

# Chapter 246-454 WAC

## HOSPITALS—SYSTEM OF ACCOUNTING, FINANCIAL REPORTING, BUDGETING, COST ALLOCATION

WAC	
246-454-001	Purpose.
246-454-010	Definitions.
246-454-020	Adoption and establishment of uniform system.
246-454-030	Submission of budget.
246-454-050	Submission of year-end report.
246-454-070	Submission of quarterly reports.
246-454-080	Alternative system of financial reporting.
246-454-090	Modifications of uniform system.
246-454-110	Uniformly applicable interpretive rulings and minor manual modifications.
246-454-120	Penalties for violation.

2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-010, filed 2/20/81.]

**WAC 246-454-010 Definitions.** As used in this chapter, unless the context requires otherwise.

(1) "Department" means the Washington state department of health created by chapter 43.70 RCW.

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW.

(3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals*, third edition adopted under WAC 246-454-020.

(4) "System of accounts" means the list of accounts, code numbers, definitions, units of measure, and principles and concepts included in the manual.

(5) "Budget" means the forecast of each hospital's total financial needs and the resources available to meet such needs for its next fiscal year and includes such information as shall be specified in the manual concerning volume and utilization projections, operating expenses, capital requirements, and deductions from revenue.

### DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

246-454-040	Budget amendment submittals authorized—Time limitations—Presumption. [Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-040, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-13-052 (Order 86-02, Resolution No. 86-02), § 261-20-045, filed 6/13/86. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-045, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-045, filed 2/28/83.] Repealed by 94-12-089, filed 6/1/94, effective 7/2/94. Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW.
246-454-060	Inspection of hospitals' books and records. [Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-060, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-054, filed 10/1/84.] Repealed by 94-12-089, filed 6/1/94, effective 7/2/94. Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW.
246-454-100	Modifications of uniform system applicable to only "basic service" hospitals. [Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-100, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-074, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-074, filed 2/28/83.] Repealed by 94-12-089, filed 6/1/94, effective 7/2/94. Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-010, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-010, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-020, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-020, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-020, filed 2/20/81.]

**WAC 246-454-020 Adoption and establishment of uniform system.** The department, pursuant to RCW 70.170.100, hereby adopts and establishes a uniform system of accounting, financial reporting, budgeting, and cost allocation for hospitals in Washington state, which system is described in the department's publication entitled *Washington State Department of Health Accounting and Reporting Manual for Hospitals*, third edition, which publication is hereby incorporated by this reference. The hospital shall utilize the manual for submitting information as may be required by the department, pertaining to the total financial needs of the hospital and the resources available or expected to become available to meet such needs.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-020, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-020, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-030, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-030, filed 2/28/83; 81-06-016 and 81-06-017 (Order 81-01, Resolution No. R-81-01 and Order 81-02, Resolution No. R-81-02), § 261-20-030, filed 2/20/81.]

**WAC 246-454-001 Purpose.** This chapter is adopted by the Washington state department of health to implement the provisions of RCW 70.170.100 and 43.70.050 regarding the establishment of a uniform system of accounting, financial reporting, budgeting and cost allocation for hospitals in Washington state. This system shall be utilized by each hospital to record and report to the department its revenues, expenses, other income, other outlays, assets and liabilities, and units of service and to submit information, as may be required by the department, pertaining to the total financial needs of the hospital and the resources available or expected to become available to meet such needs.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-001, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-001, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-010, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-010, filed

**Reviser's note:** Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed by the Washington State Hospital Commission under Order and Resolution No. 84-01, filed June 8, 1984, (Statutory Authority: Chapter 70.39 RCW). The code reviser, under the authority of RCW 34.05.210(4), has deemed it unduly cumbersome to publish. Copies of the *Accounting and Reporting Manual*, second edition, may be obtained by writing to the Washington State Hospital Commission, Mailstop FJ-21, Olympia, WA 98504.

**Reviser's note:** Amendments to the commission's *Accounting and Reporting Manual*, second edition, were filed on August 29, 1984, by Order and Resolution No. 84-03 (Statutory Authority: RCW 70.39.180(1)). The specific portions of the manual amended are as follows:

The addition of "Appendix E Respiratory Therapy Services Uniform Reporting Service Code Listing";  
Page 2420.2 (cont. 13)7180 RESPIRATORY SERVICES;  
Appendices Table of Contents.

**Reviser's note:** Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser under Order and Resolution No. 84-08, filed December 7, 1984, (Statutory Authority: Chapter 70.39 RCW). The specific portions of the manual amended by this action are as follows:

(1) Addition of Appendix G, HFMA Principles and Practices Board Statement 2, defining charity service as contrasted to bad debt; and  
(2) Revising the appendices table of contents to add Appendix G.

**Reviser's note:** Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser under Order and Resolution No. 85-01, filed January 31, 1985, (Statutory Authority: Chapter 70.39 RCW). The specific portions of the manual amended by this action are as follows:  
Accounting and reporting manual chapter 10000, entitled, "Reporting Requirements" sections:

Section 10001 Year-end report  
Section 10010 Instructions  
Section 10101 Quarterly report  
Section 10110 Instructions  
Form HOS-939 (1/85), Quarterly report (WSHC Q1)

**Reviser's note:** Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser on July 29, 1985, under Order and Resolution No. 85-04 (Statutory Authority: RCW 70.39.180(1)), affecting System of Accounts, chapters 2000, 8000, and 10000. The specific pages of the manual amended are as follows:

