

Title 261 WAC

WASHINGTON STATE HOSPITAL COMMISSION

Chapters

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Chapter 261-02 WAC ORGANIZATION—OPERATIONS— PROCEDURES

WAC

- 261-02-010 Purpose.
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- 261-02-030 Description of organization.
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WAC 261-02-010 Purpose. The purpose of this chapter shall be to ensure compliance by the hospital commission with the provisions of chapter 42.17 RCW (Initiative 276) and chapter 34.04 WAC [RCW]. [Order 73-01, § 261-02-010, filed 1/11/74.]

WAC 261-02-020 Hospital commission definition. The hospital commission is the commission appointed by the governor pursuant to chapter 5, Laws of 1973 1st ex. sess. The hospital commission shall hereinafter be referred to as the "commission". Where appropriate, the term commission also refers to the staff, legal counsel, and employees of the commission. [Order 73-01, § 261-02-020, filed 1/11/74.]

WAC 261-02-030 Description of organization. The commission is a five-member independent state agency with the authority over financial disclosure and budget and prospective rate review and other hospital related matters. The executive head of the commission is a chairman who, like other commission members, is appointed by the governor. [Order 73-01, § 261-02-030, filed 1/11/74.]

WAC 261-02-040 Operations and procedures. (1) Vice chairman: By majority vote, the members of the commission shall elect from among themselves a Vice-

Chairman who shall act as Chairman in the absence of the chairman. The Vice-Chairman shall hold office for two years or until his successor is elected, whichever is later. Whenever a vacancy occurs in the office of Vice-Chairman, the members of the commission shall elect a successor who shall serve out the remaining term of the prior Vice-Chairman.

(2) Commission staff: The staff of the commission shall consist of a full-time executive director, a Deputy Director, a Confidential Secretary and such other employees as are necessary to fulfill the responsibilities and duties of the commission. The executive director shall be the chief administrative officer of the commission and shall be subject to its direction. All other staff shall be under the supervision and direction of the executive director and the commission.

(3) Administrative office: The administrative office of the commission and its staff is located at 206 Evergreen Plaza Building, 711 South Capitol Way, Olympia, Washington 98504, which office shall be open each day for the transaction of business from 8:00 a.m. to 5:00 p.m. (Saturdays, Sundays, and legal holidays excepted; and except for business relating to public records which is governed by WAC 261-06-050).

(4) Address for communications: All communications with the commission including but not limited to the submission of materials pertaining to its operations and/or the administration or enforcement of chapter 42.17 RCW, and these rules; requests for copies of the commission's decisions and other matters, shall be addressed as follows: Washington State Hospital Commission, c/o Public Records Officer, 206 Evergreen Plaza Building, 711 South Capitol Way, Olympia, Washington 98504.

(5) Commission meetings: The meetings of the commission shall be held on the second and fourth Thursdays of each month, beginning at 9:30 a.m., in the University Towers Hotel, Northeast 45th and Brooklyn Avenue, Seattle, Washington, unless previously cancelled, moved or otherwise rescheduled, in which case such meetings shall be deemed a special meeting.

Commission meetings shall be open to the public except for those portions of meetings of the commission during which the commission serves as the State Advisory Board pursuant to section 14, chapter 5, Laws of 1973 1st ex. sess. In that capacity, the commission is responsible for recommending increases in rates for hospital and related health care institutions to the Federal Price Commission or its successor in implementing the Federal Economic Stabilization Act of 1970. Section 205 of that federal act prohibits the disclosure of "... information provided to the commission in its state advisory board role.["] Consequently these portions of the

commission meetings that relate to state advisory board matters will be executive sessions and closed to all but Commission members, staff, legal counsel, and persons specifically invited by the commission, notwithstanding the provisions of the Washington State Open Public Meetings Act, chapter 42.30 RCW.

(6) Quorum: Three members shall constitute a quorum, but a vacancy on the commission shall not impair its power to act. No action of the commission shall be effective unless three members concur therein.

(7) Chairman's voting rights: The chairman shall have the right to vote on all matters before the commission, just as any other Commission member.

(8) Minutes of meetings: Minutes shall be kept of the proceedings of an action taken by the commission.

(9) Rule of Order: The Commission shall generally follow Robert's Rules of Order in conducting its business meetings. [Order 77-01, § 261-02-040, filed 12/23/77; Order 73-01, § 261-02-040, filed 1/11/74.]

Reviser's Note: RCW 34.04.058 requires the use of underlining and deletion marks to indicate amendments to existing rules, and deems ineffectual changes not filed by the agency in this manner. The bracketed material in the above section does not appear to conform to the statutory requirement.

Chapter 261-06 WAC PUBLIC RECORDS

WAC

261-06-010	Purpose.
261-06-020	Definitions.
261-06-030	Public records available.
261-06-040	Public records officer.
261-06-050	Office hours.
261-06-060	Requests for public records.
261-06-070	Copying.
261-06-080	Exemptions.
261-06-090	Review of denials of public records requests.
261-06-100	Protection of public records.
261-06-110	Records index.

WAC 261-06-010 Purpose. The purpose of this chapter shall be to ensure compliance by the hospital commission with the provisions of RCW 42.17.250-42.17.340, dealing with public records. [Order 73-01, § 261-06-010, filed 1/11/74.]

WAC 261-06-020 Definitions. (1) "Public record" includes any writing containing information relating to the conduct of governmental or the performance of any governmental or proprietary function prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics.

(2) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums and other documents.

(3) "Hospital commission" and "commission" refer to that state agency described in WAC 261-02-020. [Order 73-01, § 261-06-020, filed 1/11/74.]

WAC 261-06-030 Public records available. (1) All public records of the commission, as defined in WAC 261-06-020 are deemed to be available for public inspection and copying pursuant to these rules, except as otherwise provided by RCW 42.17.310 and WAC 261-06-030(2).

(2) Section 205 of the Federal Economic Stabilization Act of 1970 requires information relating to income, profits, losses, or expenditures of health care institutions be kept confidential. When fulfilling its duties as the state advisory board according to the Economic Stabilization Regulations, 6 C.F.R. 300.18, 36 F.R. 23384 (December 30, 1971) as now or hereafter amended, the commission will not make available to the public information provided to the commission which it is required to keep confidential, notwithstanding the public records provisions of Initiative 276, RCW 42.17.250-42.17.340. [Order 73-01, § 261-06-030, filed 1/11/74.]

WAC 261-06-040 Public records officer. The commission's public records shall be in charge of the public records officer designated by the executive director of the commission. The person so designated shall be located in the administrative office of the commission. The public records officer shall be responsible for implementing the commission's rules and regulations regarding release of public records, coordinating the staff of the commission in this regard, and generally insuring compliance by the staff with the public records disclosure requirements of chapter 42.17 RCW. [Order 73-01, § 261-06-040, filed 1/11/74.]

WAC 261-06-050 Office hours. Public records shall be available for inspection and copying during the customary office hours of the commission. For the purposes of this chapter, the customary office hours shall be from 9:00 a.m. to noon and from 1:00 p.m. to 4:00 p.m., Monday through Friday, excluding legal holidays. [Order 73-01, § 261-06-050, filed 1/11/74.]

WAC 261-06-060 Requests for public records. In accordance with requirements of chapter 42.17 RCW that agencies prevent unreasonable invasions of privacy, protect public records from damage or disorganization, and prevent excessive interference with essential functions of the agency, public records may be inspected or copied or copies of such records may be obtained, by members of the public, upon compliance with the following procedures:

(1) A request shall be made in writing upon a form prescribed by the commission, which form shall be available at its administrative office. The form shall be presented to the public records officer, or to any member of the commission's staff if the public records officer is not available, at the administrative office of the commission during customary office hours. The request shall include the following information:

- The name of the person requesting the record;
- The time of day and calendar date on which the request was made;
- The nature of the request;

(d) If the matter requested is referenced within the current index maintained by the public records officer, a reference to the requested record as it is described in such current index;

(e) If the requested matter is not identifiable by reference to the commission's current index, an appropriate description of the record requested.

(2) In all cases in which a member of the public is making a request, the public records officer or staff member to whom the request is made shall assist the member of the public in appropriately identifying the public record requested. [Order 73-01, § 261-06-060, filed 1/11/74.]

WAC 261-06-070 Copying. No fee shall be charged for the inspection of public records. The commission shall charge a fee of twenty-five cents per page of copy for providing copies of public records and for use of the commission's copy equipment. This charge is the amount necessary to reimburse the commission for its actual costs incident to such copying. [Order 73-01, § 261-06-070, filed 1/11/74.]

WAC 261-06-080 Exemptions. (1) The commission reserves the right to determine that a public record requested in accordance with the procedures outlined in WAC 261-02-060 is exempt under the provisions of RCW 42.17.310 or WAC 261-06-030(2).

(2) In addition, pursuant to RCW 42.17.260, the commission reserves the right to delete identifying details when it makes available or publishes any public record, in any cases when there is reason to believe that disclosure of such details would be an invasion of personal privacy protected by chapter 42.17 RCW. The public records officer will fully justify such deletion in writing.

(3) All denials of requests for public records must be accompanied by a written statement specifying the reason for authorizing the withholding of the record and a brief explanation of how the exemption applies to the record withheld. [Order 73-01, § 261-06-080, filed 1/11/74.]

WAC 261-06-090 Review of denials of public records requests. (1) Any person who objects to the denial of a request for a public record may petition for prompt review of such decision by tendering a written request for review. The written request shall specifically refer to the written statement by the public records officer or other staff member which constituted or accompanied the denial.

(2) Immediately after receiving a written request for review of a decision denying a public record, the public records officer or other staff member denying the request shall refer it to the executive director of the commission. The executive director may request that a special meeting of the commission be called as soon as legally possible to review the denial. In any case, the request shall be returned with a final decision, within two business days following the original denial.

(3) Administrative remedies shall not be considered exhausted until the commission has returned the petition

with a decision or until the close of the second business day following denial of inspection, whichever occurs first. [Order 73-01, § 261-06-090, filed 1/11/74.]

WAC 261-06-100 Protection of public records. In order that public records maintained on the premises of the commission may be protected from damage or disorganization as required by chapter 42.17 RCW, the following procedures and practices are hereby instituted:

(1) Upon receipt of a request by a member of the public for a public record, the public records officer or the staff member in the commission office receiving the request shall review the request for a public record and the requested public record to determine whether deletions from such record should be made or the request for such record should be denied pursuant to WAC 261-06-080.

(2) Only after a determination has been made that all or such portion of a public record as is not deleted may be inspected, shall such public record or portion thereof be made available of inspection by a member of the public.

