

HB 1316 - S COMM AMD
By Committee on Ways & Means

ADOPTED 04/19/2021

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 74.60.005 and 2019 c 318 s 1 are each amended to
4 read as follows:

5 (1) The purpose of this chapter is to provide for a safety net
6 assessment on certain Washington hospitals, which will be used solely
7 to augment funding from all other sources and thereby support
8 additional payments to hospitals for medicaid services as specified
9 in this chapter.

10 (2) The legislature finds that federal health care reform will
11 result in an expansion of medicaid enrollment in this state and an
12 increase in federal financial participation.

13 (3) In adopting this chapter, it is the intent of the
14 legislature:

15 (a) To impose a hospital safety net assessment to be used solely
16 for the purposes specified in this chapter;

17 (b) To generate approximately one billion dollars per state
18 fiscal biennium in new state and federal funds by disbursing all of
19 that amount to pay for medicaid hospital services and grants to
20 certified public expenditure and critical access hospitals, except
21 costs of administration as specified in this chapter, in the form of
22 additional payments to hospitals and managed care plans, which may
23 not be a substitute for payments from other sources, but which
24 include quality improvement incentive payments under RCW 74.09.611;

25 (c) To generate two hundred ninety-two million dollars per
26 biennium during the (~~2019-2021 and~~) 2021-2023 and 2023-2025 biennia
27 in new funds to be used in lieu of state general fund payments for
28 medicaid hospital services;

29 (d) That the total amount assessed not exceed the amount needed,
30 in combination with all other available funds, to support the
31 payments authorized by this chapter;

1 (e) To condition the assessment on receiving federal approval for
2 receipt of additional federal financial participation and on
3 continuation of other funding sufficient to maintain aggregate
4 payment levels to hospitals for inpatient and outpatient services
5 covered by medicaid, including fee-for-service and managed care, at
6 least at the rates the state paid for those services on July 1, 2015,
7 as adjusted for current enrollment and utilization; and

8 (f) For each of the two biennia starting with fiscal year
9 ((2020)) 2022 to generate:

10 (i) Four million dollars for new integrated evidence-based
11 psychiatry residency program slots that did not receive state funding
12 prior to 2016 at the integrated psychiatry residency program at the
13 University of Washington; and

14 (ii) Eight million two hundred thousand dollars for family
15 medicine residency program slots that did not receive state funding
16 prior to 2016, as directed through the family medicine residency
17 network at the University of Washington, for slots where residents
18 are employed by hospitals.

19 **Sec. 2.** RCW 74.60.020 and 2019 c 318 s 3 are each amended to
20 read as follows:

21 (1) A dedicated fund is hereby established within the state
22 treasury to be known as the hospital safety net assessment fund. The
23 purpose and use of the fund shall be to receive and disburse funds,
24 together with accrued interest, in accordance with this chapter.
25 Moneys in the fund, including interest earned, shall not be used or
26 disbursed for any purposes other than those specified in this
27 chapter. Any amounts expended from the fund that are later recouped
28 by the authority on audit or otherwise shall be returned to the fund.

29 (a) Any unexpended balance in the fund at the end of a fiscal
30 year shall carry over into the following fiscal year or that fiscal
31 year and the following fiscal year and shall be applied to reduce the
32 amount of the assessment under RCW 74.60.050(1)(c).

33 (b) Any amounts remaining in the fund after July 1, ((2023))
34 2025, shall be refunded to hospitals, pro rata according to the
35 amount paid by the hospital since July 1, 2013, subject to the
36 limitations of federal law.

37 (2) All assessments, interest, and penalties collected by the
38 authority under RCW 74.60.030 and 74.60.050 shall be deposited into
39 the fund.

1 (3) Disbursements from the fund are conditioned upon
2 appropriation and the continued availability of other funds
3 sufficient to maintain aggregate payment levels to hospitals for
4 inpatient and outpatient services covered by medicaid, including fee-
5 for-service and managed care, at least at the levels the state paid
6 for those services on July 1, 2015, as adjusted for current
7 enrollment and utilization.

8 (4) Disbursements from the fund may be made only:

9 (a) To make payments to hospitals and managed care plans as
10 specified in this chapter;

11 (b) To refund erroneous or excessive payments made by hospitals
12 pursuant to this chapter;

13 (c) For one million dollars per biennium for payment of
14 administrative expenses incurred by the authority in performing the
15 activities authorized by this chapter;

16 (d) For two hundred ninety-two million dollars per biennium, to
17 be used in lieu of state general fund payments for medicaid hospital
18 services, provided that if the full amount of the payments required
19 under RCW 74.60.120 and 74.60.130 cannot be distributed in a given
20 fiscal year, this amount must be reduced proportionately;

21 (e) To repay the federal government for any excess payments made
22 to hospitals from the fund if the assessments or payment increases
23 set forth in this chapter are deemed out of compliance with federal
24 statutes and regulations in a final determination by a court of
25 competent jurisdiction with all appeals exhausted. In such a case,
26 the authority may require hospitals receiving excess payments to
27 refund the payments in question to the fund. The state in turn shall
28 return funds to the federal government in the same proportion as the
29 original financing. If a hospital is unable to refund payments, the
30 state shall develop either a payment plan, or deduct moneys from
31 future medicaid payments, or both;