Page	2210.4
	2220
	2220.1
	2410.4
	2410.4 (cont. 1)
	2410.4 (cont. 2)
	2410.4 (cont. 3)
	8020 (cont. 60)
	10101
	10110
	10110 (cont. 1)
	10110 (cont. 2)
	Quarterly Report Form
	SS-8 Forms

**Reviser's note:** Amendments to the *Washington State Hospital Commission's Accounting And Reporting Manual*, second edition, were filed with the code reviser on November 24, 1986, under Order and Resolution No. 86-05 (Statutory Authority: Chapter 70.39 RCW). The topics amended are as follows:

Quarterly Report  
- volumes by payer source

[Ch. 246-454 WAC—p. 2]

- deductions from revenue related to charity care
- expense and revenue accounts
- budgeting forms and instructions for magnetic resonance imaging, air transportation, extracorporeal shock wave lithotripsy, and organ acquisition
- reporting forms, accounts, and instructions for deductions from revenue
- bad debt collection procedures
- amendment request procedures, forms and instructions

#### Appendices

- radiology relative value units
- standards for collection procedures
- magnetic resonance imaging relative value units
- nuclear medicine relative value units.

**WAC 246-454-030 Submission of budget.** (1) Each hospital shall submit its annual budget to the department not less than thirty days prior to the beginning of its fiscal year. The budget shall contain that information specified in the manual and shall be submitted in the form and manner specified in the manual. If more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately.

(2) The hospital chief executive officer and presiding officer of the hospital's governing body shall attest that the information submitted under this section has been examined by such person and that to the best of his/her knowledge and belief such information is a true and correct statement of the total financial needs of the hospital for the budget period.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-030, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-030, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-20-040, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-040, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-040, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-040, filed 2/20/81.]

**WAC 246-454-050 Submission of year-end report.** (1) Each hospital annually shall file its year-end report with the department within one hundred twenty days after the close of its fiscal year in the form and manner specified in the manual: Provided, however, The one hundred twenty-day period may be extended up to and including an additional sixty days upon submission of adequate justification to the department. If more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately.

(2) Information submitted pursuant to this section shall be certified by the hospital's administrative and financial officers, that such reports, to the best of their knowledge and belief, have been prepared in accordance with the prescribed system of accounting and reporting, and fairly state the financial position of the hospital as of the specified date. The department also may require attestation as to such statements from responsible officials of the hospital so designated by the governing body, if any, of the hospital.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-050, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-050, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 84-

20-066 (Order 84-05, Resolution No. 84-05), § 261-20-050, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-050, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-050, filed 2/20/81.]

**WAC 246-454-070 Submission of quarterly reports.**

Each hospital shall submit a quarterly summary utilization and financial report within forty-five days after the end of each calendar quarter. The quarterly report shall contain that information specified by the department and shall be submitted in the form and manner specified by the department.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-070, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-070, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-04-026 (Order 85-01, Resolution No. 85-01), § 261-20-057, filed 1/31/85.]

**WAC 246-454-080 Alternative system of financial reporting.** Upon receipt of a request in detail to the satisfaction of the department, the department in its discretion may approve an alternative system for reporting of information under WAC 246-454-030 or 246-454-050 by a hospital for such period(s) or portion thereof as the department shall specify, if:

(1) The hospital charges no fee to users of its services, presents no billing, either direct or indirect, to users of its services, and presents no billing and accepts no payment for services from private or public insurers.

(2) The hospital is significantly different from other hospitals in one or more of the following respects: Size; financial structure; methods of payment for services; or scope, type, and method of providing services.

(3) The hospital has other pertinent distinguishing characteristics.

(4) Such alternative system will avoid otherwise unduly burdensome costs in meeting the requirements of the uniform reporting system established by the department.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-080, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-080, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-060, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-060, filed 2/20/81.]

**WAC 246-454-090 Modifications of uniform system.**

The department, after due consideration, in its discretion, may prepare and publish modifications of the manual, for such period and under such conditions as the department shall determine. Such modifications shall be prepared in the format of, and shall be adopted by the department as a rule pursuant to chapter 34.04 [34.05] RCW. A copy of such modifications shall be mailed to each hospital and manual holder of record.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-090, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-090, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-070, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-070, filed 2/20/81.]

**WAC 246-454-110 Uniformly applicable interpretive rulings and minor manual modifications.** (1) The depart-

(6/1/94)

ment is authorized to make uniformly applicable interpretive rulings with respect to matters contained in the manual. The department is also authorized to correct typographical and coding errors as well as make other minor organizational modifications when such corrections and modifications appear to be necessary.

(2) Any such interpretive ruling, correction, or modification shall be in writing and distributed as an attachment to a consecutively numbered transmittal. Such transmittal shall describe the changes in detail and shall include instructions regarding the placement of such material in the manual. Each hospital and manual holder of record shall be sent a copy of any such transmittal together with all attachments.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-110, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-110, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-080, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-080, filed 2/20/81.]

**WAC 246-454-120 Penalties for violation.** RCW 70.170.070 provides that every person who shall violate or knowingly aid and abet the violation of chapter 70.170 RCW or any valid orders, rules, or regulations thereunder, or who fails to perform any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the department of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.170 RCW may be enjoined from continuing such violation. Failure to file the reports required by WAC 246-454-030(1), 246-454-050(1), and 246-454-070 shall constitute a violation, and the department may levy a civil penalty not to exceed one thousand dollars per day for each day following official notice of the violation by the department. The department may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 94-12-089, § 246-454-120, filed 6/1/94, effective 7/2/94. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-454-120, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-20-090, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 85-04-026 (Order 85-01, Resolution No. 85-01), § 261-20-090, filed 1/31/85; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-090, filed 2/28/83.]