

Title 261 WAC

WASHINGTON STATE HOSPITAL COMMISSION

Chapters

- 261-02** **Organization--Operations--Procedures.**
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DISPOSITION OF CHAPTERS FORMERLY CODIFIED IN THIS TITLE

Chapter 261-08

UNIFORM PROCEDURAL RULES

- 261-08-010 Uniform procedural rules. [Order 73-01, § 261-08-010, filed 1/11/74.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

Chapter 261-30

BUDGETING--COST ALLOCATION--PROSPECTIVE RATE SETTING

- 261-30-010 Purpose. [Order 75-02, § 261-30-010, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-020 Definitions. [Order 75-02, § 261-30-020, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-030 Adoption and establishment of uniform system. [Order 75-02, § 261-30-030, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-040 Date of required information submittal to commission--Form and manner of submittal. [Order 75-02, § 261-30-040, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-042 Fiscal and budget years reflected in initial submittal of materials required under WAC 261-30-040. [Order 75-02, § 261-30-042, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-050 Alternative system for submitting budgeting, cost allocation, and prospective rate setting information to the commission. [Order 75-02, § 261-30-050, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-060 Notification date and effective period of classification status. [Order 75-02, § 261-30-060, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution

- No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-070 Modifications of uniform system. [Order 75-02, § 261-30-070, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-072 Modifications of uniform system for initial budget year. [Order 75-02, § 261-30-072, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-074 Modifications of uniform system applicable to only "basic service" hospitals. [Order 75-02, § 261-30-074, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-080 Waivers from submittal requirements. [Order 75-02, § 261-30-080, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-090 Uniformly applicable interpretive rulings and minor manual modifications. [Order 75-02, § 261-30-090, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-100 Certification and attestation of submitted materials. [Order 75-02, § 261-30-100, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-30-110 Inapplicability of emergency rules upon effective date of permanent rules. [Order 75-02, § 261-30-110, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

Chapter 261-02 WAC

ORGANIZATION--OPERATIONS--PROCEDURES

WAC

- 261-02-010 Purpose.
- 261-02-020 Hospital commission definition.
- 261-02-030 Description of organization.
- 261-02-040 Operations and procedures.

WAC 261-02-010 Purpose. The purpose of this chapter shall be to ensure compliance by the hospital commission with the provisions of chapters 42.17 (Initiative 276) and 34.04 RCW. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-02-010, filed 2/28/83; 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 70.39 RCW. 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. [Statutory Authority: Chapter 70.39

RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-02-020, filed 2/28/83; 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).

(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, FJ-21, 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. unless previously cancelled, moved or otherwise rescheduled, in which case such meetings shall be deemed a special meeting. The location of each meeting is announced in the agenda which is mailed to each person on the commission's general mailing list. Any person may be placed on that list by filing a written request.

The meetings of the commission are governed by the Washington State Open Public Meetings Act, chapter 42.30 RCW. In accordance with that act, all commission meetings will be open to the public except those portions

which are governed by RCW 42.30.110 (executive sessions), RCW 42.30.140 (exceptions) or those portions which involve the attorney-client privilege.

(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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-02-040, filed 2/28/83; Order 77-01, § 261-02-040, filed 12/23/77; Order 73-01, § 261-02-040, filed 1/11/74.]

Chapter 261-06 WAC PUBLIC RECORDS

WAC

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| 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" shall mean the Washington state hospital commission created by chapter 70.39 RCW. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-020, filed 2/28/83; Order 73-01, § 261-06-020, filed 1/11/74.]

WAC 261-06-030 Public records available. 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-030, filed 2/28/83; 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-050, filed 2/28/83; 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:

- (a) The name of the person requesting the record;
- (b) The time of day and calendar date on which the request was made;
- (c) 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-060, filed 2/28/83; 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 ten 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-070, filed 2/28/83; 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.

(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 withholding the record and a brief explanation of how the exemption applies to the record withheld. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-080, filed 2/28/83; 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-

06-090, filed 2/28/83; 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 for 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-100, filed 2/28/83; 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 261-10 WAC

ASSESSMENTS AND RELATED REPORTS

WAC

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| 261-10-010 | Purpose. |
| 261-10-020 | Definitions. |
| 261-10-030 | Levying of assessment. |
| 261-10-040 | Payment of assessment. |
| 261-10-050 | Exemption from assessment. |
| 261-10-060 | Reporting of information. |
| 261-10-080 | Criminal provisions. |

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

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| 261-10-070 | Certification and attestation of reports. [Order 74-03, § 261-10-070, filed 2/15/74.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW. |
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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 direct operating expenses required to be reported in cost centers 6000-8899, excluding the professional component of hospital-based physicians, and prior to the distribution of other operating revenue reported in accounts 5000-5799, all as specified in the manual adopted under WAC 261-20-030. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-

02), § 261-10-020, filed 2/28/83; Order 74-03, § 261-10-020, filed 2/15/74.]