(3) Only the staff and members of the commission may open commission files to gain access to commission records for either commission business or to respond to a request for a public record.

(4) No public record of the commission may be taken from the premises of the commission by a member of the public.

(5) Public inspection of commission records shall be done only in such locations as are approved by the public records officer, which locations must provide an opportunity for commission staff members to insure no public record of the commission is damaged, destroyed, or unreasonably disorganized or removed from its proper location or order by a member of the public.

(6) Public records of the commission may be copied only on the copying machinery of the commission unless other arrangements are authorized by the public records officer. [Order 73-01, § 261-06-100, filed 1/11/74.]

WAC 261-06-110 Records index. (1) The commission has available to all persons a current index which provides identifying information as to the following records issued, adopted, or promulgated since its inception:

(a) Final opinions, including concurring and dissenting opinions, as well as orders, made in the adjudication of cases;

(b) Those statements of policy and interpretations of policy, statute and the Constitution which have been adopted by the commission;

(c) Administrative staff manuals and instructions to staff that affect a member of the public;

(d) Planning policies and goals, and interim and final planning decisions;

(e) Factual staff reports and studies, factual consultant's reports and studies, scientific reports and studies, and any other factual information derived from tests, studies, reports or surveys, whether conducted by public employees or others; and

(f) Correspondence, and materials referred to therein, by and with the commission relating to any regulatory,

supervisory or enforcement responsibilities of the commission whereby the commission determines, or opines upon, or is asked to determine or opine upon, the rights of the state, the public, a subdivision of state government, or of any private party.

(2) The current index promulgated by the commission shall be available to all persons under the same rules and on the same conditions as are applied to public records available for inspection. [Order 73-01, § 261-06-110, filed 1/11/74.]

Chapter 261-08 WAC UNIFORM PROCEDURAL RULES

WAC

261-08-010 Uniform procedural rules.

WAC 261-08-010 Uniform procedural rules. The hospital commission, hereinafter designated as the commission, adopts as its own rules of practice all those uniform procedural rules promulgated by the Code Reviser now codified in the Washington Administrative Code, WAC 1-08-005 through 1-08-590, as now or hereafter amended, subject to any additional rules the commission may add from time to time. The commission reserves the right to make whatever determination is fair and equitable should any question not covered by its rules come before the commission, said determination to be in accordance with the spirit and intent of the law. [Order 73-01, § 261-08-010, filed 1/11/74.]

Chapter 261-10 WAC ASSESSMENTS AND RELATED REPORTS

WAC

261-10-010	Purpose.
261-10-020	Definitions.
261-10-030	Levy of assessment.
261-10-040	Payment of assessment.
261-10-050	Exemption from assessment.
261-10-060	Reporting of information.
261-10-070	Certification and attestation of reports.
261-10-080	Criminal provisions.

WAC 261-10-010 Purpose. This chapter is adopted by the Washington State Hospital Commission pursuant to RCW 70.39.180 to implement the provisions of RCW 70.39.170, regarding the financing of expenses of the Washington State Hospital Commission by an assessment against hospitals. [Order 74-04, § 261-10-010, filed 3/29/74; Order 74-03, § 261-10-010, filed 2/15/74.]

WAC 261-10-020 Definitions. As used in this chapter, unless the context requires otherwise,

(1) "Commission" shall mean the Washington State Hospital Commission created by chapter 70.39 RCW.

(2) "Hospital" shall mean any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW, but shall not include any health care institution conducted for those who rely primarily upon

treatment by prayer or spiritual means in accordance with the creed or tenets of any church or denomination.

(3) "Gross operating costs" shall mean the sum of the hospital expense items defined in either the American Institute of Certified Public Accountant's *Hospital Audit Guide*, 1972 ed., or the American Hospital Association's *Chart of Accounts for Hospitals*, 1966 ed. [Order 74-03, § 261-10-020, filed 2/15/74.]

WAC 261-10-030 Levy of assessment. (1) **Rate:** The commission, pursuant to RCW 70.39.170 hereby levies upon each hospital an annual assessment at the rate of four one-hundredths of one per cent of such hospital's gross operating costs.

(2) **Applicable fiscal year basis for period of assessment:** For the assessment period July 1, 1973, through June 30, 1974, the amount of the assessment shall be based on the gross operating costs of such hospital during its fiscal year ending on or before June 30, 1972. The amount of each subsequent annual assessment shall be based on the gross operating costs of such hospital during its fiscal year ending on or before June 30th of each succeeding calendar year. [Order 74-03, § 261-10-030, filed 2/15/74.]

WAC 261-10-040 Payment of assessment. (1) For the assessment period July 1, 1973, through June 30, 1974, the commission shall prepare and mail to each hospital, forms requiring such financial and operating information as the commission deems necessary to calculate the assessment due from such hospital. Such forms shall be completed in a manner satisfactory to the commission and returned to the commission, together with any required attachments, on or before March 1, 1974. Upon receipt of such forms, the commission shall calculate the amount of the initial assessment due from each hospital, and shall prepare and mail to such hospital a statement indicating the amount of the assessment due. The initial assessment shall be due and payable June 15, 1974.

(2) For the assessment period July 1, 1974, through June 30, 1975, each hospital shall submit to the commission on or before January 1, 1975, the information required pursuant to WAC 261-10-050, for its fiscal year ending on or before June 30, 1973. Upon receipt of such information, the commission shall calculate the amount of the second assessment due from each hospital, and shall prepare and mail to such hospital a statement indicating the amount of the assessment. The second assessment shall be due and payable June 15, 1975.

(3) For the assessment period July 1, 1975, through June 30, 1976, each hospital shall submit to the commission on or before January 1, 1976, the information required pursuant to WAC 261-10-050, for its fiscal year ending on or before June 30, 1974. Upon receipt of such information, the commission shall calculate the amount of the third assessment due from each hospital, and shall prepare and mail to such hospital a statement indicating the amount of the assessment. The third assessment shall be due and payable June 15, 1976.

(4) After the first three assessments, the commission annually shall calculate the amount of assessment due

from each hospital, and shall prepare and mail to such hospital a statement indicating the amount of the assessment. Any subsequent assessment shall be paid within ninety days after the statement of such assessment is mailed by the commission.

(5) Any assessment not paid on or by the date due shall be deemed delinquent and a penalty shall be payable on such delinquent assessment, calculated as interest on the principal amount due at the rate of twelve per cent per annum. Any hospital not remitting the amount of an assessment on or before the date due shall be considered in violation of chapter 70.39 RCW and subject to the penalties provided therein. [Order 74-03, § 261-10-040, filed 2/15/74.]

WAC 261-10-050 Exemption from assessment. (1) Upon receipt of a request in detail to the satisfaction of the commission, the commission may grant an exemption from assessment to a hospital for such assessment period(s) or portion thereof as the commission shall specify, for the following reasons:

(a) The hospital was not in operation for the entire twelve months of its assessable fiscal year. (Such hospital, however, shall be liable for an assessment based on its gross operating costs for the period of its assessable fiscal year during which it was in operation.)

(b) A change in ownership of the operating entity of the hospital has occurred during such hospital's assessable fiscal year. (From and after February 15, 1974, however, an entity that assumes the operation of, or otherwise becomes the operator of a hospital shall also assume the assessment obligation of any previous operating entity.)

(c) The hospital charges no fee to users of its services; presents no billing, either direct or indirect, to users of its services; and presents no billing and accepts no payment for services from private or public insurers.

(2) The request for an exemption from assessment shall specify the assessment period(s) or portion thereof for which exemption is sought, and the reasons why the commission should grant the exemption. A request for an exemption shall be acted upon by the commission within sixty days of the receipt thereof.

(3) Any hospital granted an exemption from assessment under this chapter, nevertheless, shall be required to conform to all reporting requirements as the commission may prescribe. [Order 74-03, § 261-10-050, filed 2/15/74.]

WAC 261-10-060 Reporting of information. From and after July 1, 1974, each hospital annually shall file with the commission within 120 days after the close of its fiscal year in the form and manner prescribed by the commission:

- (1) a balance sheet detailing the assets, liabilities, and net worth of the hospital;
- (2) a statement of income and expenses;
- (3) a statement of changes in fund balances;
- (4) a statement of detailed operating expenses by department;
- (5) a statement of detailed revenues by department; and
- (6) such other reports of costs incurred in rendering

services as the commission may prescribe: *Provided, however,* the 120 period may be extended up to and including an additional discretion, may consider good and sufficient reasons. Where more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately. [Order 74-03, § 261-10-060, filed 2/15/74.]

WAC 261-10-070 Certification and attestation of reports. All financial reports filed with the commission pursuant to WAC 261-10-060 shall be certified by the hospital's certified or licensed public accountant, or under oath by the hospital's administrative and financial officers, that such reports, to the best of their knowledge and belief, have been prepared in accordance with the prescribed system of accounting and reporting, and fairly state the financial position of the hospital as of the specified date; the commission also may require attestation as to such statements from responsible officials of the hospital so designated by the governing board, if any, of the hospital. [Order 74-03, § 261-10-070, filed 2/15/74.]

WAC 261-10-080 Criminal provisions. RCW 70.39.200 provides that every person who shall violate or knowingly aid and abet the violation of chapter 70.39 RCW or any valid orders, rules, or regulations thereunder, or who fails to perform any act which it is herein made his duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. [Order 74-03, § 261-10-080, filed 2/15/74.]

Chapter 261-12 WAC RULES FOR REPORTING HOSPITAL RATE INFORMATION

WAC

261-12-010	Purpose.
261-12-020	Definitions.
261-12-030	Reporting of information.
261-12-040	Report of changes in or new prices.
261-12-050	Changes in pricing policy.
261-12-055	Time deadline for submission of report.
261-12-060	Changes in contracts.
261-12-070	Additional information request.
261-12-080	Commission review and response to reports.

WAC 261-12-010 Purpose. This chapter is adopted by the Washington State Hospital Commission pursuant to RCW 70.39.180 to implement provisions of RCW 70.39.150, regarding the compilation of relevant financial and accounting data, including a current price schedule as well as any subsequent amendments or modifications of that schedule. [Order 76-01, § 261-12-010, filed 2/13/76; Order 74-07, § 261-12-010, filed 5/10/74.]

