
HOUSE BILL 1466

State of Washington

69th Legislature

2025 Regular Session

By Representatives Fitzgibbon and Ormsby; by request of Office of Financial Management

Read first time 01/21/25. Referred to Committee on Appropriations.

1 AN ACT Relating to increasing the biennial funds contribution in
2 lieu of state funds from the hospital safety net program; amending
3 RCW 74.60.020; and providing a contingent effective date.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 74.60.020 and 2023 c 430 s 3 are each amended to
6 read as follows:

7 (1) A dedicated fund is hereby established within the state
8 treasury to be known as the hospital safety net assessment fund. The
9 purpose and use of the fund shall be to receive and disburse funds,
10 together with accrued interest, in accordance with this chapter.
11 Moneys in the fund, including interest earned, shall not be used or
12 disbursed for any purposes other than those specified in this
13 chapter. Any amounts expended from the fund that are later recouped
14 by the authority on audit or otherwise shall be returned to the fund.

15 (a) Any unexpended balance in the fund at the end of a fiscal
16 year shall carry over into the following fiscal year or that fiscal
17 year and the following fiscal year and shall be applied to reduce the
18 amount of the assessment under RCW 74.60.050(1)(c).

19 (b) If the program is discontinued, any amounts remaining in the
20 fund shall be refunded to hospitals, pro rata according to the amount

1 paid by the hospital since July 1, 2018, subject to the limitations
2 of federal law.

3 (2) All assessments, interest, and penalties collected by the
4 authority under RCW 74.60.030 and 74.60.050 shall be deposited into
5 the fund.

6 (3) Disbursements from the fund are conditioned upon
7 appropriation and the continued availability of other funds
8 sufficient to maintain aggregate payment levels to hospitals for
9 inpatient and outpatient services covered by medicaid, including fee-
10 for-service and managed care, at least at the levels the state paid
11 for those services on July 1, 2022, as adjusted for current
12 enrollment and utilization.

13 (4) Disbursements from the fund may be made only:

14 (a) To make payments to hospitals and managed care organizations
15 as specified in this chapter;

16 (b) To refund erroneous or excessive payments made by hospitals
17 pursuant to this chapter;

18 (c) For up to \$2,000,000 per biennium for payment of
19 administrative expenses incurred by the authority in performing the
20 activities authorized by this chapter;

21 (d) For (~~(\$452,000,000 per)~~) \$527,000,000 during the 2025-2027
22 fiscal biennium, to be used in lieu of state general fund payments
23 for medicaid hospital services of which \$160,000,000 per biennium
24 shall be used for appropriation by the legislature for postacute
25 hospital transitions, provided that if the full amount of the
26 payments required under RCW 74.60.120 and 74.60.130 cannot be
27 distributed in a given fiscal year, this total amount must be reduced
28 proportionately;

29 (e) Beginning July 1, 2027, \$552,000,000 per fiscal biennium, to
30 be used in lieu of state general fund payments for medicaid hospital
31 services of which \$160,000,000 per fiscal biennium shall be used for
32 appropriation by the legislature for postacute hospital transitions,
33 provided that if the full amount of the payments required under RCW
34 74.60.120 and 74.60.130 cannot be distributed in a given fiscal year,
35 this total amount must be reduced proportionately;

36 (f) To repay the federal government for any excess payments made
37 to hospitals from the fund if the assessments or payment increases
38 set forth in this chapter are deemed out of compliance with federal
39 statutes and regulations in a final determination by a court of
40 competent jurisdiction with all appeals exhausted. In such a case,

1 the authority may require hospitals receiving excess payments to
2 refund the payments in question to the fund. The state in turn shall
3 return funds to the federal government in the same proportion as the
4 original financing. If a hospital is unable to refund payments, the
5 state shall develop either a payment plan, or deduct moneys from
6 future medicaid payments, or both;

7 ~~((f))~~ (g) To pay an amount sufficient, when combined with the
8 maximum available amount of federal funds necessary to provide a one
9 percent increase in medicaid hospital inpatient rates for medicaid
10 prospective payment system hospitals and designated public hospitals
11 that are eligible for quality improvement incentives under RCW
12 74.09.611. Only funds collected under RCW 74.60.030 shall be used to
13 generate payments to medicaid prospective payment hospitals. Only
14 funds received under RCW 74.60.090 shall be used to generate payments
15 to designated public hospitals. By May 16, 2018, and by each May 16th
16 thereafter, the authority, in cooperation with the department of
17 health, must verify that all medicaid prospective payment system
18 hospitals and all designated public hospitals are in substantial
19 compliance with the reporting requirements in RCW 43.70.052 and
20 70.01.040 for the prior period. Safety net assessment funds shall not
21 be used to pay quality improvement incentives to any other hospitals.
22 For the purposes of this subsection, "substantial compliance" means,
23 in the prior period, the hospital has submitted at least 75 percent
24 of the required reports by the due date. The authority shall
25 distribute quality improvement incentives to hospitals that have met
26 these requirements beginning upon implementation of the programs
27 authorized in chapter 430, Laws of 2023 and each January 1st
28 thereafter; and

29 ~~((g))~~ (h) For each state fiscal year to pay:

30 (i) ~~((Two million dollars))~~ \$2,000,000 for integrated evidence-
31 based psychiatry residency program slots that did not receive state
32 funding prior to 2016 at the integrated psychiatry residency program
33 at the University of Washington; and

34 (ii) ~~((Four million one hundred thousand dollars))~~ \$4,100,000 for
35 family medicine residency program slots that did not receive state
36 funding prior to 2016, as directed through the family medicine
37 residency network at the University of Washington, for slots where
38 residents are employed by hospitals.

1 NEW SECTION. **Sec. 2.** Section 1 of this act takes effect when
2 section 3, chapter 430, Laws of 2023 takes effect.

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