WAC 261-10-030 Levying of assessment. 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 percent of such hospital's gross operating costs incurred during its fiscal year ending on or before June 30th of the preceding calendar year. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-030, filed 2/28/83; Order 74-03, § 261-10-030, filed 2/15/74.]

WAC 261-10-040 Payment of assessment. (1) 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. The assessment shall be paid within ninety days after the statement of such assessment is mailed by the commission.

(2) An assessment reminder notice shall be mailed forty-five days after the mailing of the initial statement.

(3) A second assessment reminder notice shall be mailed ninety days after the mailing of the initial statement. This reminder shall declare the assessment delinquent and a penalty shall be payable, calculated as interest on the delinquent assessment at the rate of twelve percent per annum.

(4) A third assessment reminder notice shall be mailed one hundred twenty days after the mailing of the initial statement. This reminder shall state the delinquent status of the assessment and the total accrued interest to the date of this reminder notice.

(5) A fourth assessment reminder notice shall be mailed one hundred fifty days after the mailing of the initial statement. This reminder shall be the final reminder and shall state the amount of the delinquent assessment and total interest accrued to the date of this reminder. In addition, the hospital will be notified that if payment of the assessment and all accrued interest in not made within thirty days of the reminder, the account will be sent to the attorney general for appropriate action.

(6) Whenever a partial payment is made, the remaining balance shall be treated in the same manner as provided in subsections (2) through (5) of this section. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-040, filed 2/28/83; 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. For the purpose of calculating the assessment, the commission will use the most recent year-end report submitted pursuant to WAC 261-20-050. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-060, filed 2/28/83; Order 74-03, § 261-10-060, 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 PRICE INFORMATION

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| 261-12-010 | Purpose. |
| 261-12-020 | Definitions. |
| 261-12-040 | Report of changes in or new prices—Reporting form. |
| 261-12-050 | Information regarding 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. |

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

261-12-030 Reporting of information. [Order 76-01, § 261-12-030, filed 2/13/76; Order 74-07, § 261-12-030, filed 5/10/74.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

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 261-12-040 Report of changes in or new prices—Reporting form. Each hospital shall report any and all proposed changes in existing prices as well as any prices to be established for a new service on form number 510, changes in hospital prices, which form is hereby incorporated by this reference. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-040, filed 2/28/83; Order 76-01, § 261-12-040, filed 2/13/76; Order 74-07, § 261-12-040, filed 5/10/74.]

WAC 261-12-050 Information regarding pricing policy. In addition to information reported under WAC 261-12-040, the commission may request a hospital to provide information regarding its pricing policy. Such a request shall describe the requested information and set a time within which it will be provided. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-050, filed 2/28/83; 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 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 change(s) or price(s) for newly instituted service(s). [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-055, filed 2/28/83; 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 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

REGULATIONS RELATING TO, AND ESTABLISHMENT OF, A UNIFORM SYSTEM OF ACCOUNTING, FINANCIAL REPORTING, BUDGETING, COST ALLOCATION, AND PROSPECTIVE RATE SETTING

| | |
|------------|--|
| WAC | |
| 261-20-010 | Purpose. |
| 261-20-020 | Definitions. |
| 261-20-030 | Adoption and establishment of uniform system. |
| 261-20-040 | Submission of budget and rate request. |
| 261-20-045 | Budget amendment submittals authorized—Time limitations—Presumption. |
| 261-20-050 | Submission of year-end report. |
| 261-20-060 | Alternative system of financial reporting. |
| 261-20-070 | Modifications of uniform system. |

- 261-20-074 Modifications of uniform system applicable to only "basic service" hospitals.
- 261-20-080 Uniformly applicable interpretive rulings and minor manual modifications.
- 261-20-090 Criminal provisions.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

- 261-20-065 Compliance with WAC 261-10-060 and 261-10-070. [Statutory Authority: Chapter 70.39 RCW. 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-065, filed 2/20/81.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

WAC 261-20-010 Purpose. This chapter is adopted by the Washington state hospital commission pursuant to RCW 70.39.180 to implement the provisions of RCW 70.39.100, 70.39.110, 70.39.120, and 70.39.140 regarding the establishment of a uniform system of accounting, financial reporting, budgeting, cost allocation, and prospective rate setting for hospitals in Washington state. This system shall be utilized by each hospital to record and report its revenues, expenses, other income, other outlays, assets and liabilities, and units of service and to submit 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. 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-010, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-010, filed 2/20/81.]