WAC 261-12-020 Definitions. As used in this chapter, unless the context requires otherwise,

(1) "Commission" means the Washington State Hospital Commission created by chapter 70.39 RCW;

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW, but shall not include any health care institution conducted for those who rely primarily upon treatment by prayer or spiritual means in accordance with the creed or tenets of any church or denomination;

(3) "Price" means the amount of money demanded for each service, procedure, treatment, medication, or other hospital service provided a patient; the term "charge" as used in chapter 70.39 RCW may be a synonym;

(4) "Price schedule" means the compilation of prices;

(5) "Pricing policy" means the controlling principles, policies, and procedures adopted or utilized by a hospital in establishing its prices. [Order 76-01, § 261-12-020, filed 2/13/76; Order 74-07, § 261-12-020, filed 5/10/74.]

WAC 261-12-030 Reporting of information. Each hospital shall file with the Commission on or before April 1, 1976,

(1) A copy of the current price schedule in effect on April 1, 1976 for the following services:

- Intensive Care
- Coronary Care
- Acute Care – Medical/Surgical/Obstetrical
 - Private
 - Semi-Private
 - Ward
- Isolation
- Pediatric
 - Private
 - Semi-Private
 - Ward
- Nursery
 - Newborn
 - Premature
 - Boarder
- Skilled Nursing (ECF)
 - Private
 - Semi-Private
- Other Daily Hospital Services (Specify)
 - Delivery Room
 - Operating Room
 - Recovery Room
 - Anesthesiology
 - Emergency Room

(2) A written statement describing its pricing policy in effect on April 1, 1976, regarding the following services:

- Central Services
- Intravenous Service
- Laboratory
- Blood Bank
- Radiology
- Pharmacy
- Respiratory Therapy
- Physical Therapy

Other Ancillary Services (Specify)

Provided, however, any hospital that had on file with the Commission a copy of its price schedule and pricing policy in effect on April 1, 1976, need not resubmit such information to the Commission. [Order 76-01, § 261-12-030, filed 2/13/76; Order 74-07, § 261-12-030, filed 5/10/74.]

WAC 261-12-040 Report of changes in or new prices. From and after April 1, 1976, each hospital shall report to the Commission in the form and manner prescribed by the Commission any and all proposed changes in prices reported pursuant to WAC 261-12-030, as well as any and all prices proposed to be established for a service newly instituted and not previously or otherwise reported under WAC 261-12-030(1). In such report the hospital shall include a brief description of the reasons why such price change(s) or new price(s) is/are necessary. [Order 76-01, § 261-12-040, filed 2/13/76; Order 74-07, § 261-12-040, filed 5/10/74.]

WAC 261-12-050 Changes in pricing policy. From and after April 1, 1976, each hospital shall report to the Commission, in the form and manner prescribed by the Commission any and all proposed changes in pricing policy regarding services listed in WAC 261-12-030(2). In such report the hospital shall include a description of the probable impact on prices and revenues of the hospital which will result from the change(s) in pricing policy. [Order 76-01, § 261-12-050, filed 2/13/76; Order 74-07, § 261-12-050, filed 5/10/74.]

WAC 261-12-055 Time deadline for submission of report. The Commission expects a hospital to submit to the Commission any report required by WAC 261-12-040 or 261-12-050 immediately after the adoption or approval of such proposed price change(s) or new price(s) by the hospital's appropriate governing authority. In no event, however, shall a hospital fail to provide such report to the Commission within thirty days after the date of adoption or approval of such price or pricing policy change(s) or price(s) for newly instituted service(s). [Order 76-01, § 261-12-055, filed 2/13/76.]

WAC 261-12-060 Changes in contracts. Each hospital shall report to the Commission any changes in existing contracts or other agreements and any new contracts or agreements with physicians or other health professionals which will impact the pricing policy or the prices charged for services provided by or through the hospital immediately upon approval by the appropriate authority of the hospital of such contract or agreement. [Order 74-07, § 261-12-060, filed 5/10/74.]

WAC 261-12-070 Additional information request. In the event the Commission or its staff desires additional information not provided by a hospital in its report to the Commission regarding a proposed change in price(s) or pricing policy or the price(s) proposed to be established for a newly instituted service, the Commission or its staff shall telephone or mail to such hospital a request detailing the additional information that should

be submitted to the Commission. [Order 76-01, § 261-12-070, filed 2/13/76.]

WAC 261-12-080 Commission review and response to reports. Following receipt of the reports and additional information (if any) submitted to the Commission pursuant to WAC 261-12-040 through WAC 261-12-070, the Commission shall review the submitted material and may provide comments expressing the Commission's viewpoint to the hospital regarding the price(s) established for a newly instituted service or price or pricing policy change(s). [Order 76-01, § 261-12-080, filed 2/13/76.]

Chapter 261-20 WAC UNIFORM SYSTEM OF ACCOUNTING AND FINANCIAL REPORTING

Reviser's note: The "Washington State Hospital Commission Accounting and Reporting Manual" was duly filed by the Washington State Hospital Commission in accordance with the provisions of the Administrative Procedure Act by Em. Order 74-06, filed 10/1/74 and Perm. Order 74-07, filed 10/1/74. The manual includes some 400 pages of codes, charts and appendices. The Reviser has deemed it inexpedient to convert this accounting manual to the prescribed form and style of WAC and therefore exclude them from publication. Copies may be obtained from the Washington State Hospital Commission, 120 East Union, Olympia, Wa. 98504.

Amendments to the Washington State Hospital Commission Accounting and Reporting Manual were filed by the Washington State Hospital Commission on August 22, 1975 by Permanent Order 75-03. These amendments are likewise excluded from publication in the Code.

The specific portions of the manual amended by Order 75-03 are as follows:

Page	2420.2 (Cont. 5) #7070 LABORATORY
	2420.2 (Cont. 9) #7140 RADIOLOGY-DIAGNOSTIC
	2420.2 (Cont. 10) #7150 RADIOLOGY-THERAPEUTIC
	2420.2 (Cont. 11) #7160 NUCLEAR MEDICINE
	2420.2 (Cont. 15) #7200 PHYSICAL THERAPY
	2420.5 (Cont. 1) #8320 DIETARY
	2420.5 (Cont. 2) #8330 CAFETERIA

Chapter 261-30 WAC BUDGETING—COST ALLOCATION— PROSPECTIVE RATE SETTING

WAC	
261-30-010	Purpose.
261-30-020	Definitions.
261-30-030	Adoption and establishment of uniform system.
261-30-040	Date of required information submittal to commission—Form and manner of submittal.
261-30-042	Fiscal and budget years reflected in initial submittal of materials required under WAC 261-30-040.
261-30-050	Alternative system for submitting budgeting, cost allocation, and prospective rate setting information to the commission.
261-30-060	Notification date and effective period of classification status.
261-30-070	Modifications of uniform system.
261-30-072	Modifications of uniform system for initial budget year.
261-30-074	Modifications of uniform system applicable to only "basic service" hospitals.
261-30-080	Waivers from submittal requirements.

261-30-090	Uniformly applicable interpretive rulings and minor manual modifications.
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261-30-110	Inapplicability of emergency rules upon effective date of permanent rules.

Reviser's note: The "Washington State Hospital Commission Proposed Budgeting and Prospective Rate Setting Manual, dated October 10, 1974", and "Proposed Budgeting and Prospective Rate Setting Forms and Instructions Manual, dated October 11, 1974", was duly filed by the Washington State Hospital Commission in accordance with the provisions of the Administrative Procedure Act by Permanent Order 75-02, filed May 23, 1975. These manuals include some 800 total pages of codes, charts and appendices. The Reviser has deemed it inexpedient to convert them to the prescribed form and style of WAC and, therefore, exclude them from publication. Copies may be obtained from the Washington State Hospital Commission, 120 East Union, Olympia, Washington 98504.

WAC 261-30-010 Purpose. This chapter is adopted by the Washington State Hospital Commission pursuant to RCW 70.39.180 to implement the provisions of RCW 70.39.120 and RCW 70.39.140 regarding the establishment of a uniform budgeting, cost allocation, and prospective rate setting system for hospitals in Washington State. This system is intended to carry out the Commission's mandate to assure all purchasers of hospital health care services that the total costs of a hospital are reasonably related to the total services offered by that hospital, that the hospital's aggregate revenues as expressed by rates are reasonably related to the hospital's aggregate costs, and that rates are set equitably among all purchasers or classes of purchasers of services without undue discrimination or preference. [Order 75-02, § 261-30-010, filed 5/23/75.]

WAC 261-30-020 Definitions. As used in this chapter, unless the context requires otherwise.

(1) "Washington State Hospital Commission" and "Commission" each shall mean the Washington State Hospital Commission created by chapter 70.39 RCW.

(2) "Hospital" shall mean any health care institution which is required to qualify for a license under RCW 70.41.020 (2); or as a psychiatric hospital under chapter 71.12 RCW, but shall not include any health care institution conducted for those who rely primarily upon treatment by prayer or spiritual means in accordance with the creed or tenets of any church or denomination.

(3) "Rate" shall mean the revenue per defined unit of service for each revenue center identified in the commission's publication entitled *Accounting and Reporting Manual for Hospitals*, adopted under WAC 261-20-030.

(4) "System of Accounts" shall mean the list of accounts, code numbers, definitions, units of measure and principles and concepts included in the Commission's publication entitled *Accounting and Reporting Manual for Hospitals*.

(5) "Budgeting, Cost Allocation and Prospective Rate Setting System" shall mean the fiscal and operative requirements for hospitals with respect to budgeting, cost allocation, and prospective rate setting, described in the Commission's publication entitled *Budgeting and Prospective Rate Setting Manual*. [Order 75-02, § 261-30-020, filed 5/23/75.]

WAC 261-30-030 Adoption and establishment of uniform system. The Commission, pursuant to RCW 70.39.180, hereby adopts and establishes a uniform system for budgeting, cost allocation and prospective rate setting for hospitals in Washington State, which system is described in the Commission's publication entitled *Budgeting and Prospective Rate Setting Manual*, which publication is hereby incorporated by this reference as though set forth in full and at length. Such manual shall constitute chapters 4000 through 7999 of the *Accounting and Reporting Manual for Hospitals*. From and after October 1, 1975, each hospital shall utilize, except as hereinafter modified by the Commission, the established system of budgeting, cost allocation and prospective rate setting with respect to the hospital's fiscal years that begin on or after October 1, 1975. The system of accounts adopted pursuant to RCW 70.39.100 and WAC 261-20-030 and as hereafter modified shall be utilized by each hospital for submitting information, as may be required by the Commission, pertaining to the total financial needs of the hospital and the resources available or expected to become available to meet such needs. [Order 75-02, § 261-30-030, filed 5/23/75.]

