
HOUSE BILL 2069

State of Washington

62nd Legislature

2011 Regular Session

By Representative Cody

Read first time 04/09/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to increasing the sum available to the state from
2 the hospital safety net assessment fund by reducing hospital payments;
3 amending RCW 74.60.020 and 74.60.090; providing an effective date;
4 providing an expiration date; and declaring an emergency.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 **Sec. 1.** RCW 74.60.020 and 2010 1st sp.s. c 30 s 3 are each amended
7 to read as follows:

8 (1) A dedicated fund is hereby established within the state
9 treasury to be known as the hospital safety net assessment fund. The
10 purpose and use of the fund shall be to receive and disburse funds,
11 together with accrued interest, in accordance with this chapter.
12 Moneys in the fund, including interest earned, shall not be used or
13 disbursed for any purposes other than those specified in this chapter.
14 Any amounts expended from the fund that are later recouped by the
15 department on audit or otherwise shall be returned to the fund.

16 (a) Any unexpended balance in the fund at the end of a fiscal
17 biennium shall carry over into the following biennium and shall be
18 applied to reduce the amount of the assessment under RCW
19 74.60.050(1)(c).

1 (b) Any amounts remaining in the fund on July 1, 2013, shall be
2 used to make increased payments in accordance with RCW 74.60.090 and
3 74.60.120 for any outstanding claims with dates of service prior to
4 July 1, 2013. Any amounts remaining in the fund after such increased
5 payments are made shall be refunded to hospitals, pro rata according to
6 the amount paid by the hospital, subject to the limitations of federal
7 law.

8 (2) All assessments, interest, and penalties collected by the
9 department under RCW 74.60.030 and 74.60.050 shall be deposited into
10 the fund.

11 (3) Disbursements from the fund may be made only as follows:

12 (a) Subject to appropriations and the continued availability of
13 other funds in an amount sufficient to maintain the level of medicaid
14 hospital rates in effect on July 1, 2009;

15 (b) Upon certification by the secretary that the conditions set
16 forth in RCW 74.60.150(1) have been met with respect to the assessments
17 imposed under RCW 74.60.030 (1) and (2), the payments provided under
18 RCW 74.60.080, payments provided under RCW 74.60.120(2), and any
19 initial payments under RCW 74.60.100 and 74.60.110, funds shall be
20 disbursed in the amount necessary to make the payments specified in
21 those sections;

22 (c) Upon certification by the secretary that the conditions set
23 forth in RCW 74.60.150(1) have been met with respect to the assessments
24 imposed under RCW 74.60.030(3) and the payments provided under RCW
25 74.60.090 and 74.60.130, payments made subsequent to the initial
26 payments under RCW 74.60.100 and 74.60.110, and payments under RCW
27 74.60.120(3), funds shall be disbursed periodically as necessary to
28 make the payments as specified in those sections;

29 (d) To refund erroneous or excessive payments made by hospitals
30 pursuant to this chapter;

31 (e) The sum of forty-nine million three hundred thousand dollars
32 (~~(per)~~) for the 2009-2011 fiscal biennium may be expended in lieu of
33 state general fund payments to hospitals. An additional sum of
34 seventeen million five hundred thousand dollars for the 2009-2011
35 fiscal biennium may be expended in lieu of state general fund payments
36 to hospitals if additional federal financial participation under
37 section 5001 of P.L. No. 111-5 is extended beyond December 31, 2010.

1 The sum of one hundred eighty-nine million eight hundred thousand
2 dollars for the 2011-2013 fiscal biennium may be expended in lieu of
3 state general fund payments to hospitals;

4 (f) The sum of one million dollars per biennium may be disbursed
5 for payment of administrative expenses incurred by the department in
6 performing the activities authorized by this chapter;

7 (g) To repay the federal government for any excess payments made to
8 hospitals from the fund if the assessments or payment increases set
9 forth in this chapter are deemed out of compliance with federal
10 statutes and regulations and all appeals have been exhausted. In such
11 a case, the department may require hospitals receiving excess payments
12 to refund the payments in question to the fund. The state in turn
13 shall return funds to the federal government in the same proportion as
14 the original financing. If a hospital is unable to refund payments,
15 the state shall develop a payment plan and/or deduct moneys from future
16 medicaid payments.