WAC 261-20-020 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) "Manual" means the Washington State Hospital Commission Accounting and Reporting Manual for Hospitals, adopted under WAC 261-20-030.

(4) "System of accounts" means the list of accounts, code numbers, definitions, units of measure, and principles and concepts included in the manual.

(5) "Rate" means the revenue per defined unit of service for each revenue center identified in the manual.

(6) "Budget" means the forecast of each hospital's total financial needs and the resources available to meet such needs for its next fiscal year and includes such information as shall be specified in the manual concerning goals and objectives, volume and utilization projections, operating expenses, planned capital and service component (applicable to nonprofit hospitals) or return on investment (applicable to proprietary hospitals), deductions from revenue, and proposed rates. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-020, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-020, filed 2/20/81.]

WAC 261-20-030 Adoption and establishment of uniform system. The commission, pursuant to RCW 70.39.100, hereby adopts and establishes a uniform system of accounting, financial reporting, budgeting, cost allocation, and prospective rate setting for hospitals in Washington state, which system is described in the commission's publication entitled Washington State Hospital Commission Accounting and Reporting Manual for Hospitals, which publication is hereby incorporated by this reference. The manual 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-030, filed 2/28/83; 81-06-016 and 81-06-017 (Order 81-01, Resolution R-81-01 and Order 81-02, Resolution R-81-02), § 261-20-030, filed 2/20/81.]

Reviser's note: The "Washington State Hospital Commission Accounting and Reporting Manual" was filed by the Washington State Hospital Commission in accordance with the Administrative Procedure Act by Emergency Order 74-06, filed October 1, 1974, and Permanent Order 74-07, filed October 1, 1974. 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 has therefore omitted them from publication in the Washington Administrative Code. Copies may be obtained from the Washington State Hospital Commission, 206 Evergreen Plaza, 711 South Capital Way, 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 omitted 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 |
| Page 2420.2 (Cont. 9) | #7140 RADIOLOGY-DIAGNOSTIC |
| Page 2420.2 (Cont. 10) | #7150 RADIOLOGY-THERAPEUTIC |
| Page 2420.2 (Cont. 11) | #7160 NUCLEAR MEDICINE |
| Page 2420.2 (Cont. 15) | #7200 PHYSICAL THERAPY |
| Page 2420.5 (Cont. 1) | #8320 DIETARY |
| Page 2420.5 (Cont. 2) | #8330 CAFETERIA |

Amendments to the commission's Accounting and Reporting Manual for Hospitals were filed by Order 79-02 and Resolution 79-03, filed 6/19/79. See also, chapter 261-40 WAC. The specific amendments and additions are listed by page number and subject as follows:

Modifying the following pages--

| | |
|-------------|---------------------------|
| Page 2210.2 | Ancillary Service Revenue |
| Page 2210.3 | Ancillary Service Revenue |
| Page 2220.2 | Ancillary Service Revenue |

| | |
|------------------------|--|
| Page 2220.3 | Ancillary Service Expense |
| Page 2220.7 | Administrative Services |
| Page 2420.2 (Cont. 5) | #7070 LABORATORY |
| Page 2420.2 (Cont. 6) | #7080 PULMONARY FUNCTION (Combined with #7180 RESPIRATORY THERAPY) |
| Page 2420.2 (Cont. 8) | #7110 ELECTRODIAGNOSIS |
| Page 2420.2 (Cont. 9) | #7140 RADIOLOGY-DIAGNOSTIC |
| Page 2420.2 (Cont. 16) | #7211 OCCUPATIONAL THERAPY |
| Page 2420.7 (Cont. 9) | #8710 HEALTH CARE REVIEW |
| Page 5110 (Cont. 2) | TABLE OF STANDARD UNITS OF MEASURE |
| Page 5110 (Cont. 3) | TABLE OF STANDARD UNITS OF MEASURE (Cont.) |
| Page 5110 (Cont. 4) | TABLE OF STANDARD UNITS OF MEASURE (Cont.) |

APPENDICES TABLE OF CONTENTS

Adding the following:

| | |
|--------------------------|--|
| Page 2420.2 (Cont. 16-1) | #7212 SPEECH PATHOLOGY |
| Page 2420.2 (Cont. 16-2) | #7213 RECREATIONAL THERAPY |
| Page 2420.2 (Cont. 16-3) | #7214 ELECTROMYOGRAPHY |
| Pages F-1 through F-7 | OCCUPATIONAL THERAPY RELATIVE VALUE UNITS |

Copies of the adopted changes may be obtained from the commission's office at 206 Evergreen Plaza Building, 711 South Capitol Way, Olympia, Washington 98504.

