FINAL BILL REPORT
SSB 5923

C 84 L 26
Synopsis as Enacted

Brief Description: Concerning critical access hospital designations in Skagit county.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Muzzall, Lovelett, Nobles and Shewmake).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Critical Access Hospitals. Rural hospitals report unique operating challenges due to their remote locations and the large percentage of their revenue derived from publicly funded health care programs, including Medicaid and Medicare. Eligible rural hospitals may be certified by the Centers for Medicare and Medicaid Services (CMS) as critical access hospitals (CAH).

To be eligible for CAH status, a rural hospital must have 25 beds or fewer acute care inpatient beds, offer 24 hours a day, seven days a week emergency department care services, and have an average length of stay of 96 hours or less for acute care patients.

In Washington State, there are 39 CAHs. These hospitals are often operated by public hospital districts. In addition to emergency and acute care, they provide a range of health care services such as primary care, long-term care, and physical and occupational therapy. These hospitals receive Medicare and Medicaid payments based on allowable costs, whereas non-designated critical access hospitals are paid based on a set fee per diagnosis or procedure.

If a hospital is certified as a CAH by CMS, payment shall be made based on allowable costs incurred during the year, regardless of the Medicaid beneficiary's managed care enrollment status, unless the CAH is participating in the Washington Rural Health Access Preservation (WRHAP) pilot.

In 2015, the Department of Health and the Washington State Hospital Association created

---

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.

the WRHAP pilot to reform payment and service delivery for Washington's rural hospitals. Currently, there are 13 hospitals participating in the WRHAP pilot working to implement or expand care coordination and behavioral health services for Medicaid clients.

Island Health. The only hospital to meet this criteria is Island Hospital, located in Anacortes, Washington. This facility is a community hospital providing surgical, pulmonary rehabilitation, diagnostic imaging, emergency, and psychiatric and behavioral health services.

Summary: A hospital located on an island in Skagit County, upon certification by CMS, is eligible for payment as a critical access hospital.

Votes on Final Passage:

Senate	49	0
House	96	0

Effective: June 11, 2026