WAC 261-30-040 Date of required information submittal to commission—Form and manner of submittal. Each hospital shall submit to the Commission not less than sixty days prior to the beginning of its fiscal year such information as the Commission shall require concerning the total financial needs of such hospital and the resources available or expected to become available to meet such needs, including the effect of proposals made by area-wide and state comprehensive health planning agencies. Such required information shall be that specified in the Commission's publication entitled *Budgeting and Prospective Rate Setting Manual*, and shall be submitted to the Commission in such form and manner as it shall prescribe. Where more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately. [Order 75-02, § 261-30-040, filed 5/23/75.]

WAC 261-30-042 Fiscal and budget years reflected in initial submittal of materials required under WAC 261-30-040. The initial submittal by a hospital pursuant to WAC 261-30-040 shall contain information with respect to such hospital's current fiscal year, and its first budget year beginning on or after October 1, 1975. [Order 75-02, § 261-30-042, filed 5/23/75.]

WAC 261-30-050 Alternative system for submitting budgeting, cost allocation, and prospective rate setting information to the Commission. Upon receipt of a request in detail to the satisfaction of the Commission, the Commission shall consider and, in its discretion, based upon one or more reasons set forth below, may approve, for such period(s) or portion(s) thereof as the Commission shall specify, an alternative system to be utilized by a hospital for submitting budgeting, cost allocation and prospective rate setting information:

(1) The hospital charges no fee to users of its services; presents no billing and accepts no payment for services from private or public insurers; or

(2) The hospital is significantly different from other hospitals because of size; financial structure; methods of payment for services; scope, type, and method of providing services; or

(3) The hospital has other pertinent distinguishing characteristics. [Order 75-02, § 261-30-050, filed 5/23/75.]

WAC 261-30-060 Notification date and effective period of classification status. The Commission may notify a hospital at any time that it is being classified as a "Basic Service" hospital for the purpose of submitting information required by the Commission pursuant to WAC 261-30-040; the Commission, nevertheless, shall attempt to notify any hospital to be classified as a "Basic Service" hospital of its classification status at least six months prior to the beginning of the hospital's next fiscal year. Once the Commission notifies a hospital that it is a "Basic Service" hospital, and until otherwise notified, such hospital may modify its budgeting, cost allocation and prospective rate setting submittals to the Commission as the Commission permits hospitals of that classification. Once a hospital has been notified that it has been classified as a "Basic Service" hospital, the Commission's classification shall remain in effect until the hospital is notified in writing by the Commission of a change in such hospital's classification. The Commission will not, however, change a hospital's classification from "Basic Service" to a more complex class less than four months prior to the date by which such hospital's budget for a subsequent fiscal year is to be submitted to the Commission. [Order 75-02, § 261-30-060, filed 5/23/75.]

WAC 261-30-070 Modifications of uniform system. The Commission, after due consideration, in its discretion, may prepare and publish modifications of the uniform system adopted and established under WAC 261-30-030, for such period and under such conditions as the Commission shall determine. The content of such modifications shall be prepared in the format of, and shall be adopted by the Commission as a rule or an amendment thereto in accordance with the provisions of chapter 34.04 RCW. A copy of any such modification shall be mailed to each hospital in the state, and to such individuals, corporations or organizations as the Commission shall specify. [Order 75-02, § 261-30-070, filed 5/23/75.]

WAC 261-30-072 Modifications of uniform system for initial budget year. (1) No hospitals shall be required to submit statistics and financial data for its prior fiscal year on the forms prepared for its initial budget year submittal under the uniform system established by WAC 261-30-030.

(2) Upon receipt by the Commission of a timely written request from a hospital, the Commission, in its discretion, may waive the requirements in the *Budgeting and Prospective Rate Setting Manual* applicable to the

requesting hospital with respect to budgeting, cost allocation, and prospective rate setting for salaries and wages by the eight subclassifications established within the natural classification of expenses; such waiver shall be effective only for the period specified by the Commission in a written notice of waiver mailed to the hospital.

(3) The unit of measurement utilized by a hospital in connection with its initial submittal of information pursuant to WAC 261-30-040, with respect to CENTRAL SERVICES-7050 and PHARMACY-7170 may be either "number of line items sold" or "number of patient days".

(4) For the purpose of submitting information to the Commission pursuant to WAC 261-30-040 for the initial budget year affected by that regulation, all hospitals may combine account PULMONARY FUNCTION-7080 with RESPIRATORY THERAPY-7180. [Order 75-02, § 261-30-072, filed 5/23/75.]

WAC 261-30-074 Modifications of uniform system applicable to only "Basic Service" hospitals. Any hospital notified by the Commission that it has been classified as a "Basic Service" hospital may combine the accounts specified below in the following manner for the purpose of submitting information to the Commission pursuant to WAC 261-30-040:

(1) Combine ELECTRODIAGNOSIS-7110 into LABORATORY-7070.

(2) Combine CAFETERIA-8330 into DIETARY-8320.

(3) Combine GENERAL ACCOUNTING-8510, COMMUNICATIONS-8520, PATIENT ACCOUNTING-8530, DATA PROCESSING-8540 and ADMITTING-8560 into a single account, FISCAL SERVICES-8500, which cost center should be allocated on the basis of accumulated costs.

(4) Combine HOSPITAL ADMINISTRATION-8610, PUBLIC RELATIONS-8630, MANAGEMENT ENGINEERING-8640, PERSONNEL-8650, AUXILIARY-8660 and CHAPLAINCY-8670 into a single account, ADMINISTRATIVE SERVICES-8600, which cost center should be allocated on the basis of accumulated costs.

(5) Combine MEDICAL LIBRARY-8680 into MEDICAL RECORDS-8690.

(6) Combine INSERVICE EDUCATION - NURSING-8740 into NURSING ADMINISTRATION-8720. [Order 75-02, § 261-30-074, filed 5/23/75.]

WAC 261-30-080 Waivers from submittal requirements. Upon receipt of a request in detail to the satisfaction of the Commission, the Commission shall consider, and in its discretion, may grant a waiver from any or all portions of WAC 261-30-030 and WAC 261-30-040 which require a submittal to the Commission of information regarding such hospital's budgeting, cost allocation and prospective rate setting submittal, which

information is not available at that time nor can be reasonably developed by the hospital. [Order 75-02, § 261-30-080, filed 5/23/75.]

WAC 261-30-090 Uniformly applicable interpretive rulings and minor manual modifications. (1) The executive director of the Commission is authorized to make uniformly applicable interpretive rulings with respect to matters contained in the Commission's publication entitled *Accounting and Reporting Manual for Hospitals* including portions adopted as the *Budgeting and Prospective Rate Setting Manual* under WAC 261-30-030. The executive director of the Commission is also authorized to correct typographical and coding errors as well as make other minor organizational modifications when such corrections and modifications appear to be necessary to assure uniformity of accounting, budgeting, cost allocation, and prospective rate setting procedures or to facilitate fair, accurate, and efficient reporting of hospital financial or other data to the Commission. The Commission shall be notified in advance of the executive director's proposed actions pursuant to this authorization.

(2) Any such interpretive ruling, correction, or modification shall be in writing and distributed as an attachment to a consecutively numbered transmittal letter. Such letter shall describe in detail the changes made by the attached material and shall include instructions regarding the placement of such material in the *Manual*. Each hospital and original recipient of a copy of the Commission's publication entitled *Accounting and Reporting Manual for Hospitals*, inclusive of the portions adopted pursuant to WAC 261-30-030, shall be sent a copy of any such transmittal letter together with all attachments. [Order 75-02, § 261-30-090, filed 5/23/75.]

WAC 261-30-100 Certification and attestation of submitted materials. Upon submitting material required by the Commission pursuant to WAC 261-30-040, the chief administrative officer of a hospital shall certify that such material has been examined by him or her; that to the best of his or her knowledge and belief, such material is a true and correct statement prepared from the books and records of the hospital in accordance with applicable instructions, except as noted; and that the information contained therein represents the total financial needs of the hospital as well as the rates necessary to meet those needs for the described budget period. The Commission may also require a similar statement from the chairman of the governing board (if any) of such hospital. [Order 75-02, § 261-30-100, filed 5/23/75.]

WAC 261-30-110 Inapplicability of emergency rules upon effective date of permanent rules. Emergency rules identified as chapter 261-30 WAC, adopted by the Commission to be effective on May 9, 1975, shall be superseded by these permanent rules effective June 21, 1975. [Order 75-02, § 261-30-110, filed 5/23/75.]

Chapter 261-40 WAC

REVIEW AND APPROVAL OF ANNUAL BUDGET
SUBMITTALS, RATES, RATE SCHEDULES,
OTHER CHARGES AND CHANGES

WAC

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PART 0
GENERAL PROVISIONS

WAC 261-40-010 Purpose. The purpose of this chapter is to implement the provisions of RCW 70.39.140 through 70.39.160 regarding the commission's review and approval of annual budget submittals, hospital rates, rate schedules, other charges, and changes therein. The commission's objective is to assure purchasers of hospital health care services that the total costs of a hospital are reasonably related to the total services offered by that hospital, that the hospital's aggregate revenues as expressed by rates are reasonably related to the hospital's aggregate costs, and that rates are set equitably among all purchasers or classes of purchasers of services without undue discrimination or preference. [Order 75-05, § 261-40-010, filed 11/10/75.]

WAC 261-40-015 Definitions. As used in this chapter, unless the context requires otherwise:

(1) "Annual budget submittal" and "submittal" mean the information submitted to the commission pursuant to WAC 261-30-040.

(2) "Washington State Hospital Commission" and "Commission" mean the Washington State Hospital Commission created by chapter 70.30 RCW.

(3) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW, but shall not include any health care institution conducted for those who rely primarily upon treatment by prayer or spiritual means in accordance with the creed or tenets of any church or denomination. The term "hospital" also refers to an entity that has submitted to the commission an annual budget submittal, which submittal is subject to review by the staff and commission in accordance with the provisions of this chapter.

(4) "Person" or "party" when used in this chapter means any individual, partnership, corporation, comprehensive health planning agency created pursuant to chapter 70.38 RCW, hospital as defined in chapter 70.39 RCW, or any body politic or municipal corporation.

(5) "Rate" means the revenue per defined unit of service for each revenue center identified in the commission's publication entitled *Accounting and Reporting Manual for Hospitals* adopted under chapter 261-30 WAC.

(6) "Staff" means the Executive Director, Deputy Director and Confidential Secretary of the Commission, as well as the employees of the Department of Social and Health Services furnished the commission pursuant to

RCW 70.30.060 to carry out its duties. [Order 75-05, § 261-40-015, filed 11/10/75.]