The following amendments which modify the Uniform System of Accounts, were filed by the Washington State Hospital Commission, Order 81-02, Resolution R-81-02, filed February 20, 1981.

Modifying the following pages:

| | |
|------------------------|--|
| Page 1123 | DEPRECIATION POLICIES |
| Pages 1181 and 1182 | FINANCIAL ARRANGEMENTS |
| Page 2401.4 (Cont. 2) | #5910 UNCOMPENSATED CARE HILL-BURTON ASSISTED HOSPITALS |
| Page 2420.2 | #7010 LABOR AND DELIVERY SERVICES |
| Page 2420.2 (Cont. 5) | #7070 LABORATORY |
| Page 2420.2 (Cont. 8) | #7110 ELECTRODIAGNOSIS |
| Page 2420.2 (Cont. 15) | #7200 PHYSICAL THERAPY |
| Page 2420.8 (Cont. 2) | #8830 INSURANCE-HOSPITAL AND PROFESSIONAL MALPRACTICE |
| Page 2420.8 (Cont. 3) | #8840 INSURANCE-OTHER |

Adding the following pages:

| | |
|-------------------------|--|
| Page 2420.1 (Cont. 4-1) | #6150 ALCOHOLISM TREATMENT CENTER |
| Page 2420.2 (Cont. 8-1) | #7130 CT SCANNING SERVICES |
| Page 2420.7 (Cont. 1-1) | #8613 PLANNING |
| Pages C-1 through C-8 | APPENDIX C PHYSICAL THERAPY RELATIVE VALUES |

Deleting the following pages:

| | |
|-----------------------|---|
| Page 2410.4 (Cont. 3) | |
| Pages C-1 through C-5 | APPENDIX C PHYSICAL THERAPY RELATIVE VALUES. |

Amendments to the Commission's Accounting and Reporting Manual for Hospitals, amends Order 74-07, filed in the code reviser's office, October 1, 1974.

The specific amendments and additions filed in the code reviser's office as Washington State Register 83-04-032, Order and Resolution No. R-83-01, filed January 28, 1983 (Statutory Authority: Chapter 70.39 RCW.), are listed by page number and subject as follows:

Modifying the following pages:

| | |
|-----------------|---|
| 2210.1 | 2210.1 Daily Hospital Services Revenue |
| 2210.2 | 2210.2 Ancillary Services Revenue |
| 2210.3 | 2210.2(Cont.1) Ancillary Services Revenue |
| 2210.3(Cont.1) | 2210.3 Other Operating Revenue |
| 2210.4 | 2210.4 Deductions from Revenue |
| 2220.1 | 2220.1 Daily Hospital Services Expense |
| 2220.2 | 2220.2 Ancillary Services Expense |
| 2220.3 | 2220.3 Ancillary Services Expense |
| 2420.2(Cont.5) | 2420.2(Cont.6) 7070 Laboratory Services |
| 2420.2(Cont.21) | 2420.2(Cont.22) 7260 Clinics |

| | |
|-----------------|---|
| 2420.2(Cont.22) | 2420.2(Cont.24) 7440 Home Care Services |
| 2420.2(Cont.23) | 2420.2(Cont.25) 7410 Other Ancillary Services |
| 5110 (Cont.2) | 5110(Cont.2) Table of Standard Units of Measure |
| 5110 (Cont.3) | 5110(Cont.3) Table of Standard Units of Measure |
| 10004 | 10004 Instructions for YE-1 Year-End Report |
| 10005 | 10005 Instructions for YE-1 Year-End Report |
| 1 | 1 Instructions for Completing Budget Forms |

Interpretive Bulletin Number I-7 - Administering Medications and Infusing Fluids.

