

WAC 260-70-090 Permitted medication. Horses using permitted medication are subject to all rules governing such medication plus these additional rules:

(1) PHENYLBUTAZONE and OXYPHENYLBUTAZONE shall be administered in such dosage amount that the test sample shall contain not more than 5 micrograms of the drug substance, its metabolites and analogs per milliliter of blood plasma or more than 165 micrograms of the drug substance, its metabolites and analogs per milliliter of urine.

(2) NAPROXEN shall be administered in such dosage amount that the test sample shall contain not more than 5 micrograms of the drug substance, its metabolites or analogs per milliliter of blood plasma or more than 165 micrograms of the drug substance, its metabolites or analogs per milliliter of urine.

(3) FLUNIXIN shall be administered in such dosage amount that the test sample shall not contain more than 1 microgram of the drug substance, its metabolites or analogs per milliliter of blood plasma.

(4) MECLOFENAMIC ACID shall be administered in such dosage amount that the test sample shall contain not more than 1 microgram of the drug substance, its metabolites or analogs per milliliter of blood plasma.

(5) No horse on a program of permitted medication shall be permitted to race without such medication unless authorized to do so by the stewards or their representative. [Statutory Authority: RCW 67.16.020 and 67.16.040. 84-06-061 (Order 84-01), § 260-70-090, filed 3/7/84; 80-05-132 (Order 79-03), § 260-70-090, filed 5/7/80; Order 74.1, § 260-70-090, filed 5/22/74, effective 7/1/74.]

WAC 260-70-100 Penalties relating to overage of permitted medication. Should the laboratory analysis of urine or blood taken from a horse, other than a two-year old, show the presence of more than one approved non-steroidal anti-inflammatory drug (NSAID) in violation of WAC 260-70-021, or the presence of phenylbutazone in excess of the quantities authorized by WAC 260-70-090, or, the presence of furosemide without permission from the commission veterinarian, the stewards or commission shall levy the following penalties against each person found responsible:

(1) For a first offense within any calendar year, a fine of \$300;

(2) The second offense, within any calendar year, \$750;

(3) For a third offense, within any calendar year, a fine of \$750 with a sixty-day suspension.

If any NSAID or other permitted medication is found in the body of a horse which alone or in combination with a second medication is of such a quantity so as to interfere with the testing process the penalties for use of a prohibited drug or medication shall apply irrespective of the provisions of this rule. The finding of any diuretic, including Lasix (furosemide), in the body of a horse shall constitute the presence of an interfering substance and the penalties for use of a prohibited drug or medication shall apply, unless the horse is on the official

commission bleeder list. [Statutory Authority: RCW 67.16.020 and 67.16.040. 85-12-057 (Order 85-02), § 260-70-100, filed 6/5/85; 84-06-061 (Order 84-01), § 260-70-100, filed 3/7/84; 83-19-054 (Order 83-04), § 260-70-100, filed 9/19/83; 82-03-053 (Order 82-01), § 260-70-100, filed 1/20/82; 80-05-132 (Order 79-03), § 260-70-100, filed 5/7/80; Order 74.1, § 260-70-100, filed 5/22/74, effective 7/1/74.]

Title 261 WAC HOSPITAL COMMISSION

Chapters

261-02	Organization--Operations--Procedures.
261-06	Public records.
261-10	Assessments and related reports.
261-12	Rules for reporting hospital price information.
261-14	Rules for hospital charity care.
261-20	Regulations relating to, and establishment of, a uniform system of accounting, financial reporting, budgeting, cost allocation, and prospective rate setting.
261-40	Review and approval of annual budget submittals, rates, rate schedules, other charges and changes.
261-50	Rules for reporting hospital patient discharge information.

Chapter 261-02 WAC

ORGANIZATION--OPERATIONS--PROCEDURES

WAC

261-02-030	Description of organization.
261-02-040	Operations and procedures.

