HOUSE BILL REPORT
HB 2051

As Reported by House Committee On:
Appropriations

Title: An act relating to payment to acute care hospitals for difficult to discharge medicaid patients.

Brief Description: Concerning payment to acute care hospitals for difficult to discharge medicaid patients.

Sponsors: Representatives Gregerson, Macri, Parshley and Ormsby.

Brief History:
Committee Activity:
Appropriations: 4/3/25, 4/5/25 [DPS].

Brief Summary of Substitute Bill

- Removes the requirement for the Health Care Authority to adopt rules to identify which health care services must be included in the daily reimbursement rate and which services may be billed separately for patients who are in a hospital and do not meet inpatient criteria.
- Removes the requirement that medically necessary services performed during a stay shall be billed by and paid to the hospital separately. Such services may include, but are not limited to, hemodialysis, laboratory charges, and X-rays.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 19 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Berg, Bergquist, Callan, Cortes, Doglio, Fitzgibbon, Leavitt, Lekanoff, Peterson, Pollet, Ryu, Springer, Stonier, Street, Thai and Tharinger.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Minority Report: Do not pass. Signed by 11 members: Representatives Couture, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Penner, Assistant Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Burnett, Caldier, Corry, Dye, Keaton, Manjarrez and Marshall.

Staff: Meghan Morris (786-7119).

Background:

Medical Assistance.
The Health Care Authority (HCA) administers medical assistance programs, primarily through Medicaid, that pay for health care for low-income state residents who meet certain eligibility criteria. Washington offers a complete medical benefits package to eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women. Payments to health care providers and facilities for health care services may be made either directly by the HCA on a fee-for-service basis or through a managed care arrangement.

Medical Assistance Reimbursement for Hospital Stays.
The HCA pays for the hospital stays of medical assistance enrollees if the attending physician orders admission, and the admission and treatment meet coverage standards. Hospital services include: emergency room services; hospital room and board, including nursing care; inpatient services, supplies, equipment, and prescription drugs; surgery and anesthesia; diagnostic testing and laboratory work; and radiation and imaging services.

Hospitals may receive an "administrative day rate" for days of a hospital stay when a client does not meet the medical necessity criteria for acute inpatient care, but is not discharged because an appropriate placement outside the hospital is not available, even when the patient meets the criteria for discharge to any appropriate placement, such as a nursing home, assisted living facility, adult family home, or residential setting funded by the Developmental Disabilities Administration. The administrative day rate is set annually using the statewide average nursing home rate. The HCA must adopt rules identifying which services are included in the rate and which services may be billed separately. Medically necessary services performed during the stay, pharmacy services, and pharmaceuticals must be billed and paid separately.

Summary of Substitute Bill:

The requirement that hospitals be reimbursed for medical assistance enrollees staying in a hospital when they do not meet inpatient care criteria, and are not discharged from the hospital because an appropriate placement is not available, is removed.

The requirement is removed for the HCA to adopt rules identifying which services are

included in the administrative day rate and which services may be billed separately. The requirement that medically necessary services performed during a stay shall be billed by and paid to the hospital separately is removed, including services such as hemodialysis, laboratory charges, and X-rays.

Substitute Bill Compared to Original Bill:

The requirement that hospitals be reimbursed for medical assistance enrollees staying in a hospital when they do not meet inpatient care criteria, and are not discharged from the hospital because an appropriate placement is not available, is maintained.

Appropriation: None.

Fiscal Note: Requested on April 1, 2025.

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

Staff Summary of Public Testimony:

(In support) None.

(Opposed) The Legislature enacted this policy a couple of years ago to cover payments for treatments that people receive when they are stuck in the hospital and difficult to discharge. These treatments would otherwise be paid for if the patient were not stuck in that hospital. Undoing this policy is distressing given the current financial distress on our hospitals. Hospitals are paid an administrative day rate for difficult to discharge medical assistance enrollees, but that rate is not even half of the $1,000 per-day cost to keep someone in the hospital, and that's even absent the costs of ancillary services.

Persons Testifying: Katie Kolan, Washington State Hospital Association (WSHA).

Persons Signed In To Testify But Not Testifying: None.