Adding the following pages:

| | |
|-----------------|------------------------------------|
| 2420.1(Cont.9) | 6330 Hospice Care |
| 2420.2(Cont.5) | 7060 Intravenous Therapy Services |
| 2420.2(Cont.21) | 7250 Short Stay Unit |
| 2420.2(Cont.23) | 7380 Free-standing Clinic Services |

Transmittal and Certification Form for Budget Amendments

Deleting the following pages:

| | |
|----------------|-----------------|
| 2420.2(Cont.7) | 7110 Blood Bank |
|----------------|-----------------|

Revision of Appendix F Occupational Therapy Relative Value Units. Specific amendments and additions filed in the code reviser's office as Washington State Register 83-19-049, Order and Resolution No. R83-3, filed September 16, 1983 (Statutory Authority: Chapter 70.39 RCW.), are listed by page number and subject as follows:

| | |
|---------------------|--|
| Pages F-1 and F-2 | APPENDIX F OCCUPATIONAL THERAPY RELATIVE VALUES AND SERVICE CATEGORIES |
| August 1983 (dated) | |

WAC 261-20-040 Submission of budget and rate request. (1) Each hospital shall submit its budget and rate request to the commission not less than seventy-five days prior to the beginning of its fiscal year, including the effect of proposals made by area-wide and state comprehensive health planning agencies: *Provided*, That for hospitals with fiscal years ending on or before September 30, 1983, the time for submission of the budget and rate request shall not be less than sixty days prior to the beginning of the next fiscal year. The budget and rate request shall contain that information specified in the commission's manual and shall be submitted in the form and manner specified in the manual. Where more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately.

(2) The chief executive officer and chairman of the governing board of the hospital shall attest that the information submitted under this section or budget amendments under WAC 261-20-045 has been examined by such person and that to the best of his/her knowledge and belief such information is a true and correct statement of the total financial needs of the hospital and the rates necessary to meet those needs for the budget period. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-040, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-040, filed 2/20/81.]

WAC 261-20-045 Budget amendment submittals authorized--Time limitations--Presumption. (1) Hospitals are authorized, upon learning of facts justifying revision of their approved budgets, to submit amendments to such budgets not less than thirty days in advance of the proposed effective date of any associated proposed rate changes; amendments submitted without effective

dates will be assigned effective dates falling thirty days after receipt.

(2) Within thirty days after receipt of a budget amendment submittal, the staff shall determine whether it is complete and conforms to commission regulations, policies, and instructions, and shall verify the data contained therein.

(3) The provisions of WAC 261-40-100, 261-40-105, 261-40-110, 261-40-115, 261-40-120, 261-40-125, 261-40-130, 261-40-135, 261-40-140, 261-40-145, and 261-40-150 shall apply to budget amendment submittals with the same force with which they apply to annual budget submittals.

(4) Any element of a hospital's budget amendment submittal which is not specifically identified as changed from the previously approved amount will be presumed to remain the same as previously approved. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-045, filed 2/28/83.]

WAC 261-20-050 Submission of year-end report.

(1) Each hospital annually shall file its year-end report with the commission within one hundred twenty days after the close of its fiscal year in the form and manner specified in the manual (chapter 10000): *Provided, however,* The one hundred twenty-day period may be extended up to and including an additional sixty days upon submission to the commission, of what it in its 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.

(2) Information submitted pursuant to this section 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-050, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-050, filed 2/20/81.]

WAC 261-20-060 Alternative system of financial reporting. Upon receipt of a request in detail to the satisfaction of the commission, the commission in its discretion may approve by resolution an alternative system for reporting of information under WAC 261-20-040 or 261-20-050 by a hospital for such period(s) or portion thereof as the commission shall specify, if:

(1) 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 hospital is significantly different from other hospitals in one or more of the following respects: Size; financial structure; methods of payment for services; or scope, type, and method of providing services.

(3) The hospital has other pertinent distinguishing characteristics.

(4) Such alternative system will avoid otherwise unduly burdensome costs in meeting the requirements of the uniform reporting system established by the commission. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-060, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-060, filed 2/20/81.]

WAC 261-20-070 Modifications of uniform system.

The commission, after due consideration, in its discretion, may prepare and publish modifications of the manual, for such period and under such conditions as the commission shall determine. Such modifications shall be prepared in the format of, and shall be adopted by the commission as a rule pursuant to chapter 34.04 RCW. A copy of such modifications shall be mailed to each hospital and manual holder of record. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-070, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-070, filed 2/20/81.]

WAC 261-20-074 Modifications of uniform system applicable to only "basic service" hospitals.

(1) The commission may notify a hospital at any time that it will be classified as a "basic service" hospital for the purpose of submitting its next budget and year-end report. Notice of such change to the affected hospital shall be provided at least six months before the beginning of the hospital's next fiscal year.

(2) 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 261-20-040 and 261-20-050:

(a) Combine Electrodiagnosis-7110 into Laboratory-7070.

(b) Combine Cafeteria-8330 into Dietary-8320.

(c) Combine 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.