32 (f) To pay an amount sufficient, when combined with the maximum
33 available amount of federal funds necessary to provide a one percent
34 increase in medicaid hospital inpatient rates to hospitals eligible
35 for quality improvement incentives under RCW 74.09.611. By May 16,
36 2018, and by each May 16 thereafter, the authority, in cooperation
37 with the department of health, must verify that each hospital
38 eligible to receive quality improvement incentives under the terms of
39 this chapter is in substantial compliance with the reporting
40 requirements in RCW 43.70.052 and 70.01.040 for the prior period. For

1 the purposes of this subsection, "substantial compliance" means, in
2 the prior period, the hospital has submitted at least nine of the
3 twelve monthly reports by the due date. The authority must distribute
4 quality improvement incentives to hospitals that have met these
5 requirements beginning July 1 of 2018 and each July 1 thereafter; and

6 (g) For each state fiscal year ~~((2020))~~ 2022 through ~~((2023))~~
7 2025 to generate:

8 (i) Two million dollars for integrated evidence-based psychiatry
9 residency program slots that did not receive state funding prior to
10 2016 at the integrated psychiatry residency program at the University
11 of Washington; and

12 (ii) Four million one hundred thousand dollars for family
13 medicine residency program slots that did not receive state funding
14 prior to 2016, as directed through the family medicine residency
15 network at the University of Washington, for slots where residents
16 are employed by hospitals.

17 **Sec. 3.** RCW 74.60.090 and 2019 c 318 s 6 are each amended to
18 read as follows:

19 (1) In each fiscal year commencing upon satisfaction of the
20 applicable conditions in RCW 74.60.150(1), funds must be disbursed
21 from the fund and the authority shall make grants to certified public
22 expenditure hospitals, which shall not be considered payments for
23 hospital services, as follows:

24 (a) University of Washington medical center: ~~((Ten million five
25 hundred fifty-five thousand dollars in state fiscal year 2020 and
26 up))~~ Up to twelve million fifty-five thousand dollars in state fiscal
27 year ~~((2021))~~ 2022 through ~~((2023))~~ 2025 paid as follows, except if
28 the full amount of the payments required under RCW 74.60.120(1) and
29 74.60.130 cannot be distributed in a given fiscal year, the amounts
30 in this subsection must be reduced proportionately:

31 (i) ~~((Four))~~ Five million ~~((four))~~ nine hundred fifty-five
32 thousand dollars in state fiscal years ~~((2020))~~ 2022 through ~~((2023,~~
33 ~~except that from state fiscal year 2021 through 2023, if northwest
34 hospital is ineligible to participate in this chapter as a
35 prospective payment hospital, the amount per state fiscal year must
36 be five million nine hundred fifty-five thousand dollars))~~ 2025;

37 (ii) Two million dollars to integrated, evidence-based psychiatry
38 residency program slots that did not receive state funding prior to

1 2016, at the integrated psychiatry residency program at the
2 University of Washington; and

3 (iii) Four million one hundred thousand dollars to family
4 medicine residency program slots that did not receive state funding
5 prior to 2016, as directed through the family medicine residency
6 network at the University of Washington, for slots where residents
7 are employed by hospitals;

8 (b) Harborview medical center: Ten million two hundred sixty
9 thousand dollars in each state fiscal year ((2020)) 2022 through
10 ((2023)) 2025, except if the full amount of the payments required
11 under RCW 74.60.120(1) and 74.60.130 cannot be distributed in a given
12 fiscal year, the amounts in this subsection must be reduced
13 proportionately;

14 (c) All other certified public expenditure hospitals: Five
15 million six hundred fifteen thousand dollars in each state fiscal
16 year ((2020)) 2022 through ((2023)) 2025, except if the full amount
17 of the payments required under RCW 74.60.120(1) and 74.60.130 cannot
18 be distributed in a given fiscal year, the amounts in this subsection
19 must be reduced proportionately. The amount of payments to individual
20 hospitals under this subsection must be determined using a
21 methodology that provides each hospital with a proportional
22 allocation of the group's total amount of medicaid and state
23 children's health insurance program payments determined from claims
24 and encounter data using the same general methodology set forth in
25 RCW 74.60.120 (3) and (4).

26 (2) Payments must be made quarterly, before the end of each
27 quarter, taking the total disbursement amount and dividing by four to
28 calculate the quarterly amount. The authority shall provide a
29 quarterly report of such payments to the Washington state hospital
30 association.

31 **Sec. 4.** RCW 74.60.901 and 2019 c 318 s 8 are each amended to
32 read as follows:

33 This chapter expires July 1, ((2023)) 2025."

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1 On page 1, line 1 of the title, after "assessment;" strike the
2 remainder of the title and insert "amending RCW 74.60.005, 74.60.020,
3 74.60.090, and 74.60.901; and providing an expiration date."

EFFECT: Removes the emergency clause so the bill would go into effect 90 days after session ends.

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