WAC 261-40-020 Applicability of this chapter. (1) Required commission approval of rate changes: No rate described in any hospital's annual budget submittal and approved by the commission may be changed by such hospital without applying to the commission for the approval of a rate change in accordance with the procedures set forth in this chapter.

(2) Required use of approved rates: Hospitals shall utilize only those rates that have been approved by the commission.

(3) Public hearing on initial annual budget submittal: Since no hospital will have utilized the rate concept adopted by the commission under chapter 261-30 WAC prior to preparation and submission of its initial annual budget submittal, the rates proposed therein will constitute "new" rates. As such, they will be deemed by the commission to propose a change in rates subject to commission review in a public hearing in accordance with RCW 70.39.160. [Order 75-05, § 261-40-020, filed 11/10/75.]

WAC 261-40-025 Inapplicability of uniform procedure rules. Matters subject to review and action by the commission under this chapter shall be subject to the procedural rules set forth herein as well as the Uniform Procedure Rules set forth in chapter 1-08 WAC and adopted by the commission in chapter 261-08 WAC: *Provided*, That where the latter rules are inconsistent with provisions contained herein, the provisions of this chapter shall apply. [Order 75-05, § 261-40-025, filed 11/10/75.]

WAC 261-40-030 Suspension of proposed effective date of rate, rate schedule, other charges, or any change therein. (1) General: Under RCW 70.39.160, the commission is authorized to suspend the effective date of a rate, rate schedule, other charge, or any change therein proposed by a hospital in its annual budget submittal. Any such suspension is a totally discretionary act by the commission. A written explanation of the reasons for such commission action will be provided to the hospital promptly following such action.

(2) Reasons for suspension: It shall be the policy of the commission to review and process annual budget submittals proposing rates, rate schedules, other charges, and any changes therein within a timely fashion so as to avoid having to suspend the proposed effective date thereof. Nevertheless, the commission may choose to suspend the proposed effective date of any rate, rate schedule, other charge, or any change therein for any of the following reasons:

(a) The hospital has failed to submit information or a modified or corrected annual budget submittal within the time period specified by the staff; or has requested a continuance in a hearing.

(b) The staff needs additional time to properly review and process the submittal for good cause shown by the staff;

(c) Other just causes or reasons.

(3) Period of suspension: The initial suspension subsequently shall be for not more than thirty days. The commission may subsequently suspend the effective date of any rate, rate schedule, other charge, or any change therein for an additional period not to exceed thirty days.

(4) Notice of suspension to hospital: Whenever the commission suspends the effective date of any proposed rate, rate schedule, other charge, or changes therein, it shall immediately notify in writing the hospital subject to suspension of such commission action and the period thereof. [Order 75-05, § 261-40-030, filed 11/10/75.]

PART I ANNUAL BUDGET SUBMITTAL REVIEW PROCESS

WAC 261-40-100 Receipt of annual budget submittal. (1) Date stamped upon receipt: Every annual budget submittal provided the commission pursuant to RCW 70.39.120 and 70.39.140, and WAC 261-30-040, shall be stamped as to the date of receipt upon receipt in the commission's office.

(2) Acknowledgement of receipt: The receipt in the commission's office, and date thereof, of a hospital's annual budget submittal shall be acknowledged by the staff in written notice to such hospital. Such notice shall also indicate the date the staff expect such annual budget submittal will be considered by the commission in an informal hearing. [Order 75-05, § 261-40-100, filed 11/10/75.]

WAC 261-40-105 Time limitations on staff for review of annual budget submittal for completeness and conformance, and verification of data. Within thirty days after receipt of an annual budget submittal, the staff shall determine whether it is complete and conforms to commission regulations, policies, and instructions; and verify the data contained therein. [Order 75-05, § 261-40-105, filed 11/10/75.]

WAC 261-40-110 Notice regarding annual budget submittal's completeness, conformance, and verifiability of data; time for response to notice; effect of lack of notice. (1) Notice: Written notice shall be provided by mail or telegram to a hospital within the review period specified in WAC 261-40-105 in the event the staff determines the annual budget submittal of such hospital is incomplete; fails to conform with commission regulations, policies, or instructions; or contains data that cannot be verified. Such notice shall clearly indicate the deficiencies found, the corrections or modifications that must be made in said submittal to make it complete or conforming or its data verifiable, as well as the time by which a corrected or modified submittal must be received in the commission's office.

(2) Time for response to notice: In no event, shall a hospital be provided less than seven days following receipt of notice, to return to the commission's office the requested corrected or modified submittal.

(3) Effect of lack of notice to hospital: A hospital not notified as provided in WAC 261-40-110(1) shall be

deemed to have submitted an annual budget submittal that is complete and conforming, and has verifiable data. [Order 75-05, § 261-40-110, filed 11/10/75.]

WAC 261-40-115 Effect of response to notice within specified time period. In the event such corrected or modified submittal is returned to the commission's office within the specified time period (generally, a period of seven days) the staff shall make reasonable effort to continue the processing of such submittal if there had been no delay; the commission, however, may still suspend the effective date of a proposed rate, rate schedule, other charge, for the reasons set forth in WAC 261-40-030. [Order 75-05, § 261-40-115, filed 11/10/75.]

WAC 261-40-120 Effect of determination that annual budget submittal is complete and conforming, and contains verifiable data. Whenever the staff determines the annual budget submittal is complete and conforming, it shall commence its process of verifying the data contained in such submittal. Whenever the staff determines the data contained in such submittal is verifiable it shall complete its processing of the submittal and prepare its recommendations to the commission regarding such submittal. [Order 75-05, § 261-40-120, filed 11/10/75.]

WAC 261-40-125 Criteria for determining completeness, conformance, and verifiability of data. (1) An annual budget submittal shall be deemed

(a) "Complete", when it contains all data required by the commission pursuant to chapter 261-30 WAC and this chapter, including information in response to special information requests made by the commission pursuant to WAC 261-40-130; and

(b) "In conformance" when it has been prepared in the form and manner specified by the commission and otherwise conforms to the requirements of commission regulations, policies, and any instructions regarding annual budget submittals in effect at the time such submittal was submitted to the commission.

(2) The data contained in a hospital's annual budget submittal shall be deemed verifiable when such data is properly included in appropriate commission forms; figures reconcile to proper balances; the statistical bases of computations, extensions, footings, etc. test out; and other statistical and financial examinations established by the staff to measure data verifiability show the data to be verifiable. [Order 75-05, § 261-40-125, filed 11/10/75.]

WAC 261-40-130 Special information requests. In the event the staff desires additional information not provided by a hospital in its annual budget submittal, a written request detailing the additional information to be provided the staff will be mailed to the hospital during the review period. The failure of a hospital to respond to such information requests in a timely manner may result in the suspension of the effective date of, or the modification or disapproval of proposed rates, rate schedules, other charges, or changes therein. [Order 75-05, § 261-40-130, filed 11/10/75.]

WAC 261-40-135 Staff findings and recommendation regarding annual budget submittal. (1) Contents: Upon completion of the staff review of a hospital's annual budget submittal, the staff shall prepare a written statement of its findings and recommendations to the commission. Such statement shall include:

(a) An analysis of the annual budget submittal in such form as the commission shall direct, as corrected or modified by the hospital in response to WAC 261-40-110(1) notice;

(b) A description of the exceptions noted in the primary, secondary, or detailed expense screening process used by the staff together with any explanation or justification provided by the hospital or determined by the staff for such exception;

(c) Recommendations of the staff regarding the rates, rate schedules, other charges, or changes therein proposed in the annual budget submittal; and

(d) Such other matters as the staff deems appropriate.

(2) Date of providing of statement: A copy of the staff's statement shall be mailed to the hospital not less than fifteen days prior to the date last set for commission consideration of the hospital's annual budget submittal. Copies of the statement also shall be provided to commission members by that same date. [Order 75-05, § 261-40-135, filed 11/10/75.]

WAC 261-40-140 Notice to public regarding annual budget submittal findings and recommendations and public hearing. Not less than fifteen days prior to the date last set for commission consideration of a hospital's annual budget submittal, the staff shall provide such notice to the general public as the commission shall direct regarding the impending hearing. Such notice shall indicate the receipt by the commission of the hospital's annual budget submittal; the preparation of staff findings, and recommendations to the commission regarding such submittal; the availability of such material in the commission's office for inspection and copying pursuant to chapter 261-06 WAC; the setting of a date, time, and place for commission consideration of such material together with any further response to the staff findings and recommendations subsequently submitted by the hospital; and the opportunities of the general public not only to present written testimony for or against the rates, rate schedules, other charges, or changes therein, or directly related matters before the commission, but also to attend such hearing. [Order 75-05, § 261-40-140, filed 11/10/75.]

WAC 261-40-145 Hospital's response to staff findings and recommendations; written testimony from general public, time for submission. A hospital may submit to the commission a response to the staff findings and recommendations. Such response, any written testimony from the general public submitted pursuant to WAC 261-40-140 notice, must be received in the commission's office not less than three days prior to the date last set for commission consideration of the hospital's annual budget submittal. A hospital's response and any written testimony from the general public received after that

date may not be considered by the commission. [Order 75-05, § 261-40-145, filed 11/10/75.]

WAC 261-40-150 Criteria for approval, modification, or disapproval of annual budget submittal and rates, rate schedules, other charges, and changes therein. The following criteria shall be utilized by the commission in reviewing and acting on annual budget submittals pursuant to chapter 70.39 RCW and this chapter; the weighting of each criterion listed below, however, is a matter of commission discretion:

(1) Whether the hospital's annual budget submittal and the rates, rate schedules, other charges, and changes therein:

(a) Are such that the commission can assure all purchasers of that hospital's health care services that the total costs of the hospital are reasonably related to the total services offered by that hospital;

(b) Are such that the hospital's aggregate revenues as expressed by rates are reasonably related to the hospital's aggregate costs;

(c) Are such that rates are set equitably among all purchasers or classes of purchasers of services without undue discrimination or preference.

(2) Whether the commission action will permit a non-profit hospital to render effective and efficient service in the public interest and on a solvent basis.

(3) Whether the commission action will permit a proprietary profit-making hospital to render effective and efficient service in the public interest as well as allow such hospital's shareholders a fair return based upon actual investment or, if the hospital elects, upon the fair value of the investment on the effective date of this section: *Provided*, That, once the election is made it may not be changed without the approval of the commission.

(4) Whether the appropriate area-wide and state comprehensive health planning agencies have recommended approval, modification, or disapproval of the annual budget submittal, or the rates, rate schedules, other charges, or changes therein.