(d) 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.

(e) Combine Medical Library-8680 into Medical Records-8690.

(f) Combine Inservice Education-Nursing-8740 into Nursing Administration-8720.

(3) The commission will provide notice to the affected hospital of any change from "basic service" to a more complex class at least four months before the next budget is due. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-074, filed 2/28/83.]

WAC 261-20-080 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 manual. 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. The commission shall be notified in advance of the executive director's proposed actions.

(2) Any such interpretive ruling, correction, or modification shall be in writing and distributed as an attachment to a consecutively numbered transmittal. Such transmittal shall describe the changes in detail and shall include instructions regarding the placement of such material in the manual. Each hospital and manual holder of record shall be sent a copy of any such transmittal together with all attachments. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-080, filed 2/28/83; 81-06-016 (Order 81-01, Resolution R-81-01), § 261-20-080, filed 2/20/81.]

WAC 261-20-090 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 shall be guilty of misdemeanor. Following official notice to the accused by the commission 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-090, filed 2/28/83.]

Chapter 261-40 WAC

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

WAC

PART 0 GENERAL PROVISIONS

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| 261-40-010 | Purpose. |
| 261-40-015 | Definitions. |
| 261-40-020 | Applicability of this chapter. |
| 261-40-030 | Suspension of proposed effective date of rate, rate schedule, other charges, or any change therein. |

PART I ANNUAL BUDGET SUBMITTAL REVIEW PROCESS

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| 261-40-115 | Effect of response to notice within specified time period. |
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| 261-40-125 | Criteria for determining completeness, conformance, and verifiability of data. |
| 261-40-130 | Special information requests. |
| 261-40-135 | Staff findings and recommendation regarding annual budget submittal. |
| 261-40-140 | Notice to public regarding annual budget submittal findings and recommendations and public hearing. |
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| 261-40-202 | Intervention. |
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| 261-40-205 | Conduct at hearings. |
| 261-40-210 | Order of procedure. |
| 261-40-215 | Number of witnesses and duration of testimony may be limited. |
| 261-40-220 | Rules of evidence. |
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| 261-40-405 | Commission action on petition for formal hearing. |
| 261-40-410 | Hearing examiner. |
| 261-40-430 | Pleadings. |
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| 261-40-480 | Briefs. |
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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

| | |
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| 261-40-025 | Inapplicability of uniform procedure rules. [Order 75-05, § 261-40-025, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW. |
| 261-40-165 | Budget amendment submittals authorized—Time limitations—Presumption. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-165, filed 6/19/79.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW. |

- 261-40-415 Classification of parties. [Order 75-05, § 261-40-415, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-420 Intervention. [Order 75-05, § 261-40-420, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-425 Rules of practice before commission. [Order 75-05, § 261-40-425, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-440 Service of pleadings. [Order 75-05, § 261-40-440, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-445 Prehearing conferences. [Order 75-05, § 261-40-445, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-455 Appearances. [Order 75-05, § 261-40-455, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-465 Testimony under oath. [Order 75-05, § 261-40-465, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

Reviser's note: For information concerning the "Washington State Hospital Commission Accounting and Reporting Manual for Hospitals," see chapter 261-20 WAC.

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 261-20-040.

(2) "Washington state hospital commission" and "commission" mean the Washington state hospital commission created by chapter 70.39 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" when used in this chapter means any individual, partnership, association, corporation, comprehensive health planning agency created pursuant to chapter 70.38 RCW, hospital, 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 WAC 261-20-030.

(6) "Staff" means the executive director, deputy director, confidential secretary and all other employees of the commission.

(7) "Party" means those persons described in WAC 261-40-201. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-015, filed 2/28/83; 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 as 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. Rate changes for volume variance under WAC 261-40-150 are not considered rate changes under this section.

(2) Effective date of change in approved rates: Hospitals shall utilize only those rates that have been approved by the commission. Every request for a change in rates shall provide for a proposed effective date for that change which shall be no sooner than thirty days after the commission receives the request. If the request does not include a proposed effective date, that date shall be deemed to be thirty days after the receipt of the request.

The new rates may be utilized by the hospital after the proposed effective date unless the commission has suspended the date pursuant to WAC 261-40-030. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-020, filed 2/28/83; 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-020, filed 6/19/79; Order 75-05, § 261-40-020, 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 required time period or has requested a continuance in a hearing under WAC 261-40-200.

