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**SUBSTITUTE SENATE BILL 5859**

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**State of Washington**

**63rd Legislature**

**2014 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Braun, Hatfield, Holmquist Newbry, and Hargrove)

READ FIRST TIME 02/11/14.

1 AN ACT Relating to providing enhanced payment to small rural  
2 hospitals that meet the criteria of a sole community hospital; amending  
3 RCW 74.09.5225; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that promoting a  
6 financially viable health care system in all parts of the state is a  
7 critical interest. The federal centers for medicare and medicaid  
8 services has recognized the crucial role hospitals play in providing  
9 care in rural areas by creating the sole community hospital program,  
10 which allows certain small rural hospitals to receive enhanced payments  
11 for medicare services. The legislature further finds that creating a  
12 similar reimbursement system for the state's medicaid program for sole  
13 community hospitals will promote the long-term financial viability of  
14 the rural health care system in those communities.

15 **Sec. 2.** RCW 74.09.5225 and 2011 1st sp.s. c 15 s 31 are each  
16 amended to read as follows:

17 (1) Payments for recipients eligible for medical assistance  
18 programs under this chapter for services provided by hospitals,

1 regardless of the beneficiary's managed care enrollment status, shall  
2 be made based on allowable costs incurred during the year, when  
3 services are provided by a rural hospital certified by the centers for  
4 medicare and medicaid services as a critical access hospital. Any  
5 additional payments made by the authority for the healthy options  
6 program shall be no more than the additional amounts per service paid  
7 under this section for other medical assistance programs.

8 (2) Beginning on July 24, 2005, a moratorium shall be placed on  
9 additional hospital participation in critical access hospital payments  
10 under this section. However, rural hospitals that applied for  
11 certification to the centers for medicare and medicaid services prior  
12 to January 1, 2005, but have not yet completed the process or have not  
13 yet been approved for certification, remain eligible for medical  
14 assistance payments under this section.

15 (3) Beginning January 1, 2015, payments for recipients eligible for  
16 medical assistance programs under this chapter for services provided by  
17 a hospital, regardless of the beneficiary's managed care enrollment  
18 status, shall be increased to one hundred twenty-five percent of the  
19 hospital's fee-for-service rates, when services are provided by a rural  
20 hospital certified by the centers for medicare and medicaid services as  
21 a sole community hospital as of January 1, 2013, with less than one  
22 hundred fifty acute care licensed beds in fiscal year 2011 and is owned  
23 and operated by the state or a political subdivision. The enhanced  
24 payment rates under this subsection shall be considered the hospital's  
25 medicaid payment rate for purposes of any other state or private  
26 programs that pay hospitals according to medicaid payment rates.  
27 Hospitals participating in the certified public expenditures program  
28 may not receive the increased reimbursement rates provided in this  
29 subsection for inpatient services.

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