WAC 261-02-030 Description of organization. The commission is a nine-member independent state agency with the authority over financial disclosure, budget, prospective rate approval, and other related matters. The executive head of the commission is a chairman who, like other commission members, is appointed by the governor. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-02-030, filed 10/1/84; 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, an associate director for budget and rate review, an associate director for program planning and research, 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) Communication with hospitals: The commission shall furnish a copy of any report regarding a hospital to the chief executive officer of the hospital and the presiding officer of the hospital's governing body.

(6) 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.

(7) Quorum: Five 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 five members concur therein.

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

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

(10) Rule of order: The commission shall generally follow *Robert's Rules of Order* in conducting its business meetings. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-02-040, filed 10/1/84; 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

261-06-030 Public records available.
261-06-040 Public records officer.

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 42.17.250 through 42.17.340, 70.39.110, and WAC 261-06-080. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-06-030, filed 10/1/84; 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 the 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. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-06-040, filed 10/1/84; Order 73-01, § 261-06-040, filed 1/11/74.]

Chapter 261-10 WAC ASSESSMENTS AND RELATED REPORTS

WAC

261-10-020 Definitions.

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 beds utilized by a comprehensive cancer center for cancer research, or 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-10-020, filed 10/1/84; 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.]

Chapter 261-12 WAC

RULES FOR REPORTING HOSPITAL PRICE INFORMATION

WAC

261-12-020 Definitions.

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 beds utilized by a comprehensive cancer center for cancer research, or 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. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-12-020, filed 10/1/84; Order 76-01, § 261-12-020, filed 2/13/76; Order 74-07, § 261-12-020, filed 5/10/74.]

Chapter 261-14 WAC

RULES FOR HOSPITAL CHARITY CARE

WAC

261-14-010 Purpose.
261-14-020 Definitions.
261-14-030 Standards for acceptability of hospital policies for charity care and bad debts.
261-14-040 Reporting requirements.
261-14-050 Charity care measurement.

WAC 261-14-010 Purpose. This chapter is adopted by the Washington state hospital commission pursuant to chapter 70.39 RCW as amended by sections 14, 15, and 18, chapter 288, Laws of 1984. These sections relate to hospital policies for charity care and bad debt, including admissions practices, and the compilation and

measurement of the level of charity care services provided by each hospital. The purpose of such policies and measurements is:

(1) To assure that no hospital or its medical staff either adopts or maintains practices or policies which result in a significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for all or part of hospital services.

(2) To assure that uniform procedures and criteria for identifying care to be classified as charity care are observed by all hospitals. [Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-010, filed 12/7/84.]

WAC 261-14-020 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 beds utilized by a comprehensive cancer center for cancer research, or 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's *Accounting and Reporting Manual for Hospitals*, adopted under WAC 261-20-030.

(4) "Indigent persons" shall mean those patients who have exhausted any third-party sources, including Medicare and Medicaid, and whose gross income is below 200% of the federal poverty standards, adjusted for family size.

(5) "Charity care" means necessary hospital health care rendered to indigent persons, as defined in WAC 261-14-020(4).

(6) "Bad debts" shall mean uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care.

(7) "Region" means one of the health service areas established pursuant to RCW 70.38.085, except that King County shall be considered as a separate region.

(8) "Regional average" shall be the arithmetic mean. [Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-020, filed 12/7/84.]

WAC 261-14-030 Standards for acceptability of hospital policies for charity care and bad debts. (1) Each hospital shall develop a charity care policy for indigent persons which considers the guidelines and criteria for determining charity care found in Appendix G of the manual, *HFMA Principles and Practices Board Statement 2 Defining Charity Service as Contrasted to Bad Debts*.

(2) Each hospital shall develop policies and procedures, including reasonable and uniform standards for collection of the unpaid portions of hospital charges that

are the patient's responsibility by March 31, 1985. These standards are to be part of each hospital's system of accounts receivable management manuals, which support hospital collection policies. Manuals should cover procedures for preadmission, admission, discharge, outpatient registration and discharge, billing, and credit and collections. Manuals shall be available for inspection by the commission. [Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-030, filed 12/7/84.]

WAC 261-14-040 Reporting requirements. (1) Each hospital shall submit a copy of its charity care policy by March 31, 1985. All modifications to such policies shall be submitted to the commission within thirty days after adoption.