(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 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. Whenever the next commission meeting will be after the proposed effective date of a change in rates, the executive director is authorized to notify the hospital of a suspension in the effective date if he finds any of the conditions under subsection (2) of this section to exist. The executive director shall present any such suspension at the next commission meeting for ratification or modification. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-030, filed 2/28/83; 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 or amendment. (1) Date stamped upon receipt: Every annual budget submittal or amendment provided the commission pursuant to RCW 70.39.120 and 70.39.140, and WAC 261-20-040 and 261-20-045, 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 expects such annual budget submittal will be considered by the commission in an informal hearing. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-100, filed 2/28/83; 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 as 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-115, filed 2/28/83; 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 findings and recommendations. See WAC 261-40-135. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-120, filed 2/28/83; 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 261-20 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-125, filed 2/28/83; 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, a written request detailing the additional information to be provided the staff will be mailed to the hospital. The failure of a hospital to respond to such information requests within the time set forth in the request 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-130, filed 2/28/83; 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 provided 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-135, filed 2/28/83; 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 twenty days prior to the date last set for commission consideration of a hospital's annual budget submittal, the staff shall provide notice to that hospital and those persons on the commission's general mailing list regarding the impending hearing. Any person may be placed on the commission's general mailing list by written request to the commission. [Statutory Authority: RCW 70.39.160. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-140, filed 2/28/83; 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-140, filed 6/19/79; 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, and any other written response 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 in any informal hearing. Any response received after that date may not be considered by the commission. [Statutory Authority: RCW 70.39.160. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-145, filed 2/28/83; 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-145, filed 6/19/79; 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; however, the relative importance of each criterion listed below 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 July 16, 1973: *Provided*, That, once the election is made it may not be changed without the approval of the commission.

(a) For the purposes of this subsection, "investment" is defined as the sum of the differences between a hospital's current assets and current liabilities on the one hand and long term assets and long term liabilities, on the other hand, to the extent such assets and liabilities are allowable for ratemaking. The commission has adopted written policies regarding the allowance of assets and liabilities which are available upon request.

(b) For the purposes of this subsection, the term "actual investment" shall refer to assets computed as set forth in subdivision (a) of this subsection on the basis of historical cost less accumulated depreciation.

(c) For the purposes of this subsection, the term "fair value of the investment" shall mean the result of the computation performed in subdivision (a) of this subsection on assets whose value as of July 16, 1973 is determined by means of impartial appraisal.

(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.

(7) Whether the rates implemented and revenues collected by the hospital in previous budget years conformed to the applicable commission determinations for such years. Conformance will be determined by comparing, at the end of the budget year, actual revenues for the budget year to commission-approved revenues, on the basis of either the aggregate rate per adjusted patient day, or the revenues for individual revenue centers, as either may be modified, where appropriate, for volume variance between budgeted and actual levels; such comparison shall be made using actual, rather than budgeted, deductions from revenue.

The approved planned capital and service component and return on investment shall be considered a fixed cost when considering year-end conformance. Only that portion of total costs per patient day designated as variable according to the following schedule will be adjusted for volume variance:

Peer groups 1 and 2 and specialty hospitals having fewer than fifty beds; fixed costs – eighty percent, variable costs – twenty percent

Peer groups 3 and 4 and specialty hospitals having fifty or more beds; fixed costs – seventy percent, variable costs – thirty percent

Peer groups 5 and 6 hospitals; fixed costs – sixty percent, variable costs – forty percent

Alternatively, the hospital may submit suggested ratios of fixed costs to variable costs, either in the aggregate or by revenue center. Upon approval by the commission, such approved ratios will be used only prospectively to determine allowable revenue variance due to volume changes.

The hospital may submit any justifying information to explain deviations/variances from approved revenues. [Statutory Authority: RCW 70.39.160, 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-150, filed 2/28/83; 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-150, filed 6/19/79; 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 lesser 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. [Statutory Authority: RCW 70.39.160, 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-160, filed 2/28/83; 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-160, filed 6/19/79; Order 75-05, § 261-40-160, filed 11/10/75.]

PART II GENERAL PROCEDURES APPLICABLE TO ALL COMMISSION HEARINGS

WAC 261-40-200 Continuances. Any person who desires a continuance of any proceeding before the commission shall, as soon as facts requiring such continuance come to his/her knowledge, notify the commission. The notice shall identify the interest of the person in the proceeding 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 proceeding, 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-200, filed 2/28/83; Order 75-05, § 261-40-200, filed 11/10/75.]

WAC 261-40-201 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." [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-201, filed 2/28/83.]

WAC 261-40-202 Intervention. (1) General intervention: Any person who desires to appear and participate in any proceeding before the commission 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. The written petition shall be filed with the commission and copies shall be provided to all other parties to the proceeding.

