

# FINAL BILL REPORT

## HB 1534

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Synopsis as Enacted

**Brief Description:** Concerning psychiatric payments under medical assistance programs for certain rural hospitals that are not designated as critical access hospitals, do not participate in the certified public expenditure program, have less than fifty acute care beds, and have combined medicare and medicaid inpatient days greater than fifty percent of total days.

**Sponsors:** Representatives Dufault, Cody, Chandler, Mosbrucker, Chapman, Corry, Leavitt and Steele.

**House Committee on Appropriations**  
**Senate Committee on Health & Long Term Care**  
**Senate Committee on Behavioral Health Subcommittee to Health & Long Term Care**  
**Senate Committee on Ways & Means**

### **Background:**

#### Psychiatric Inpatient Payments to Hospitals.

The Health Care Authority pays for Medicaid psychiatric inpatient services using a per diem payment method. Hospitals are paid either a statewide average rate or a provider-specific rate. Hospitals must have a full year of cost report data to be eligible to receive a provider-specific rate. Per diem rates are only updated during a detailed rebasing process or as directed by the Legislature. The most recent rebase was in fiscal year 2014. The Legislature increased per diem rates for hospitals with 200 or more bed days during the 2017 Legislative Session. Priority was given to hospitals not currently paid based on provider-specific costs.

#### Critical Access Hospitals.

Washington has 39 hospitals certified as critical access hospitals (CAH). A CAH must have 25 beds or less and be located in a rural area. They must deliver continuous emergency department services and they may not have an average length of stay of more than 96 hours per patient. The CAH program allows hospitals under Washington's medical assistance programs to receive payment for hospital services based on allowable costs and to have more flexibility in staffing.

#### Certified Public Expenditure Program.

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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.*

Certified Public Expenditure (CPE) programs allow public providers of medical services to certify their expenses as the non-federal share in order to receive Medicaid matching dollars, which means that the state does not have to contribute the matching share of these expenditures. These CPE programs can be combined with supplemental payments to provide additional funding to public providers without incurring additional state costs. There are currently 10 hospitals participating in the CPE program.

**Summary:**

The Health Care Authority must increase Medicaid psychiatric per diem payments to an amount sufficient to ensure that services are provided. To be eligible for the rate increase, hospitals must:

1. be designated as a rural hospital by the Department of Health;
2. have less than 50 staffed acute care beds;
3. not currently be designated or eligible for designation as a critical access hospital;
4. not participate in the Certified Public Expenditure program; and
5. have a combined Medicare and Medicaid inpatient days greater than 50 percent of total days.

The rate increase expires on June 30, 2019.

**Votes on Final Passage:**

House	94	0
Senate	45	0

**Effective:** April 24, 2019