(2) Each hospital shall submit a copy of its policies on reasonable and uniform standards for procedures to collect the unpaid portions of hospital charges that are the patient's responsibility. All modifications to such policies shall be submitted to the hospital commission within thirty days after adoption.

(3) Each hospital shall compile data on charity care provided, as defined by this chapter, beginning April 1, 1985. Data shall be transmitted to the commission by August 15, 1985, covering the period of April 1, 1985 through June 30, 1985. Thereafter, quarterly data transmissions, due 45 days following each quarter, shall be sent to the commission. Report formats will be prescribed by the commission. [Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-040, filed 12/7/84.]

WAC 261-14-050 Charity care measurement. A hospital certificate of need application shall be evaluated by comparing the level of charity care provided by that hospital to the regional average. The formula to measure charity care is:

$$\text{Charity Care} / (\text{Total Rate Setting Revenue} - (\text{Medicare} + \text{Medicaid Revenues})) * 100$$

[Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-050, filed 12/7/84.]

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.
261-20-054	Inspection of hospitals' books and records.
261-20-057	Submission of quarterly reports.

261-20-074	Modifications of uniform system applicable to only "basic service" hospitals.
261-20-090	Penalties for violation.

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 to the commission 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 costs do not exceed those that are necessary for a prudently and reasonably managed 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-010, filed 10/1/84; 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 beds utilized by a comprehensive cancer center for cancer research, or 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) "Basic service hospital" means a hospital classified in peer groups 1 and 2 or a specialty hospital having fewer than fifty licensed beds.

(4) "Manual" means the *Washington State Hospital Commission Accounting and Reporting Manual for Hospitals*, second edition adopted under WAC 261-20-030.

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

(6) "Rate" means the maximum revenue which a hospital may receive for each unit of service, as determined by the commission.

(7) "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, capital requirements, deductions from revenue, and proposed rates. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-020, filed 10/1/84; 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*, second edition, 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-030, filed 10/1/84; 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's Accounting and Reporting Manual*, second edition, was filed by the Washington State Hospital Commission under Order and Resolution No. 84-01, filed June 8, 1984, (Statutory Authority: Chapter 70.39 RCW). The code reviser, under the authority of RCW 34.04.050(3), has deemed it unduly cumbersome to publish. Copies of the *Accounting and Reporting Manual*, second edition, may be obtained by writing to the Washington State Hospital Commission, Mailstop FJ-21, Olympia, WA 98504.

Reviser's note: Amendments to the commission's *Accounting and Reporting Manual*, second edition, were filed on August 29, 1984, by Order and Resolution No. 84-03 (Statutory Authority: RCW 70.39.180(1)).

The specific portions of the manual amended are as follows:

The addition of "Appendix E Respiratory Therapy Services Uniform Reporting Service Code Listing";

Page 2420.2 (cont. 13) 7180 RESPIRATORY SERVICES;
Appendices Table of Contents.

Reviser's note: Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser under Order and Resolution No. 84-08, filed December 7, 1984, (Statutory Authority: Chapter 70.39 RCW). The specific portions of the manual amended by this action are as follows:

(1) Addition of Appendix G, HFMA Principles and Practices Board Statement 2, defining charity service as contrasted to bad debt; and

(2) Revising the appendices table of contents to add Appendix G.

Reviser's note: Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser under Order and Resolution No. 85-01, filed January 31, 1985, (Statutory Authority: Chapter 70.39 RCW).

The specific portions of the manual amended by this action are as follows:

Accounting and reporting manual chapter 10000, entitled, "Reporting Requirements" sections:

Section 10001	Year-end report
Section 10010	Instructions
Section 10101	Quarterly report
Section 10110	Instructions
	Form HOS-939 (1/85), Quarterly report (WSHC Q1)

Reviser's note: Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were filed with the code reviser on July 29, 1985, under Order and Resolution No. 85-04 (Statutory Authority: RCW 70.39.180(1)), affecting *System of Accounts*, chapters 2000, 8000, and 10000.