(2) Disposition of petitions and motions to intervene: Petitions and motions to intervene may be heard before the presentation of evidence in the proceeding, or may be set for prior hearing; an opportunity shall be afforded all other parties to be heard thereon. If it appears 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-202, filed 2/28/83.]

WAC 261-40-203 Appearances. (1) Parties shall enter their appearances by giving their names, addresses and party they represent, if any, in writing to the commission and all other parties. Thereafter, all future notices, pleadings and orders may be served upon that 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.

(2) No person may appear in a representative capacity before the commission other than the following:

(a) Attorneys at law duly qualified and entitled to practice before the supreme court of the state of Washington;

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

(c) Upon permission of the presiding officer at such hearing, a *bona fide* officer, trustee, director, or full time employee of an individual, partnership, association, corporation, comprehensive health planning agency, or hospital who appears for such planning agency, or hospital. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-203, filed 2/28/83.]

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. When two or more annual budget submittals are set for hearing at the same time and place, the commission will usually hear the matters in the same order as they appear in the agenda. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-210, filed 2/28/83; 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. When objection is made to the admissibility of evidence, 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 objections 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 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, official notice may be taken of the results of the commission's own inspection of the physical conditions involved. 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. 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-220, filed 2/28/83; Order 75-05, § 261-40-220, filed 11/10/75.]

WAC 261-40-225 Exhibits and documentary evidence. (1) 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. Like copies of such matter shall be delivered by the party offering the same to all other parties or their representatives 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.

(2) 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.

(3) 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.

(4) 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.

(5) Copies of exhibits: When specially prepared exhibits of a documentary character are offered in evidence, unless the presiding officer otherwise directs, copies must be furnished to all commission members,

staff, all other parties, and in a formal hearing, the presiding officer. Whenever practicable, the parties should interchange copies of exhibits before the commencement of the hearing. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-225, filed 2/28/83; 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 by the commission notwithstanding the stipulation of the parties. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-230, filed 2/28/83; Order 75-05, § 261-40-230, filed 11/10/75.]

WAC 261-40-240 Burden of proof. At any hearing involving any change in any schedule, classification, rule or regulation, the effect of which is to increase any rate theretofore charged, the burden of proof to show that such increase meets the requirements of chapter 70.39 RCW shall be upon the proponent of the increase. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution 79-03), § 261-40-240, filed 6/19/79.]

PART III

SPECIAL INFORMAL HEARING PROCEDURES

WAC 261-40-300 Appearances and attendance at informal hearing. (1) 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 members' questions remaining unanswered, which, itself, may lead to a continuance, or the suspension, modification or disapproval of rates, rate schedules, other charges, or changes therein proposed in such submittal.

(2) Presentations and testimony to the commission during informal hearings shall be given in the following order:

(a) The summarization of the matter and presentation of staff findings and recommendations by the executive director or his designee;

(b) The response by the hospital;

(c) Answers to questions asked by the commission;

(d) Any comments by other persons or parties in attendance;

(e) Any response by the hospital, staff, or the commission to comments: *Provided*, That the presiding officer may direct a different order to suit the convenience of all participants. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-300, filed 2/28/83; 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 party or other person in attendance. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-310, filed 2/28/83; 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 aggrieved 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-400, filed 2/28/83; 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 aggrieved by the commission's informal hearing decision or has been aggrieved 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 and all other parties 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:

(a) 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 the final decision of the commission for purposes of judicial review

under chapter 34.04 RCW. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-405, filed 2/28/83; 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 261-40-430 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 is directed toward a 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-430, filed 2/28/83; 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 261-40-450 Hearings. (1) 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 and the parties agree that an emergency exists requiring the hearing to be held upon less notice. 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.

(2) Testimony may be given ordinarily in the following order:

- (a) The hospital;
- (b) Commission staff;
- (c) Protestants; and

(d) Rebuttal by the hospital. Intervenors shall follow the party in whose behalf the intervention is made. If the intervention is not in support of either the hospital or the staff, the presiding officer shall designate the time when the intervenor shall be heard: *Provided*, The presiding officer may direct a different order to suit the convenience of the parties. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-450, filed 2/28/83; Order 75-05, § 261-40-450, 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, the hospital's submittal may be disapproved. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-460, filed 2/28/83; Order 75-05, § 261-40-460, 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 or 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. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-475, filed 2/28/83; 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 judicial review under chapter 34.04 RCW shall not commence until the date of the commission's final order. [Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-485, filed 2/28/83; 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.]