(5) Whether the hospital's annual budget submittal and the rates, rate schedules, other charges, and changes therein will in the aggregate produce sufficient total revenue for the hospital to meet all of the reasonable obligations specified in chapter 70.39 RCW.

(6) Whether the rates, rate schedules, other charges, and changes therein contained in the hospital's annual budget submittal are reasonable. [Order 77-02, § 261-40-150, filed 12/23/77; Order 75-05, § 261-40-150, filed 11/10/75.]

WAC 261-40-160 Approval of rates for less than full fiscal year. The commission, in its discretion, may grant approval of rates as submitted in a hospital's annual budget submittal or as modified by the commission, either for the full fiscal year of the hospital or any period less than [that] period. The decision and order of the commission notifying a hospital of such action shall specify the period of time within which the hospital may utilize the approved rates as well as what action (if any)

must be taken by the hospital to secure commission approved rates after the specified period. [Order 75-05, § 261-40-160, filed 11/10/75.]

PART II GENERAL PROCEDURES APPLICABLE TO ALL COMMISSION HEARINGS REGARDING ANNUAL BUDGET SUBMITTALS

WAC 261-40-200 Continuances. Any person who desires a continuance shall, immediately upon receipt of notice of the hearing, or as soon thereafter as facts requiring such continuance come to his/her knowledge, notify the commission of said desire, stating in detail the identification constituting an appearance pursuant to WAC 261-40-300 if he/she has not made an appearance, as well as the reasons why such continuance is necessary. The commission, or presiding officer in a formal hearing, on passing upon a request for a continuance shall consider whether such request was promptly made. Except in cases of hardship or unless good cause is shown, no such continuance shall be granted unless such a request is made to the commission at least three days preceding the date upon which the matter is set for hearing. The commission may grant such a continuance and may at any time order a continuance upon its own motion. During the hearing, if it appears in the public interest that further testimony or argument should be received, the presiding officer may in his/her discretion continue the hearing and fix the date for introduction of additional testimony or presentation of argument. Such oral notice shall constitute final notice of such continued hearing. The granting of a continuance by the commission may result in a concurrent suspension of the effective date of proposed rates. [Order 75-05, § 261-40-200, filed 11/10/75.]

WAC 261-40-205 Conduct at hearings. All parties to hearings, their counsel, and spectators shall conduct themselves in a respectful manner. Demonstrations of any kind at hearings shall not be permitted. [Order 75-05, § 261-40-205, filed 11/10/75.]

WAC 261-40-210 Order of procedure. Requests for the suspension of the effective date of proposed rates, rate schedules, other charges, or changes therein contained in an annual budget submittal; and requests for continuances shall be considered first in any hearing regarding annual budget submittals. Testimony may be given to the commission ordinarily in the following order:

(i) The hospital or petitioners,

(ii) Staff,

(iii) Protestants, and

(iv) Rebuttal by the hospital or petitioners. Intervenor shall follow the party in whose behalf the intervention is made. If the intervention is not in support of either the hospital or petitioners, or the staff, the presiding officer shall designate the point during the hearing such intervenors shall be heard. When two or more annual budget submittals are set for hearing at the same time and place, the submittal first having been received

in the commission's office shall first be heard, if all parties thereto are ready: *Provided*, Presentations and testimony to the commission during informal hearings shall be given in the following order:

(i) The summarization of the annual budget submittal and presentation of staff findings and recommendations by the executive director or his designee;

(ii) The response thereto by representative(s) of the hospital;

(iii) Answers to questions of commission members by the staff and hospital representatives;

(iv) The comments by the general public and protestants;

(v) Rebuttal thereto by the hospital representative(s) or staff;

And provided, further, That the presiding officer may direct a different order to suit the convenience of the parties. [Order 75-05, § 261-40-210, filed 11/10/75.]

WAC 261-40-215 Number of witnesses and duration of testimony may be limited. In all proceedings before the commission, the presiding officer shall have the right, in his/her discretion, to limit not only the number of people making presentations or witnesses testifying upon any subject or proceeding before the commission, but also the length of time allowed for presentations and the giving of testimony, provided sufficient testimony has been received to enable the commission to render a fair and impartial decision. [Order 75-05, § 261-40-215, filed 11/10/75.]

WAC 261-40-220 Rules of evidence. (1) General: In accordance with the provisions of RCW 70.39.160(3), formal rules of evidence shall not apply to matters coming before the commission. During informal and formal hearings, the commission, in its discretion, either with or without objection, shall determine whether testimony or evidence presented to it for consideration is admissible for consideration. Generally, the commission will consider any relevant testimony or evidence presented to it in an informal hearing. Objections to the admissibility of such testimony or evidence, based on formal rules of evidence, generally will not be sustained by the commission; when objection is made to the admissibility of evidence, however, such evidence may be received subject to later ruling by the commission. Parties objecting to the introduction of evidence shall state the grounds of such objectives at the time such evidence is offered. In any hearing the presiding officer may, in his/her discretion, either with or without objection, order cumulative evidence discontinued.

(2) Official notice: In addition to matters which courts of this state may take judicial notice and those matters specified in WAC 1-08-370 and 1-08-380, official notice may be taken of the following matters: By the commission in informal hearings, and by the presiding officer or hearing examiner in formal hearings, respectively:

(a) Rules, regulations, administrative rulings and orders, exclusive of findings of fact, of the commission and other governmental agencies;

(b) Contents of certificates, permits and licenses issued [issued] by the commission or other governmental agencies;

(c) Rates, classifications, and schedules established or approved by the commission.

In addition, upon request by all parties to the proceeding so to do, official notice may be taken of the results of the commission's own inspection of the physical conditions involved. With or without being requested by a party so to do, official notice may be taken of the results of previous commission experience in similar situations, and the general information concerning the subject which goes to make up the commission's fund of expert knowledge. Where official notice is taken of any matter, the findings of fact shall so specify and shall state the basis upon which notice is taken.

(3) Resolutions: Resolutions, properly authenticated, of the governing bodies of cities, towns, other municipal corporations, and of comprehensive health planning agencies and associations of hospitals will be received in evidence if offered by the president, secretary or other proper officer in person at the hearing, provided such officer was present when the resolution was passed. Such resolution shall be received subject to rebuttal by adversely affected parties as to either the authenticity of the resolution or the circumstances surrounding its procurement. Recitals of facts contained in resolutions shall not be deemed proof of those facts. [Order 75-05, § 261-40-220, filed 11/10/75.]

WAC 261-40-225 Exhibits and documentary evidence. (1) Size of exhibits: Except by special permission of the presiding officer no specially prepared exhibit offered as evidence shall be of greater size when folded than 8 1/2 inches by 13 inches: *Provided*, That maps of greater size, necessary to a presentation of evidence; and commission reports and forms of greater size, whether completed by a hospital or the staff, are admissible.

(2) Designation of part of document as evidence: When relevant and material matter offered in evidence by any party is embraced in a book, paper, or document containing other matter not material or relevant, the party offering the same must plainly designate the matter so offered. Only a true copy of such portion of the book, paper or document containing the relevant or material matter in proper form shall be received as an exhibit and in a formal hearing, only after proper authentication. Like copies of such matter shall be delivered by the party offering the same to all other parties or their attorneys appearing at the hearings, who shall be afforded an opportunity to examine the book, paper or document, and to offer in evidence in like manner other portions thereof if found to be material and relevant.

(3) Official records: An official rule, report, order, record or other document, prepared and issued by any governmental authority, when admissible for any purpose may be evidenced by an official publication thereof; or by a copy attested by the officer having the legal custody thereof, or his/her deputy, and accompanied by a certificate that such officer has the custody, made by

any public officer having a seal of office and having official duties in the district or political subdivision in which the record is kept, authenticated by the seal of his/her office.

(4) Commission's files: Paper and documents on file with the commission, if otherwise admissible, and whether or not the commission has authority to take official notice of the same under WAC 261-40-220(2), may be introduced by reference to number, date, or by any other method of identification satisfactory to the presiding officer. If only a portion of any such paper or document is offered in evidence, the part so offered shall be clearly designated. Intra-office commission memoranda and reports when designated as confidential by the commission to the extent permitted by RCW 42.17-.310, are not public records subject to inspection; nor shall such documents be introduced in evidence.

(5) Records in other proceedings: In case any portion of the record in any other proceeding is admissible for any purpose and is offered in evidence, a true copy of such portion shall be presented for the record in the form of an exhibit unless:

(a) The person offering the same agrees to supply such copies later at his/her own expense, if and when required by the commission; and

(b) The portion is specified with particularity in such manner as to be readily identified; and

(c) The parties represented at the hearing stipulate upon the record that such portion may be incorporated by reference, and that any portion offered by any other party may be incorporated by like reference; and

(d) The presiding officer directs such incorporation.

(6) Copies of exhibits to opposing counsel: When specially prepared exhibits of a documentary character are offered in evidence, unless the presiding officer otherwise directs, copies must be furnished to opposing counsel, (if any), all commission members, staff, and in a formal hearing, the presiding officer. Whenever practicable, the parties should interchange copies of exhibits before, at the commencement of the hearing. [Order 75-05, § 261-40-225, filed 11/10/75.]

WAC 261-40-230 Stipulation as to facts. The parties to any commission proceeding or investigation may enter into a written stipulation as to the facts or any portion thereof involved in such proceeding or investigation. Such stipulation may be included as part of the staff statement of findings and recommendations or hospital's response or may be a separate submittal to the commission. It shall be binding upon the parties thereto and not only may be regarded and used by the commission or presiding officer as evidence at a hearing, but also may be one of the bases for the commission's findings and its recommendation regarding a hospital's annual budget submittal. It is desirable that the facts be thus agreed upon whenever practicable. Nevertheless, proof by evidence of the facts stipulated to, may still be required notwithstanding the stipulation of the parties. [Order 75-05, § 261-40-230, filed 11/10/75.]

PART III SPECIAL INFORMAL HEARING PROCEDURES

WAC 261-40-300 Appearances and attendance at informal hearing. The presiding officer conducting an informal hearing may require representatives of the hospital, staff members responsible for the statement of findings and recommendation, and members of the general public who have submitted written testimony regarding such hospital's annual budget submittal, that are in attendance, to orally identify themselves, their address, and their interest in the matter to be considered by the commission so that the identity and interest of such persons will be known to those at the hearing. Representatives of the hospital are not required to attend the informal hearing conducted by the commission regarding that hospital's annual budget submittal; such failure to attend, however, may result in commission member's questions remaining unanswered, which, itself, may lead to the modification or disapproval of rates, rate schedules, other charges, or changes therein proposed in such submittal. [Order 75-05, § 261-40-300, filed 11/10/75.]