The specific pages of the manual amended are as follows:

Page	2210.4
	2220
	2220.1
	2410.4
	2410.4 (cont. 1)
	2410.4 (cont. 2)
	2410.4 (cont. 3)
	8020 (cont. 60)
	10101
	10110
	10110 (cont. 1)
	10110 (cont. 2)
	Quarterly Report Form
	SS-8 Forms

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. 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 presiding officer of the hospital's governing body 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-040, filed 10/1/84; 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, however, any budget amendment must be received more than ninety days prior to the hospital's

fiscal year end; 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 may be reopened to assure that the hospital's amended budget complies with WAC 261-40-150. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-045, filed 10/1/84; 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 body, if any, of the hospital. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-050, filed 10/1/84; 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 261-20-054 Inspection of hospitals' books and records. The commission will inspect a hospital's books, audits, and records as reasonably necessary to implement the policies and purposes of chapter 70.39 RCW. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-054, filed 10/1/84.]

WAC 261-20-057 Submission of quarterly reports.

(1) Each hospital shall submit a quarterly summary utilization and financial report within forty-five days after the end of each calendar quarter beginning on or after January 1, 1985. The quarterly report shall contain that information specified by the commission and shall be submitted in the form and manner specified by the commission.

(2) The report submitted pursuant to this section must be signed by the hospital's chief executive officer or chief financial officer. [Statutory Authority: Chapter 70.39 RCW. 85-04-026 (Order 85-01, Resolution No. 85-01), § 261-20-057, filed 1/31/85.]

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 six months before the next budget is due. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-20-074, filed 10/1/84; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-074, filed 2/28/83.]

WAC 261-20-090 Penalties for violation. 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. Failure to file the reports required by WAC 261-20-040(1), 261-20-050(1), and 261-20-057(1) shall constitute a violation, and the commission may levy a civil penalty not to exceed one hundred dollars per day for each day following official notice of the violation by the commission. The executive director of the commission may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired. [Statutory Authority: Chapter 70.39 RCW. 85-04-026 (Order 85-01, Resolution No. 85-01), § 261-20-090, filed 1/31/85; 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-090, filed 2/28/83.]

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

Chapter 261-40 WAC

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

WAC

PART 0 GENERAL PROVISIONS

261-40-010	Purpose.
261-40-015	Definitions.
261-40-020	Applicability of this chapter.

PART I ANNUAL BUDGET SUBMITTAL REVIEW PROCESS

261-40-135	Staff findings and recommendations regarding annual budget submittal.
261-40-150	Methodology and criteria for approval, modification, or disapproval of annual budget submittal and rates, rate schedules, other charges, and changes therein.
261-40-170	Negotiated rates.

PART III SPECIAL INFORMAL HEARING PROCEDURES

261-40-315	Commission right to terminate informal hearing.
------------	---

PART IV FORMAL HEARING PROCEDURES

261-40-480	Briefs.
261-40-485	Orders.

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 costs do not

exceed those that are necessary for a prudently and reasonably managed 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-010, filed 10/1/84; 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 beds utilized by a comprehensive cancer center for cancer research, or 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 maximum revenue which a hospital may receive for each unit of service, as determined by the commission.

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

(7) "Party" means those persons described in WAC 261-40-201.

(8) "Comprehensive cancer center" means an institution and its research programs as recognized by the National Cancer Institute prior to April 20, 1983.

(9) "Region" means one of the health service areas established pursuant to RCW 70.38.085, except that King County shall be considered a separate region. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-015, filed 10/1/84; 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.

(3) Publication of a schedule of rates and proposed changes in rates: Each hospital shall issue and make available to the public a schedule of rates as approved by the commission. Any proposed changes in rates shall be plainly indicated on the schedule effective at that time and shall be open to public inspection for at least thirty days prior to the proposed effective date. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-020, filed 10/1/84; 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.]

