astria Toppenish Hospital; Commissioner LaDon Linde, Yakima County Commissioner; Dr. Rex Quaempts, Medical Director, Yakima Indian Health Services; Roman Daniels-Brown, Astria Toppenish Hospital; Cathy Bambrick, Astria Toppenish Hospital, Administrator; Eric Jensen, Astria Health.

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