

HOUSE BILL REPORT

HB 2531

As Reported by House Committee On:
Appropriations

Title: An act relating to aligning the quality assurance fee for the ambulance transport fund with federal regulations.

Brief Description: Aligning the quality assurance fee for the ambulance transport fund with federal regulations.

Sponsors: Representatives Stuebe, Stonier, Parshley, Ramel, Nance, Thomas, Hall, Ryu and Ybarra.

Brief History:

Committee Activity:

Appropriations: 1/21/26, 1/28/26 [DP].

Brief Summary of Bill

- Directs the Health Care Authority, beginning July 1, 2026, and continuing each state fiscal year thereafter, to annually set the quality assurance fee rate to the rate in effect as of July 4, 2025.
- Directs the Health Care Authority to annually calculate the add-on payment for ambulance transport providers to reflect the available quality assurance fee amount in the Ambulance Transport Fund-State.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 28 members: Representatives Ormsby, Chair; Gregerson, Vice Chair; Macri, Vice Chair; Couture, Ranking Minority Member; Connors, Assistant Ranking Minority Member; Penner, Assistant Ranking Minority Member; Schmick, Assistant Ranking Minority Member; Berg, Bergquist, Burnett, Callan, Corry, Cortes, Doglio, Dye, Fitzgibbon, Keaton, Leavitt, Lekanoff, Manjarrez, Marshall, Peterson, Pollet, Ryu, Stonier, Street, Thai and Valdez.

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.

Staff: Meghan Morris (786-7119).

Background:

Reimbursement for Ambulance Services.

Under the Medicaid program, the Health Care Authority (HCA) reimburses ground ambulance services for medically necessary ambulance transportation to the closest provider that can meet the client's needs. The HCA covers ground ambulance services for both emergency medical transportation and nonemergency medical transportation for basic life support, advanced life support, and specialty care transport. For nonemergency medical transportation, an ambulance is only reimbursed at the ambulance rate if the client must be transported by stretcher or gurney, or must have medical attention from trained medical professionals en route.

While most Medicaid clients are covered through managed care organizations which limit clients to only seeing health care providers within the managed care organization's network, ambulance services providers are reimbursed through the HCA's fee-for-service program.

Health Care Provider-Related Taxes.

Health care provider-related charges such as assessments, fees, or taxes have been used in some states to help fund the costs of the Medicaid program. Under federal rules, these provider-related charges include any mandatory payment where at least 85 percent of the burden falls on health care providers. States collect funds from health care providers and pay them back as Medicaid payments. States use these provider-related payments to claim federal matching funds.

To conform to federal laws, health care provider-related assessments, fees, and taxes must be broad-based, uniform, and in compliance with hold harmless provisions. To be broad-based and uniform, they must be applied to all providers of the same class and be imposed at the same rate to each provider in that class. If a provider-related assessment, fee, or tax is not broad-based or uniform, these provisions may be waived if the assessment, fee, or tax is generally redistributive. The hold harmless provision may not be waived. Additionally, Medicaid payments for these services cannot exceed Medicare reimbursement levels.

Quality Assurance Fee Program.

A quality assurance fee (QAF) is imposed upon each ambulance transport provided by certain ambulance transport providers. The QAF applies to licensed ambulance transport providers that bill and receive patient care revenue for providing ambulance transports. Ambulance transport providers that are owned or operated by government entities are not subject to the QAF.

The HCA determines the QAF rate each year. To assist in calculating the QAF, ambulance transport providers subject to the QAF must report to the HCA the number of ambulance transports by payer type on a quarterly basis, and the gross receipts from the provision of

ambulance transports on an annual basis. Each fiscal quarter, ambulance transport providers subject to the QAF must pay the applicable QAF based on the ambulance transport provider's number of emergency ambulance transports in the second quarter preceding the state fiscal quarter for which the QAF is assessed. Interest and penalties are assessed on unpaid QAFs and the HCA may deduct the QAF from Medicaid reimbursement payments owed to ambulance transport providers subject to the QAF.

Quality assurance fees and interest collected from ambulance transport providers are deposited in the Ambulance Transport Fund (Fund). The Fund is an appropriated account. Money from the Fund pays for the state's administrative costs related to the QAF, increased payments to ambulance transport providers subject to the QAF, and erroneous or excessive payments made by hospitals. Payments are made from the Fund to ambulance transport providers subject to the QAF for Medicaid emergency ambulance services in lieu of State General Fund moneys. Medicaid reimbursement for emergency ambulance transports by ambulance transport providers subject to the QAF is increased by applying an add-on payment to the Medicaid fee-for-service payment schedule. The add-on increase must result in a total reimbursement for each emergency ambulance transport that is at least 60 percent of the statewide Medicare rate for an emergency ambulance transport or similar service. The add-on payment may only be funded from the QAFs and interest earned on the QAFs, federal reimbursements, or other related federal funds. The add-on payments may not supplant existing funds for ambulance transports.

Federal Health Care Provider-Related Tax Law.

Federal law restricts the imposition of new health care provider-related taxes that are not already enacted and imposed as of June 4, 2025. This in effect freezes all provider taxes at their current level. The QAF is set based on the revenue needed to support the add-on payments for ambulance transport providers. If there is surplus or shortage in the fund, the HCA is directed to recalculate the QAF to match the add-on payments, but increasing the provider-related tax is prohibited under federal law.

Summary of Bill:

Beginning July 1, 2026, and continuing each state fiscal year thereafter, the annual QAF rate shall be the rate in effect as of July 4, 2025.

The add-on increase to the Medicaid fee-for-service payment schedule is calculated and annually adjusted to reflect the available QAF amount. Beginning in fiscal year 2027, the HCA must adjust the QAF add-on rate if the actual or projected available fee amount exceeds or is less than the actual or projected aggregate fee schedule amount by more than 1 percent so that the available fee amount for the state fiscal year is approximately equal to the aggregate fee schedule amount for the state fiscal year.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The QAF is the most important legislative program for emergency medical services (EMS). The QAF program allows ambulance transport providers to draw down federal funds to pay employees higher wages and improve benefits. Since the start of the QAF program in 2020, providers have seen industry-wide wage and benefits increases of about 30 percent in private EMS. That's huge. The QAF program is at risk now due to federal laws, but without the QAF the funding levels for EMS operations could go back to what they were 20 years ago. That is not sustainable and puts a lot of people at risk.

(Opposed) None.

Persons Testifying: Mike Battis, Washington Ambulance Association.

Persons Signed In To Testify But Not Testifying: None.