WAC 261-40-305 Record of informal hearing. No verbatim record shall be kept of commission informal hearing proceedings; the commission's secretary, however, shall record a summary of the testimony presented to the commission as well as all questions asked by commission members and the responses given thereto. Such summary, together with the hospital's annual budget submittal and response (if any), the staff statement of findings and recommendations, and written testimony submitted by the general public shall constitute the record of the commission's informal hearing process. [Order 75-05, § 261-40-305, filed 11/10/75.]

WAC 261-40-310 Questions by commission members. At any point during an informal hearing, questions may be asked by commission members of any representative(s) of the hospital the annual budget submittal of which is being reviewed by the commission, members of the staff, and members of the general public who have submitted to the commission written testimony regarding the matter subject to commission review and action. [Order 75-05, § 261-40-310, filed 11/10/75.]

WAC 261-40-315 Commission right to terminate informal hearing. The commission may terminate an informal hearing at any time either to protect substantial rights of the public, a hospital, or the commission or its staff; or, in connection with an annual budget submittal before it for review, to assure all purchasers of that hospital's health care services that total hospital costs are reasonably related to total services, that hospital rates are reasonably related to aggregate costs, and that rates are set equitably among all purchasers of these services without undue discrimination. Whenever an informal hearing is so terminated, the commission shall attempt to give advance notice of such action to the hospital, staff, and public, but it is not required to do so. In the

event an informal hearing is so terminated, the commission shall immediately schedule a formal hearing regarding the annual budget submittal previously being reviewed in the informal hearing. [Order 75-05, § 261-40-315, filed 11/10/75.]

PART IV FORMAL HEARING PROCEDURES

WAC 261-40-400 Opportunities for formal hearings. (1) Petition for reconsideration of informal hearing decision: A hospital or other person that has been adversely affected by a final decision of the commission in an informal hearing, may petition the commission for a reconsideration of its decision through a formal hearing process. Such petition shall state in detail the issues or portions of the commission's informal hearing decision that should be reconsidered by the commission, together with the reasons therefor.

(2) As initial hearing on hospital's annual budget submittal: A hospital may submit its annual budget submittal to the commission, together with a petition that it be considered initially in a formal hearing rather than informal hearing pursuant to Part III of this chapter, only with respect to the second and subsequent annual budget submittals subject to review and approval by the commission. [Order 75-05, § 261-40-400, filed 11/10/75.]

WAC 261-40-405 Commission action on petition for formal hearing. (1) General: At its earliest opportunity the commission shall consider and approve or deny a petition submitted pursuant to WAC 261-40-400(1), and shall approve a petition submitted pursuant to WAC 261-40-400(2).

(2) Criteria for denial of WAC 261-40-400(1) petition: A petition submitted to the commission pursuant to WAC 261-40-400(1) may be denied on the following grounds:

(a) The petition is frivolous;

(b) The petitioner has not been adversely affected by the commission's informal hearing decision or has been adversely affected to such a minor amount that reconsideration is not justifiable;

(c) The reasons for reconsideration stated in the petition do not justify reconsideration.

(3) Notice of commission action: The petitioner shall be notified in writing of the commission's action regarding the petition, together with the reasons therefor, following such action.

(4) Effect of commission action: (1) No stay of enforcement or effect of the informal hearing decision: Neither the filing with the commission pursuant to WAC 261-40-400(1) nor the granting of a petition for reconsideration through the formal hearing process of all or any portions of a decision by the commission made in an informal hearing, shall stay enforcement or the effect of the commission's decision in the informal hearing.

(b) *De novo* hearing on reconsideration: Issues included in the petition for formal hearing reconsideration shall be considered on a *de novo* basis by the commission.

(c) Reviewability of action: A decision by the commission denying a petition for reconsideration submitted pursuant to WAC 261-40-400(1) shall be subject to judicial review in accordance with chapter 34.04 RCW. [Order 75-05, § 261-40-405, filed 11/10/75.]

WAC 261-40-410 Hearing examiner. The commission, upon motion, may designate one of its members, or appoint a nonmember, as a hearing examiner, who shall act on behalf of the commission and serve as the presiding officer in any formal hearing before the commission until such time as he/she has filed with the commission and served on all parties a copy of his/her proposed order.

The hearing examiner shall have all the procedural rights and duties of the commission when presiding in a formal hearing. [Order 75-05, § 261-40-410, filed 11/10/75.]

WAC 261-40-415 Classification of parties. Parties to proceedings before the commission shall be styled applicants, intervenors, petitioners, or protestants, according to the nature of the proceeding and the relationship of the parties thereto.

(1) Applicants: Hospitals applying for any right or authority from the commission, including an approved rate, rate schedule, or other charges, or any change therein, or the reconsideration of an informal hearing decision shall be styled "applicants".

(2) Intervenors: Persons permitted to intervene, as hereinafter provided, shall be styled "intervenors".

(3) Petitioners: Persons petitioning for opportunity to intervene, or for other relief shall be styled "petitioners".

(4) Protestants: Persons, including the staff, opposing petitions or applications or seeking the disapproval or modification of requests therein shall be styled "protestants". [Order 75-05, § 261-40-415, filed 11/10/75.]

WAC 261-40-420 Intervention. (1) General intervention: Any person, other than the original parties to the proceeding, who desires to appear and participate in any proceeding before the commission, and who does not desire to broaden the issues of the original proceeding, may petition in writing for leave to intervene in the proceeding prior to, or at the time, it is called for hearing; or may make an oral motion for leave to intervene at the time of the hearing. No such petition or motion shall be filed or made after the proceeding is underway, except for good cause shown. The petition or motion to intervene must disclose the name and address of the person intervening; the name and address of such person's attorney, if any; such person's interest in the proceeding, and position in regard to the matter before the commission.

(2) Special intervention: Any person other than the original parties to the proceeding, who shall desire to appear and participate in any proceeding before the commission, and who desires to broaden the issues of the original proceeding, shall petition in writing for leave to intervene in the proceeding, which petition shall be filed with the commission and copies thereof shall be mailed to the original parties to the proceeding at least ten days

prior to the date of the hearing. The petition must disclose the name and address of the person seeking to intervene, the name and address of such person's attorney, if any; such person's interest in the proceeding, and position in regard to the matter before the commission; and must include a statement setting forth clearly and concisely the facts supporting the relief sought by the petitioner.

(3) Disposition of petitions and motions to intervene: Petitions and motions to intervene shall be considered first in a formal hearing, or may be set for prior hearing; an opportunity shall be afforded the original parties to be heard thereon. If it appears, after such consideration, that the petition or motion discloses a substantial interest in the subject matter of the hearing, or that participation of the petitioner may be in the public interest, the commission may grant the same, which may be done by oral order at the time of the hearing. Thereafter such petitioner shall become a party to the proceeding and shall be known as an "intervenor", with the same right to produce witnesses and of cross-examination as other parties to the proceeding. Whenever it appears, during the course of a proceeding, that an intervenor has no substantial interest in the proceeding, and that the public interest will not be served by such intervention therein, the commission may dismiss such person from the proceeding: *Provided, however,* That a party whose intervention has been allowed shall not be dismissed from a proceeding except upon notice and a reasonable opportunity to be heard. [Order 75-05, § 261-40-420, filed 11/10/75.]

WAC 261-40-425 Rules of practice before commission. No person may appear in a representative capacity before the commission in a formal hearing involving the taking of testimony and formulation of a record subject to review by the courts other than the following:

(1) Attorneys at law duly qualified and entitled to practice before the Supreme Court of the state of Washington;

(2) Certified public accountants qualified and entitled to practice in the state of Washington; and

(3) Upon permission of the presiding officer at such hearing, a *bona fide* officer, trustee, director, or full time employee of an individual, partnership, corporation, comprehensive health planning agency, or hospital who appears for such planning agency, or hospital. [Order 75-05, § 261-40-425, filed 11/10/75.]

WAC 261-40-430 Pleadings. (1) Pleadings enumerated: Pleadings before the commission shall be applications, petitions, responses, replies, and motions.

(2) Verification: All pleadings, except the commission's own motions, shall be verified in the manner prescribed for verification of pleadings in the Superior Court of Washington.

(3) Time for motions: Any motion directed toward an application or petition must be filed before the response is due, otherwise such objection must be raised in the response. If a motion directed toward response, it must be filed before the reply is due, otherwise such objection

must be raised in the reply. If a motion is directed toward a reply, it must be filed within ten days after service of the reply.

(4) Time for response or reply: A response, if made, must be filed within ten days, and a reply, if made, must be filed within ten days, after the service of the pleading against which it is directed, unless otherwise provided in these rules or ordered by the commission. Whenever the commission believes the public interest requires expedited procedure it may shorten the time required for any response or reply.

(5) Defective pleadings: Upon the filing of any pleading, it will be inspected by the commission and if found to be defective or insufficient, it may be returned to the party filing it for correction.

(6) Liberal construction: All pleadings shall be liberally construed with a view to effect justice between the parties, and the commission will, at every stage of a formal hearing, disregard errors or defects in the pleadings or proceeding which do not affect the substantial rights of the parties.

(7) Amendments: The commission may allow amendments to the pleadings or other relevant documents at any time upon such terms as may be lawful and just, provided that such amendments do not adversely affect the interest of persons who are not parties to the proceeding.

(8) Response: Except as otherwise provided in subsection (4), any party who desires to contest an application or petition or make any representation to the commission in connection therewith except a general objection to affirmative commission action with respect to such application or petition (in which case no response shall be required) shall file with the commission and serve upon the applicant or petitioner a response thereto.

Any response shall be so drawn as to advise the parties and the commission fully and completely of the party's objection to affirmative commission action with respect to such application or petition; it shall admit or deny specifically and in detail all material allegations of the application or petition. In case a party fails to respond within the time specified in subsection (4) such party shall be deemed to have objected generally to affirmative commission action with respect to the application.

(9) Reply: An applicant or petitioner desiring to reply to a response shall file the same with the commission, together with proof of service, within the time set forth in subsection (4). Failure to file a reply within said time shall be deemed a general disagreement with the material in the response.

(10) Motions: Subject to the provisions of subsection (6), the practice respecting motions including the grounds therefor, and forms thereof, shall conform insofar as possible with the practice relative thereto in the Superior Court of Washington. [Order 75-05, § 261-40-430, filed 11/10/75.]

