
SUBSTITUTE HOUSE BILL 1520

State of Washington 65th Legislature 2017 Regular Session

By House Appropriations (originally sponsored by Representatives Tharinger, Short, Cody, Schmick, and Springer)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to allowing alternative payment methodologies for
2 critical access hospitals participating in the Washington rural
3 health access preservation pilot; and amending RCW 74.09.5225.

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

5 **Sec. 1.** RCW 74.09.5225 and 2016 sp.s. c 31 s 2 are each amended
6 to read as follows:

7 (1) Payments for recipients eligible for medical assistance
8 programs under this chapter for services provided by hospitals,
9 regardless of the beneficiary's managed care enrollment status, shall
10 be made based on allowable costs incurred during the year, when
11 services are provided by a rural hospital certified by the centers
12 for medicare and medicaid services as a critical access hospital,
13 unless the critical access hospital is participating in the
14 Washington rural health access preservation pilot described in
15 subsection (2)(b) of this section. Any additional payments made by
16 the authority for the healthy options program shall be no more than
17 the additional amounts per service paid under this section for other
18 medical assistance programs.

19 (2)(a) Beginning on July 24, 2005, except as provided in (b) of
20 this subsection, a moratorium shall be placed on additional hospital
21 participation in critical access hospital payments under this

1 section. However, rural hospitals that applied for certification to
2 the centers for medicare and medicaid services prior to January 1,
3 2005, but have not yet completed the process or have not yet been
4 approved for certification, remain eligible for medical assistance
5 payments under this section.

6 (b)(i) The purpose of the Washington rural health access
7 preservation pilot is to develop an alternative service and payment
8 system to the critical access hospital authorized under section 1820
9 of the social security act to sustain essential services in rural
10 communities.

11 (ii) For the purposes of state law, any rural hospital approved
12 by the department of health for participation in critical access
13 hospital payments under this section that participates in the
14 Washington rural health access preservation pilot identified by the
15 state office of rural health and ceases to participate in critical
16 access hospital payments may renew participation in critical access
17 hospital associated payment methodologies under this section at any
18 time.

19 ((+ii)) (iii) The Washington rural health access preservation
20 pilot is subject to the following requirements:

21 (A) In the pilot formation or development, the department of
22 health, health care authority, and Washington state hospital
23 association will identify goals for the pilot project before any
24 hospital joins the pilot project;

25 (B) Participation in the pilot is optional and no hospital may be
26 required to join the pilot;

27 (C) Before a hospital enters the pilot program, the health care
28 authority must provide information to the hospital regarding how the
29 hospital could end its participation in the pilot if the pilot is not
30 working in its community; ((and))

31 (D) Payments for services delivered by public health care service
32 districts participating in the Washington rural health access
33 preservation pilot to recipients eligible for medical assistance
34 programs under this chapter must be based on an alternative, value-
35 based payment methodology established by the authority. Subject to
36 the availability of amounts appropriated for this specific purpose,
37 the payment methodology must provide sufficient funding to sustain
38 essential services in the areas served, including but not limited to
39 emergency and primary care services. The methodology must adjust
40 payment amounts based on measures of quality and value, rather than

1 volume. As part of the pilot, the health care authority shall
2 encourage additional payers to use the adopted payment methodology
3 for services delivered by the pilot participants to individuals
4 insured by those payers; and

5 (E) The department of health, health care authority, and
6 Washington state hospital association will report interim progress to
7 the legislature no later than December 1, 2018, and will report on
8 the results of the pilot no later than six months following the
9 conclusion of the pilot. The reports will describe any policy changes
10 identified during the course of the pilot that would support small
11 critical access hospitals.

12 (3)(a) Beginning January 1, 2015, payments for recipients
13 eligible for medical assistance programs under this chapter for
14 services provided by a hospital, regardless of the beneficiary's
15 managed care enrollment status, shall be increased to one hundred
16 twenty-five percent of the hospital's fee-for-service rates, when
17 services are provided by a rural hospital that:

18 (i) Was certified by the centers for medicare and medicaid
19 services as a sole community hospital as of January 1, 2013;

20 (ii) Had a level III adult trauma service designation from the
21 department of health as of January 1, 2014;

22 (iii) Had less than one hundred fifty acute care licensed beds in
23 fiscal year 2011; and

24 (iv) Is owned and operated by the state or a political
25 subdivision.

26 (b) The enhanced payment rates under this subsection shall be
27 considered the hospital's medicaid payment rate for purposes of any
28 other state or private programs that pay hospitals according to
29 medicaid payment rates.

30 (c) Hospitals participating in the certified public expenditures
31 program may not receive the increased reimbursement rates provided in
32 this subsection (3) for inpatient services.

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