WSR 24-06-034
PROPOSED RULES
HEALTH CARE AUTHORITY
[Filed February 29, 2024, 7:46 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-01-131.

Title of Rule and Other Identifying Information: WAC 182-550-4000 Payment method—Out-of-state hospitals and 182-550-4500 Payment method—Ratio of costs-to-charges (RCC).

Hearing Location(s): On April 9, 2024, at 10:00 a.m. The health care authority (HCA) holds public hearings virtually without a physical meeting place. To attend the virtual public hearing, you must register in advance https://us02web.zoom.us/webinar/register/WN_2cVZ3hp9Tjm5l1WnaQYOmQ. If the link above opens with an error message, please try using a different browser. After registering, you will receive a confirmation email containing information about joining the public hearing.

Date of Intended Adoption: No sooner than April 10, 2024.

Submit Written Comments to: Rules Coordinator, P.O. Box 42716, Olympia, WA 98504-2716, email arc@hca.wa.gov, fax 360-586-9727, by April 9, 2024, by 11:59 p.m.

Assistance for Persons with Disabilities: Contact Johanna Larson, phone 360-725-1349, fax 360-586-9727, telecommunication[s] relay service 711, email Johanna.larson@hca.wa.gov, by March 29, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: HCA is removing references to the hospital outpatient RCC payment method due to the discontinuation of this payment method.

Reasons Supporting Proposal: See purpose.

Statutory Authority for Adoption: RCW 41.05.021, 41.05.160.

Statute Being Implemented: RCW 41.05.021, 41.05.160.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: HCA, governmental.

Name of Agency Personnel Responsible for Drafting: Jason Crabbe, P.O. Box 42716, Olympia, WA 98504-2716, 360-725-9563; Implementation and Enforcement: Melissa Craig, P.O. Box 45500, Olympia, WA 98504-5500, 360-725-0938.

A cost-benefit analysis is not required under RCW 34.05.328. RCW 34.05.328 does not apply to HCA rules unless requested by the joint administrative rules review committee or applied voluntarily.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Scope of exemption for rule proposal:

Is fully exempt.

February 29, 2024
Wendy Barcus
Rules Coordinator

OTS-5176.1

AMENDATORY SECTION (Amending WSR 14-12-047, filed 5/29/14, effective 7/1/14)

WAC 182-550-4000 Payment method—Out-of-state hospitals. This section describes the payment methods the agency uses to pay hospitals located out-of-state for providing services to eligible Washington apple health clients. This section does not apply to hospitals located in any of the designated bordering cities listed in WAC 182-501-0175. Payment methods that apply to bordering city hospitals, including critical border hospitals, are described in WAC 182-550-3900. See also WAC 182-501-0180, health care services provided outside the state of Washington - General provisions, and WAC 182-502-0120, payment for health care services provided outside the state of Washington.

(1) Emergency hospital services.

(a) For inpatient hospital claims for emergency services provided in out-of-state hospitals, the agency:

(i) Pays using the same methods used to pay in-state hospitals as specified in this chapter; and

(ii) Calculates the payment using the lowest in-state inpatient hospital rate corresponding to the payment method.

(b) For outpatient hospital claims for emergency services provided in out-of-state hospitals, the agency pays an out-of-state hospital using the following methods:

(i) The agency's outpatient prospective payment system (OPPS) described in WAC 182-550-7000; and

(ii) The maximum allowable fee schedule method described in WAC 182-550-6000. When the maximum allowable fee schedule method is used, the agency limits payment to the lesser of the:

(A) Billed charges; or

(B) Calculated payment amount((~~; and~~

~~(iii) The hospital outpatient RCC payment method described in WAC 182-550-4500. When using the RCC payment method, the agency pays the lowest in-state hospital outpatient RCC, excluding weighted costs-to-charges (WCC) rates that are paid to in-state critical access hospitals~~)).

(2) Nonemergency hospital services.

(a) The agency pays for:

(i) Contracted and prior authorized nonemergency hospital services according to the contract terms whether or not the hospital has signed a core provider agreement; and

(ii) Nonemergency hospital services authorized by the agency after the fact (subsequent to the date of admission, if the client is still at the out-of-state hospital, or after the services have been provided) according to subsections (1) and (3) of this section.

