HOUSE BILL REPORT
SSB 5124

As Reported by House Committee On:
Health Care & Wellness
Appropriations

Title: An act relating to increasing patient access to timely and medically necessary postacute care by establishing network adequacy standards for skilled nursing facilities and rehabilitation hospitals within managed care contracts for medical assistance programs.

Brief Description: Establishing network adequacy standards for skilled nursing facilities and rehabilitation hospitals.

Sponsors: Senate Committee on Health & Long-Term Care (originally sponsored by Senators Muzzall, Chapman and Dozier).

Brief History:
Committee Activity:
Health Care & Wellness: 3/18/25, 3/25/25 [DPA];
Appropriations: 4/3/25, 4/8/25 [DPA(HCW)].

Brief Summary of Substitute Bill
(As Amended by Committee)

- Directs the Health Care Authority to establish and adopt network adequacy standards for post-acute care services by January 1, 2027.
- Requires managed care organization contracts effective on or after July 1, 2027, to meet network adequacy requirements for post-acute care services.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: Do pass as amended. Signed by 18 members: Representatives Bronoske, Chair; Lekanoff, Vice Chair; Rule, Vice Chair; Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Marshall, Assistant Ranking

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Minority Member; Davis, Low, Macri, Manjarrez, Obras, Parshley, Shavers, Simmons, Stonier, Stuebe, Thai and Tharinger.

Staff: Kim Weidenaar (786-7120).

Background:

Medicaid.
Medicaid is a federal-state partnership implemented at the state level with federal matching funds. The Health Care Authority (HCA) administers the Medicaid program for health care for low-income state residents who meet certain eligibility criteria. Washington's Medicaid program, known as Apple Health, offers a complete medical benefits package to eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women.

While some clients receive services through the HCA on a fee-for-service basis, the large majority receive coverage for medical services through managed care systems. Managed care is a prepaid, comprehensive system for delivering a complete medical benefits package available for eligible individuals through contracts with managed care organizations (MCOs) under a comprehensive risk contract. The MCOs are responsible for administering post-acute care benefits to Medicaid enrollees when an MCO deems it medically necessary.

Post-Acute Care.
Post-acute care is care provided to individuals who need additional help recuperating from an acute illness or serious medical procedure. Post-acute care settings include long-term care hospitals, inpatient rehabilitation facilities, nursing homes, and home health agencies. Inpatient rehabilitation facilities are free-standing rehabilitation hospitals and rehabilitation units in acute care hospitals. In Washington, there are 10 designated facilities that specialize in caring for patients following an injury or other disabling medical condition such as stroke, myocardial infarction, brain disease, and cancer. Nursing homes are licensed by the Department of Social and Health Services (DSHS) and provide continuous 24-hour convalescent and chronic care, including the administration of medications, preparation of special diets, bedside nursing care, application of dressings and bandages, and carrying out treatment as prescribed by licensed health care providers.

Network Adequacy Standards.
Access to health care providers and services can depend on several factors including insurance plan network requirements commonly known as network adequacy standards. Federal rules require states to adopt network adequacy standards for Medicaid Managed Care Organizations (MCOs) for certain provider types and services. These standards are intended to ensure an MCO has a network of providers that is sufficient in numbers and types, to ensure that all services are accessible to Medicaid clients without unreasonable delay. States have flexibility in how to define these standards and use an array of different types of standards.

Summary of Amended Bill:

The HCA must establish and adopt network adequacy standards for post-acute care services by January 1, 2027. The network adequacy standards development must include nursing homes and inpatient rehabilitation facilities.

The network adequacy standards for nursing homes and inpatient rehabilitation facilities must take into consideration:

- the Washington Medicaid principle of keeping care local to an enrollee's community and any geographic adequacy threshold should not be broader than the regional service area an MCO is contracted to serve;
- provider availability in a regional service area;
- timeliness of care, which is the reasonable amount of time in which patients can receive access to post-acute care based on their medical needs; and
- any other network adequacy standard required to maintain compliance with Medicaid regulations.

The HCA must obtain stakeholder feedback in the development of the network adequacy standards, including for the initial criteria used to develop standards, to review draft standards, and to review final standards prior to publication and inclusion in the managed care contract.

Network adequacy standards do not alter the ability of a facility to determine whether the facility can meet the needs of a prospective resident through available staffing and reasonable accommodation.

Contracts or amendments with MCOs effective on or after July 1, 2027, must meet network adequacy standards for post-acute care services for nursing homes, inpatient rehabilitation facilities, and any other post-acute care services the HCA determines necessary to increase access to a full continuum of care for Medicaid enrollees.

The HCA must monitor and periodically report on the proportion of services provided by contracted and nonparticipating providers, by county, for each MCO to ensure they are meeting network adequacy requirements.

Amended Bill Compared to Substitute Bill:

The striking amendment changes references in the bill from "skilled nursing facilities" to "nursing homes" and references from "rehabilitation hospitals" to "inpatient rehabilitation facilities."

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) The goal of the bill is to expand access to Medicaid enrollees for predictable and timely access to care to post-acute care. When patients are stuck in the hospital and are ready to discharge somewhere other than the hospital, but there is no place for them to go, it is bad for the patient, bad for the hospital, and very expensive. This bill attempts to remedy this situation. Today, this is being handled through single-case agreements, but it takes days to negotiate these agreements. This bill seeks to establish network adequacy standards, which would allow for timely and predictable access for patients upon discharge. This lack of post-acute care is a system-wide problem, and there is no one entity to blame. Network adequacy standards would allow individuals to get placed in the appropriate care setting.

(Opposed) None.

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

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass as amended by Committee on Health Care & Wellness. Signed by 31 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, Caldier, Callan, Corry, Cortes, Doglio, Dye, Fitzgibbon, Keaton, Leavitt, Lekanoff, Manjarrez, Marshall, Peterson, Pollet, Rude, Ryu, Springer, Stonier, Street, Thai and Tharinger.

Staff: Meghan Morris (786-7119).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:

No new changes were recommended.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended 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) Patients ready to be discharged from a hospital to a skilled nursing or inpatient rehabilitation facility are often spending unnecessary days waiting for admission into those facilities. This bill is crucial for improving network adequacy and addressing the issue of difficult-to-discharge patients being stuck in the hospital. Having patients with delayed access to appropriate care significantly impacts nurses and patients in emergency departments. Some emergency rooms can experience between 5 to 50 percent of emergency room patients waiting for inpatient beds. This bill promotes timeliness and predictability in placement for a person outside of the hospital network. There is a nominal fiscal note, but costs do not begin until 2027. The small investment will result in long-term state savings.

(Opposed) None.

Persons Testifying: Michelle Percopo, Washington State Emergency Nurses Association; and Katie Kolan, Washington State Hospital Association (WSHA).

Persons Signed In To Testify But Not Testifying: None.