
Appropriations Committee

HB 1810

Brief Description: Concerning rural health payment changes by the health care authority.

Sponsors: Representatives Schmick and Tharinger.

Brief Summary of Bill

- Directs the Health Care Authority (HCA) to take advantage of federal opportunities to transform care delivery and enhance the financial viability of rural healthcare facilities through changes to Medicare and Medicaid payments.
- Requires the HCA to seek legislative approval before entering into any agreement with the Centers for Medicare and Medicaid Services on a new rural health payment system.
- Identifies certain elements the HCA must consider in negotiating any changes to rural healthcare payments.

Hearing Date: 2/13/19

Staff: Catrina Lucero (786-7192).

Background:

Rural hospitals vary in size and the services they provide. All must provide 24-hour coverage. Additionally, some operate rural health clinics and nursing homes. Medicaid rural hospital payment methodologies vary based on hospital type and the services that are provided. Hospital rate setting methodologies are described in the Medicaid state plan. Changes to rate setting methodologies require approval from the Centers for Medicare and Medicaid Services (CMS). Some of the main rural hospital types include:

Prospective Payment System Hospitals. Most hospitals are classified as Prospective Payment System (PPS) Hospitals. For these hospitals, payment is based on a predetermined, fixed amount. The payment amount for a particular service is derived based on the classification system of that service (for example, diagnosis-related groups for inpatient hospital services).

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.

Critical Access Hospitals. There are 39 hospitals certified as critical access hospitals (CAH) in Washington. 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.

Sole Community Hospitals. The federal government designates hospitals as "sole community hospitals" (SCHs) if they meet certain criteria based on rural location, size, or distance from other hospitals. There are two hospitals in Washington that are federally designated as SCHs. These are Grays Harbor Community Hospital in Aberdeen, and Olympic Medical Center in Port Angeles. In Washington, the SCHs receive enhanced Medicaid and Medicare reimbursement.

Summary of Bill:

The Health Care Authority (HCA) is directed to take advantage of federal opportunities to transform care delivery and enhance the financial viability of rural healthcare facilities through changes to Medicare and Medicaid payments. The HCA must seek legislative approval before entering into any agreement with the Centers for Medicare and Medicaid Services (CMS) on a new rural health payment system. In negotiating any changes to rural healthcare payments, the HCA must ensure that the new system:

- supports long and short-term financial viability for all types of rural hospitals;
- does not require significant state investment for an oversight board;
- has included hospital representatives in the negotiations; and
- is voluntary.

Appropriation: None.

Fiscal Note: Requested on January 30, 2019.

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