(b) The agency does not pay for:

(i) Nonemergency hospital services provided to a Washington apple health client in a hospital located out-of-state unless the hospital is contracted and prior authorized by the agency or the agency's designee for the specific service provided to a specific client; and

(ii) Unauthorized nonemergency hospital services are not paid by the agency. See WAC 182-501-0182.

(3) The agency makes claim payment adjustments including, but not limited to, client responsibility, third-party liability, and medicare. All applicable adjustments are factored into the final hospital payment amount.

AMENDATORY SECTION (Amending WSR 23-20-048, filed 9/28/23, effective 10/29/23)

WAC 182-550-4500 Payment method—Ratio of costs-to-charges (RCC). (1) The medicaid agency pays hospitals using the ratio of costs-to-charges (RCC) payment method for services exempt from the following payment methods:

(a) Ambulatory payment classification (APC);
(b) Diagnosis-related group (DRG);
(c) Enhanced ambulatory patient group (EAPG);
(d) Per case;
(e) Per diem; and
(f) Maximum allowable fee schedule.

(2) The agency:

(a) Determines the payment for((~~:~~ ~~(i)~~)) inpatient claims by multiplying the hospital's inpatient RCC by the allowed covered charges for medically necessary services((~~; and~~

~~(ii) Outpatient claims by multiplying the hospital's outpatient RCC by the allowed covered charges for medically necessary services~~)).

(b) Deducts from the amount derived in (a) of this subsection:
(i) All applicable adjustments for client responsibility;
(ii) Any third-party liability;
(iii) Medicare payments; and
(iv) Any other adjustments as determined by the agency.

(c) Limits the RCC payment to the hospital's usual and customary charges for services allowed by the agency.

(3) The agency uses the RCC payment method to calculate the following:

(a) Payment for the following services:
(i) Organ transplant services (see WAC 182-550-4400 (4)(h));
(ii) Hospital services provided at a long-term acute care (LTAC) facility not covered under the LTAC per diem rate (see WAC 182-550-2596); and
(iii) Any other hospital service identified by the agency as being paid by the RCC payment method; and

(b) Costs for the following:
(i) High outlier qualifying claims (see WAC 182-550-3700); and
(ii) Hospital services provided in hospitals eligible for certified public expenditure (CPE) payments under WAC 182-550-4650(5).

(4) When directed by the legislature to achieve targeted expenditure levels, as described in WAC 182-550-3000(8), the agency may apply an inpatient adjustment factor to the inpatient RCC payments made for the services in subsection (3) of this section.

(5) This section explains how the agency calculates each in-state and critical border hospital's RCC. For noncritical border city hospitals, see WAC 182-550-3900. The agency:

(a) Divides adjusted costs by adjusted patient charges. The agency determines the allowable costs and associated charges.

(b) Excludes agency nonallowed costs and nonallowed charges, such as costs and charges attributable to a change in ownership.

(c) Bases the RCC calculation on data from the hospital's annual medicare cost report (Form 2552) and applicable patient revenue reconciliation data provided by the hospital. The medicare cost report must cover a period of 12 consecutive months in its medicare cost report year.

(d) Updates a hospital's inpatient RCC annually after the hospital sends its hospital fiscal year medicare cost report to the centers for medicare and medicaid services (CMS) and the agency. If medicare grants a delay in submission of the CMS medicare cost report to the medicare fiscal intermediary, the agency may determine an alternate method to adjust the RCC.

(e) Limits a noncritical access hospital's RCC to one point zero (1.0).

(6) For a hospital formed as a result of a merger (see WAC 182-550-4200), the agency combines the previous hospital's medicare cost reports and follows the process in subsection (5) of this section. The agency does not use partial year cost reports for this purpose.

(7) For newly constructed hospitals and hospitals not otherwise addressed in this chapter, the agency annually calculates a weighted average in-state RCC by dividing the sum of agency-determined costs for all in-state hospitals with RCCs by the sum of agency-determined charges for all hospitals with RCCs.