

SENATE BILL REPORT

ESSB 6194

As Amended by House, March 6, 2026

Title: An act relating to allowing payments to be made for services provided by any rural hospital that is located on a federally recognized Indian reservation.

Brief Description: Allowing payments to be made for services provided by any rural hospital that is located on a federally recognized Indian reservation.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators King, Hasegawa and Torres).

Brief History:

Committee Activity: Health & Long-Term Care: 1/22/26 [w/oRec-WM].
Ways & Means: 2/03/26, 2/09/26 [DPS].

Floor Activity: Passed Senate: 2/13/26, 48-0.
Passed House: 3/6/26, 95-0.

Brief Summary of Engrossed First Substitute Bill

- Allows for any rural hospital located on a federally recognized Indian reservation to be paid at 150 percent of the fee-for-service rate for inpatient and outpatient Medicaid services beginning January 1, 2027.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6194 be substituted therefor, and the substitute bill do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Braun, Cleveland, Conway, Dhingra, Hansen,

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.

Hasegawa, Kauffman, Muzzall, Pedersen, Riccelli, Saldaña, Wagoner, Warnick, Wellman and Wilson, C..

Staff: Sandy Stith (786-7710)

Background: Eligible rural hospitals that meet certain criteria may be certified by the Centers for Medicare and Medicaid Services as critical access hospitals (CAH). Sole Community Hospital (SCH) is a federal hospital classification for hospitals that meet certain criteria based on location, size, or distance.

Both CAHs and SCHs receive enhanced Medicare and Medicaid payments based either on allowable costs or an additional percentage above the fee schedule. Prospective payment system (PPS) hospitals are paid based on a set fee per diagnosis or procedure.

Rural PPS hospitals that meet neither CAH or SCH certification requirements 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.

Summary of Engrossed First Substitute Bill: Beginning January 1, 2027, any rural hospital located on a federally recognized Indian reservation is eligible to be paid at 150 percent of the fee-for-service rate for inpatient and outpatient Medicaid services, not including any beds in the psychiatric unit.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute: *The committee recommended a different version of the bill than what was heard.* PRO: Written testimony is provided by the Yakama Nation in support. Astria Toppenish Hospital (ATH) does not qualify for enhanced payments like other rural hospitals. In 2022, ATH closed its OB unit. In 2023, we stopped providing MRIs, becoming the only hospital in the state without an MRI. ATH cannot solve this fiscal problem on our own. ATH is the #1 most racially inclusive hospital with 15% American Indian patients and 64% Hispanic patients. We need a level playing field with the 39 critical access hospitals in the state. ATH was paid 8.3% of billed charges in 2025. Other CAHs were paid 47% of inpatient billed charges and 27% of outpatient billed charges. ATH had a \$9.5 million loss in 2025, which was roughly equal to its Medicaid shortfall. ATH is one of two rural hospitals in Washington not designated as a CAH. We anticipate a loss of \$8 million in 2026. We don't believe we can absorb these plus further losses anticipated from HR 1 without assistance.

Persons Testifying: PRO: Cathy Bambrick, Astria Toppenish Hospital; Brian Gibbons; Eric Jensen, ATH; Dr. Raul Garcia, Astria Toppenish Hospital.

Persons Signed In To Testify But Not Testifying: No one.

EFFECT OF HOUSE AMENDMENT(S):

- Adds a sunset date of January 1, 2029.