

# HOUSE BILL REPORT

## HB 2790

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**As Passed House:**  
March 3, 2014

**Title:** An act relating to adjusting timelines regarding the hospital safety net assessment.

**Brief Description:** Adjusting timelines relating to the hospital safety net assessment.

**Sponsors:** Representatives Hunter, Chandler and Cody; by request of Health Care Authority.

**Brief History:**

**Committee Activity:**

Appropriations: 2/24/14, 2/27/14 [DP].

**Floor Activity:**

Passed House: 3/3/14, 75-23.

**Brief Summary of Bill**

- Directs the Health Care Authority to collect an entire year's worth of hospital assessments between October 1, 2013, and June 30, 2014.
- Adjusts the timing for charging assessment installments and making supplemental payments and increased managed care payments to reflect a delay in federal approval of the Hospital Safety Net Assessment program.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 27 members: Representatives Hunter, Chair; Ormsby, Vice Chair; Chandler, Ranking Minority Member; Ross, Assistant Ranking Minority Member; Wilcox, Assistant Ranking Minority Member; Carlyle, Christian, Cody, Dahlquist, Dunshee, Fagan, Green, Haigh, Harris, Hudgins, G. Hunt, Jinkins, Kagi, Lytton, Morrell, Parker, Pettigrew, Schmick, Seaquist, Springer, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Buys, Haler and Taylor.

**Staff:** Erik Cornellier (786-7116).

**Background:**

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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.*

### Medical Assistance.

Medical assistance is available to eligible low-income state residents and their families from the Health Care Authority (HCA), primarily through the Medicaid program. Most of the state medical assistance programs are funded with matching federal funds in various percentages. Federal funding for the Medicaid program is conditioned on the state having an approved Medicaid state plan and related state laws to enforce the plan. Coverage is provided through fee-for-service (FFS) and managed care systems.

### Managed Care.

Managed care is a prepaid, comprehensive system of medical and health care delivery, including preventive, primary, specialty, and ancillary health services. Healthy Options is the HCA Medicaid managed care program for low-income people in Washington. Healthy Options offers eligible families, children under age 19, certain disabled individuals, pregnant women, and low-income adults a complete medical benefits package.

### Supplemental Payments.

In addition to reimbursement for Medicaid services, states may make supplemental payments to certain providers that are separate from and in addition to reimbursements made at standard payment rates. Supplemental payments are eligible for federal matching funds if aggregate payments to the providers receiving the supplemental payments are less than what Medicare would pay for the same services.

### Medicaid Provider Taxes.

Provider taxes, including licensing fees and assessments, have been used by some states to help fund the costs of the Medicaid program. States collect funds from providers and pay them back as Medicaid payments, and states can claim the federal matching share of those payments.

### Hospital Safety Net Assessment Program.

Assessments are imposed on most hospitals, and proceeds from the assessments are deposited into the Hospital Safety Net Assessment Fund (Fund). Money in the Fund may be used for various payments to hospitals, including supplemental payments and increased managed care payments for hospital services. The assessments, supplemental payments, and increased managed care payments phase down to zero by July 1, 2019. The sum of \$199.8 million in the 2013-15 biennium may be expended from the Fund in lieu of State General Fund payments to hospitals. That amount also phases down to zero by July 1, 2019.

The HCA was directed to start charging assessments in quarterly installments beginning on July 1, 2013. Each quarterly installment must be one-fourth of the annual assessment.

The HCA was unable to begin collecting assessments until October 1, 2013, due to a delay in securing federal approval for the program.

### **Summary of Bill:**

For fiscal year 2014 only, the HCA is directed to collect an entire year's worth of assessments during the time period between October 1, 2013, and June 30, 2014.

The timing for charging assessment installments and making supplemental payments and increased managed care payments is also adjusted to reflect the delay in federal approval.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The Washington State Hospital Association helped the agency draft this bill to respond to the delay in federal approval. The intent behind the bill is straightforward: to preserve the money the Legislature assumed in its budget and the hospitals assumed they would receive in this biennium. The hospitals know the assessment rates will go up in the first year and then back down to what they otherwise would have been, and that the same amount will be collected for hospitals and the state. This is a technical adjustment to support current law and budget assumptions.

(Opposed) None.

**Persons Testifying:** Len McComb, Washington State Hospital Association; and Dennis Martin, Health Care Authority.

**Persons Signed In To Testify But Not Testifying:** None.