
SENATE BILL 6194

State of Washington

69th Legislature

2026 Regular Session

By Senators King, Hasegawa, and Torres

Read first time 01/16/26. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to allowing payments to be made based on
2 allowable costs for services provided by any rural hospital that is
3 located on a federally recognized Indian reservation; and amending
4 RCW 74.09.5225.

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

6 **Sec. 1.** RCW 74.09.5225 and 2017 c 198 s 1 are each amended to
7 read as follows:

8 (1) Payments for recipients eligible for medical assistance
9 programs under this chapter for services provided by hospitals,
10 regardless of the beneficiary's managed care enrollment status, shall
11 be made based on allowable costs incurred during the year, when
12 services are provided by a rural hospital certified by the centers
13 for medicare and medicaid services as a critical access hospital,
14 unless the critical access hospital is participating in the
15 Washington rural health access preservation pilot described in
16 subsection (2)(b) of this section. Any additional payments made by
17 the authority for the healthy options program shall be no more than
18 the additional amounts per service paid under this section for other
19 medical assistance programs.

20 (2)(a) Beginning on July 24, 2005, except as provided in (b) of
21 this subsection and subsection (4)(a) of this section, a moratorium

1 shall be placed on additional hospital participation in critical
2 access hospital payments under this section. However, rural hospitals
3 that applied for certification to the centers for medicare and
4 medicaid services prior to January 1, 2005, but have not yet
5 completed the process or have not yet been approved for
6 certification, remain eligible for medical assistance payments under
7 this section.

8 (b) (i) The purpose of the Washington rural health access
9 preservation pilot is to develop an alternative service and payment
10 system to the critical access hospital authorized under section 1820
11 of the social security act to sustain essential services in rural
12 communities.

13 (ii) For the purposes of state law, any rural hospital approved
14 by the department of health for participation in critical access
15 hospital payments under this section that participates in the
16 Washington rural health access preservation pilot identified by the
17 state office of rural health and ceases to participate in critical
18 access hospital payments may renew participation in critical access
19 hospital associated payment methodologies under this section at any
20 time.

21 (iii) The Washington rural health access preservation pilot is
22 subject to the following requirements:

23 (A) In the pilot formation or development, the department of
24 health, health care authority, and Washington state hospital
25 association will identify goals for the pilot project before any
26 hospital joins the pilot project;

27 (B) Participation in the pilot is optional and no hospital may be
28 required to join the pilot;

29 (C) Before a hospital enters the pilot program, the health care
30 authority must provide information to the hospital regarding how the
31 hospital could end its participation in the pilot if the pilot is not
32 working in its community;

33 (D) Payments for services delivered by public health care service
34 districts participating in the Washington rural health access
35 preservation pilot to recipients eligible for medical assistance
36 programs under this chapter must be based on an alternative, value-
37 based payment methodology established by the authority. Subject to
38 the availability of amounts appropriated for this specific purpose,
39 the payment methodology must provide sufficient funding to sustain
40 essential services in the areas served, including but not limited to

1 emergency and primary care services. The methodology must adjust
2 payment amounts based on measures of quality and value, rather than
3 volume. As part of the pilot, the health care authority shall
4 encourage additional payers to use the adopted payment methodology
5 for services delivered by the pilot participants to individuals
6 insured by those payers;

7 (E) The department of health, health care authority, and
8 Washington state hospital association will report interim progress to
9 the legislature no later than December 1, 2018, and will report on
10 the results of the pilot no later than six months following the
11 conclusion of the pilot. The reports will describe any policy changes
12 identified during the course of the pilot that would support small
13 critical access hospitals; and

14 (F) Funds appropriated for the Washington rural health access
15 preservation pilot will be used to help participating hospitals
16 transition to a new payment methodology and will not extend beyond
17 the anticipated three-year pilot period.

18 (3) (a) Beginning January 1, 2015, payments for recipients
19 eligible for medical assistance programs under this chapter for
20 services provided by a hospital, regardless of the beneficiary's
21 managed care enrollment status, shall be increased to one hundred
22 twenty-five percent of the hospital's fee-for-service rates, when
23 services are provided by a rural hospital that:

24 (i) Was certified by the centers for medicare and medicaid
25 services as a sole community hospital as of January 1, 2013;

26 (ii) Had a level III adult trauma service designation from the
27 department of health as of January 1, 2014;

28 (iii) Had less than one hundred fifty acute care licensed beds in
29 fiscal year 2011; and

30 (iv) Is owned and operated by the state or a political
31 subdivision.

32 (b) The enhanced payment rates under this subsection shall be
33 considered the hospital's medicaid payment rate for purposes of any
34 other state or private programs that pay hospitals according to
35 medicaid payment rates.

36 (c) Hospitals participating in the certified public expenditures
37 program may not receive the increased reimbursement rates provided in
38 this subsection (3) for inpatient services.

39 (4) For any rural hospital that is located on a federally
40 recognized Indian reservation, if the rural hospital:

1 (a) Is designated by the centers for medicare and medicaid
2 services as a critical access hospital on or after January 1, 2026,
3 then that rural hospital shall be eligible for payments as outlined
4 in subsection (1) of this section; or

5 (b) Is not designated by the centers for medicare and medicaid
6 services as a critical access hospital on or after January 1, 2026,
7 then that rural hospital shall be eligible for payments for medical
8 assistance programs under this chapter for services provided by that
9 rural hospital, regardless of the managed care enrollment status of
10 the beneficiary, that are made based on allowable costs incurred
11 during the year, when services are provided by that rural hospital
12 while the rural hospital maintains no more than 25 inpatient beds,
13 not including any beds in the psychiatric unit.

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