WAC 261-40-435 Forms. A hospital applying to the commission for the approval of a rate, rate schedule, other charges, or any change therein as described in its annual budget submittal, shall submit to the commission

such information as the commission shall require pursuant to chapter 70.39 RCW and WAC 261-30-040. In addition, such hospital, as well as any other party shall generally adhere to the following form in connection with such action before the commission:

At the top of the page shall appear the wording "Before the Washington State Hospital Commission". On the left side of the page below the foregoing the following caption shall be set out: "In the Matter of the Application of (name of hospital) for the Approval of Hospital Rates". Opposite the foregoing caption shall appear the type of pleading (e.g., "Application", "Response", etc.).

The body of the pleading shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the party submitting the pleading. The second paragraph shall set out all statutes or rules that may be brought into issue by the pleading. Succeeding paragraphs shall set out the statement of facts relied upon. The concluding paragraphs shall contain the request for action sought by the party. [Order 75-05, § 261-40-435, filed 11/10/75.]

WAC 261-40-440 Service of pleadings. (1) Service by parties: Service of pleadings by parties shall be made by delivering six legible copies to the commission and one copy to every other party, in person or by mail, properly addressed with postage prepaid. Except as otherwise provided, when a party has appeared by attorney or other authorized representative, service upon such attorney or representative will be deemed valid service upon the party of all future pleadings and of all orders of the commission in such proceeding. Service of pleadings shall be deemed complete when a true copy of such paper or document, properly addressed and stamped, is deposited in the United States mail. Attorneys or other authorized representatives withdrawing from a proceeding shall immediately so notify the commission and all parties to the proceeding.

(2) Service by commission: All notices, responses, findings of fact, opinions, and orders required to be served by the commission may be served by mail and service thereof shall be deemed complete when a true copy of such paper or document, properly addressed and stamped, is deposited in the United States mail.

(3) Certificate of service: There shall appear on the original of every pleading when filed with the commission either an acknowledgement of service, or the following certificate:

"I hereby certify that I have this day served the foregoing document upon all parties of record in this proceeding, by delivering a copy thereof in person to (here name persons served) or by mailing a copy thereof, properly addressed with postage prepaid, to each party to the proceeding or such party's attorney, or authorized representative.

Dated at _____ this _____ day of _____
(Signature _____)
(Of counsel for _____)

[Order 75-05, § 261-40-440, filed 11/10/75.]

WAC 261-40-445 Prehearing conferences. (1) General: When issues are joined in any formal hearing, the presiding officer may, by written notice, request all interested parties to attend, with or without counsel, a prehearing conference for the purpose of determining the feasibility of settlement, or of other matters to aid in its disposition. The presiding officer shall preside at such conference to consider:

- (a) Simplification of the issues;
- (b) The necessity or desirability of amendments to the pleadings;
- (c) The possibility of obtaining admissions of fact and of documents which will avoid unnecessary proof;
- (d) Limitations on the number and consolidation of the examination of witnesses;
- (e) The procedure at the hearing;
- (f) The distribution of written testimony and exhibits to the parties prior to the hearing; and
- (g) Such other matters as may aid in the disposition of the proceeding, or settlement thereof.

(2) Notice as to simplified issues: Following the prehearing conference a proposed form of notice of the formal hearing, if one is to be had, reciting the action taken at the conference, the amendments allowed to the pleadings, and the agreements made by the parties concerning all of the matters considered shall be submitted by mail as provided by WAC 261-40-440(2) to the parties or their attorneys, or other authorized representatives, for approval. If no objection to such form of notice is filed within five days after the date such notice is mailed, it shall be deemed to be approved. This notice when so approved and after due service, shall limit the issues to be heard at the hearing to those not disposed of by admissions or agreements of the parties or their counsel, and will control the subsequent course of the proceeding.

(3) Recessing hearing for conference: In any proceeding the presiding officer may, in his/her discretion, call the parties together for a conference prior to the taking of testimony, or may recess the hearing for such a conference, with a view to carrying out the purpose of this rule. The presiding officer shall state on the record the results of such conference. [Order 75-05, § 261-40-445, filed 11/10/75.]

WAC 261-40-450 Hearings. The time and place of holding formal hearings will be set by the presiding officer and notice thereof served upon all parties at least twenty days in advance of the hearing date, unless the presiding officer finds that an emergency exists requiring the hearing to be held upon less notice when all parties agree to less notice of such hearing. An effort will be made to set all formal hearings sufficiently in advance so that all parties will have a reasonable time to prepare their cases, and so that continuances will be reduced to a minimum. [Order 75-05, § 261-40-450, filed 11/10/75.]

WAC 261-40-455 Appearances. Parties shall enter their appearances at the beginning of the hearing by giving their names and addresses in writing to the reporter who will include the name in the minutes of the hearing. Appearance may be made on behalf of any

party by an attorney or other authorized representative, and thereupon all future notices, pleadings and orders may be served upon such attorney or representative, and such service shall be considered valid service for all purposes upon the party represented. The presiding officer conducting the hearing may, in addition, require appearances to be stated orally, so that the identity and interest of all parties present will be known to those at the hearing. [Order 75-05, § 261-40-455, filed 11/10/75.]

WAC 261-40-460 Failure of hospital to appear at formal hearing. In the event a representative of a hospital fails to appear at the time and place set for the formal hearing of that hospital's annual budget submittal, said hearing may be continued to a later period to be set by the presiding officer to enable said representative to attend; but if at the time set for the resumption of the hearing said hospital is not represented, the hospital's submittal may be disapproved. [Order 75-05, § 261-40-460, filed 11/10/75.]

WAC 261-40-465 Testimony under oath. Except matters noticed officially or entered by stipulation, all testimony given during commission hearings shall be sworn to or affirmed as being the truth in order to be considered by the commission. Before making any presentation or taking the witness stand each person shall swear (or affirm) that the testimony he/she is about to give in the hearing before the commission shall be the truth, the whole truth and nothing but the truth. [Order 75-05, § 261-40-465, filed 11/10/75.]

WAC 261-40-470 Record of proceedings. A full and complete record of all proceedings in any formal hearing had before the commission shall be taken down by a reporter appointed by the commission. In case of an action to review any order of the commission, a transcript of such testimony, together with all exhibits introduced, and of the record and proceedings in the cause, shall constitute the record of the commission. [Order 75-05, § 261-40-470, filed 11/10/75.]

WAC 261-40-475 Disposition of motions: Consolidation of proceedings. (1) Disposition of motions: The commission may direct all motions to be submitted for commission decision on either written or oral argument, and may permit the filing of affidavits in support of contravention thereof. Motions filed by different parties but involving the same point of law may be set for hearing at the same time.

(2) Consolidation of proceedings: Two or more proceedings where the facts or principles of law are related may be consolidated and heard together. [Order 75-05, § 261-40-475, filed 11/10/75.]

WAC 261-40-480 Briefs. Briefs may be filed in any formal commission hearing by any interested party, and shall be filed by any party to the proceeding upon the request of the presiding officer, and within such time as shall he/she directs. The presiding officer may require the filing of all briefs within three days after the close of

the hearing if he/she considers the proceeding to be such that an order should issue promptly; and in the case of matters requiring an immediate decision, he/she may require the parties, or their counsel, to present their arguments and authority orally at the close of the hearing, instead of by written brief. Briefs should set out the leading facts and conclusion which the evidence tends to prove, and point out the particular evidence relied upon to support such conclusion. Briefs may be printed multilithed, mimeographed, typewritten or otherwise mechanically reproduced (size 8 1/2" x 11") , and all copies shall be clearly legible. Six copies of each brief shall be filed with the commission and copies thereof shall be served on all parties to the case, or their counsel, and proof of such service furnished to the commission in the manner provided by WAC 261-40-440(3). [Order 75-05, § 261-40-480, filed 11/10/75.]

WAC 261-40-485 Orders. (1) Preparation of proposed order: The presiding officer for a formal hearing shall prepare a proposed order including findings of fact, conclusions of law, and a decision regarding the hospital's annual budget submittal and the rates, rate schedules, other charges, and changes therein; and the same shall be served upon all parties of record.

(2) Exceptions; Number filed and time for filing: Six copies of exceptions to proposed orders must be filed with the commission and a copy must be served upon all other parties within twenty days from the date of issuance of said order, unless a different time for filing is designated by the commission at or following the issuance of the proposed order. Proof of service must be made in accordance with WAC 261-40-440(3).

(3) Exceptions: Who may file: Any party of record may file exceptions to the presiding officer's proposed order.

(4) Exceptions: Contents: Exceptions to proposed orders shall be specific and must be stated and numbered separately. Exceptions to findings of fact must be supported by a reference to that page or part of the record or in the alternative by a statement of the evidence relied upon to support the exception, and shall be accompanied by a recommended finding of fact. Exceptions to conclusions of law must be supported by reference to the appropriate statute or regulation involved and shall be accompanied by a corrected conclusion of law. When exceptions are taken to conclusions in the summary portion of the proposed order there shall be included a statement showing the legal or factual justification for such exceptions, together with a statement showing how the alleged defect in the summary affects the findings of fact or conclusions of law, or the ultimate decision.

(5) Replies: Six copies of a reply to exceptions must be filed with the commission and a copy served upon the excepting party within ten days of the date of service of the exceptions, unless a different time for filing is designated by the commission.

(6) Briefs and arguments supporting exceptions or replies: Briefs or written arguments supporting exceptions or replies thereto shall be attached to such documents and shall be served and filed in the same manner as provided in subsections (2) and (5). The commission

may in its discretion hear oral arguments at a time and place to be designated by it upon notice to all affected parties.

(7) Final Order: After reviewing the exceptions, replies, briefs, oral arguments, if any, and the record or such portions thereof as may be cited by the parties, a majority of the commission may affirm the proposed order by an appropriate final order, or it may make such changes as it deems necessary in its final order. The statutory time for review proceedings shall not commence until the date of the commission's final order. [Order 75-05, § 261-40-485, filed 11/10/75.]

WAC 261-40-490 No discussion of proceeding until decision. After the filing of an application or petition in a contested formal proceeding and prior to the issuance of a final order therein, no party to the proceeding or party's counsel, shall discuss the merits of such matter or proceeding with any commission member or with the presiding officer involved, unless reasonable notice is given to all parties who have appeared therein, to enable such parties to be present during such discussion. When, after filing of an application or petition and prior to the issuance of a final order thereon, letters are directed to the commission, or any member of its staff, regarding a formal proceeding, copies of such letters shall be mailed to all parties of record and proof of such service furnished to the commission. [Order 75-05, § 261-40-490, filed 11/10/75.]