17 **Sec. 2.** RCW 74.60.090 and 2010 1st sp.s. c 30 s 10 are each
18 amended to read as follows:

19 (1) Upon satisfaction of the applicable conditions set forth in RCW
20 74.60.150(1) and for services rendered on or after February 1, 2010,
21 through June 30, 2011, the department shall increase the medicaid
22 inpatient and outpatient fee-for-service hospital reimbursement rates
23 in effect on June 30, 2009, by the percentages specified below:

24 (a) Prospective payment system hospitals:

25 (i) Inpatient psychiatric services: Thirteen percent;

26 (ii) Inpatient services: Thirteen percent;

27 (iii) Outpatient services: Thirty-six and eighty-three one-
28 hundredths percent.

29 (b) Harborview medical center and University of Washington medical
30 center:

31 (i) Inpatient psychiatric services: Three percent;

32 (ii) Inpatient services: Three percent;

33 (iii) Outpatient services: Twenty-one percent.

34 (c) Rehabilitation hospitals:

35 (i) Inpatient services: Thirteen percent;

36 (ii) Outpatient services: Thirty-six and eighty-three one-
37 hundredths percent.

1 (d) Psychiatric hospitals:
2 (i) Inpatient psychiatric services: Thirteen percent;
3 (ii) Inpatient services: Thirteen percent.
4 (2) Upon satisfaction of the applicable conditions set forth in RCW
5 74.60.150(1) and for services rendered on or after July 1, 2011, the
6 department shall increase the medicaid inpatient and outpatient
7 fee-for-service hospital reimbursement rates in effect on June 30,
8 2009, by the percentages specified below:
9 (a) Prospective payment system hospitals:
10 (i) Inpatient psychiatric services: Thirteen percent;
11 (ii) Inpatient services: Three and ninety-six one-hundredths
12 percent;
13 (iii) Outpatient services: Twenty-seven and twenty-five one-
14 hundredths percent.
15 (b) Harborview medical center and University of Washington medical
16 center:
17 (i) Inpatient psychiatric services: Three percent;
18 (ii) Inpatient services: Three percent;
19 (iii) Outpatient services: Twenty-one percent.
20 (c) Rehabilitation hospitals:
21 (i) Inpatient services: Thirteen percent;
22 (ii) Outpatient services: Thirty-six and eighty-three one-
23 hundredths percent.
24 (d) Psychiatric hospitals:
25 (i) Inpatient psychiatric services: Thirteen percent;
26 (ii) Inpatient services: Thirteen percent.
27 (3) For claims processed for services rendered on or after February
28 1, 2010, but prior to satisfaction of the applicable conditions
29 specified in RCW 74.60.150(1), the department shall, within sixty
30 calendar days after satisfaction of those conditions, calculate the
31 amount payable to hospitals in accordance with this section and remit
32 the difference to each hospital that has submitted an otherwise
33 allowable claim for payment for such services.
34 ~~((+3))~~ (4) By December 1, 2012, the department will submit a study
35 to the legislature with recommendations on the amount of the
36 assessments necessary to continue to support hospital payments for the
37 2013-2015 biennium. The evaluation will assess medicaid hospital
38 payments relative to medicaid hospital costs. The study should address

1 current federal law, including any changes on scope of medicaid
2 coverage, provisions related to provider taxes, and impacts of federal
3 health care reform legislation. The study should also address the
4 state's economic forecast. Based on the forecast, the department
5 should recommend the amount of assessment needed to support future
6 hospital payments and the departmental administrative expenses.
7 Recommendations should be developed with the fiscal committees of the
8 legislature, office of financial management, and the Washington state
9 hospital association.

10 NEW SECTION. **Sec. 3.** Sections 1 and 2 of this act expire July 1,
11 2013.

12 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and takes effect
15 July 1, 2011.

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