PART I ANNUAL BUDGET SUBMITTAL REVIEW PROCESS

WAC 261-40-135 Staff findings and recommendations regarding annual budget submittal. (1) Hospital commission staff shall review each hospital's annual budget submittal. The staff shall utilize the methodology and address the criteria as set out in WAC 261-40-150. Requests involving variance from any criteria set out therein shall be specifically addressed by staff, who shall also make recommendations upon such requests and specify the basis for such recommendations.

(2) 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.

(3) 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: RCW 70.39.180. 85-22-036 (Order 85-06, Resolution No. 85-06), § 261-40-135, filed 11/1/85. 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 261-40-150 Methodology and criteria for approval, modification, or disapproval of annual budget submittal and rates, rate schedules, other charges, and changes therein. The following methodology and criteria shall be utilized by the commission in reviewing and acting on annual budget submittals. The relative importance of each criterion, and the extent to which justification for variance from the methodology and criteria is accepted, 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 costs do not exceed those that are necessary for a prudently and reasonably managed hospital;

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

(d) 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 any hospital to render necessary, effective and efficient service in the public interest.

(3) Whether the commission action will assure access to necessary, effective, economically viable and efficient hospital health care capability throughout the state, rather than the solvency or profitability of any individual hospital except where the insolvency of a hospital would seriously threaten the access of the rural public to basic health care services.

(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 proposed budget and the projected revenues and expenses would result in the rate structure most reasonable under the circumstances. The following shall be considered by the commission in making that determination:

(a) The commission shall determine whether the hospital's requested utilization statistics are reasonably attainable, based upon:

(i) Historical admission trends, including a revised current year estimate derived from seasonally-adjusted quarterly report information;

(ii) Historical trends of outpatient volumes as measured by inflation-adjusted outpatient revenue and outpatient equivalents of admissions;

(iii) Historical trends of the average length of stay; and

(iv) Such other information as the commission may determine is appropriate as a basis for deviating from measures based upon historical trends including, but not limited to:

(A) Revisions necessary to maintain compliance with the commission's *Accounting and Reporting Manual for Hospitals* pursuant to WAC 261-20-030;

(B) Negotiated rate agreements that guarantee additional volumes related to a purchaser of hospital health care services;

(C) The implementation or deletion of services or programs for which certificate of need approval has been obtained, if required;

(D) The opening of new health care service-related capacity for which certificate of need approval has been obtained, if required; and

(E) Other considerations presented by the hospital and determined to be appropriate by the commission.

(b) The commission shall utilize a principal screen to compare the hospital's requested net patient services revenue (total rate setting revenue less deductions from revenue) per adjusted admission to the hospital's target net patient services revenue per adjusted admission as calculated in item (i) below and modified by item (ii) below:

(i) Each hospital's target net patient services revenue per adjusted admission shall be calculated by applying to the individual hospital the same methodology utilized by the Commission in establishing the volume and operating expense components of the target dollar amount of total state-wide hospital revenue adopted by the commission in accordance with RCW 70.39.150(6), and adding a capital allowance component as calculated according to WAC 261-40-150 (5)(d)(i)(B) and (C); provided that, the additional considerations provided for in WAC 261-40-150 (5)(d)(i)(C)(1) and (2) shall not be included in the capital allowance component of the target net patient services revenue per adjusted admission for purposes of this item.

(ii) The target net patient services revenue per adjusted admission as calculated in item (i) above shall be modified as follows, if applicable:

(A) For each hospital whose percentage increase in target net patient services revenue per adjusted admission over the current year approved level exceeds the peer group median of the target rates of increase, the hospital's target net patient services revenue per adjusted admission shall be reduced to reflect the peer group median target rate of increase.

(B) For each hospital whose target net patient services revenue per adjusted admission exceeds the peer group

median of the target, the hospital's target shall be reduced by one-half of one percent for each one percent variance above the peer group median of the target.

(iii) If, after volume adjusting the revised target and the budget request to reasonably attainable levels of adjusted admissions, the requested net patient services revenue per adjusted admission does not exceed the revised target, the operating expense and capital allowance sections of the hospital's annual budget submittal will not be subject to further review provided that the resulting rates meet the criteria of WAC 261-40-150 (5)(f), (6), and (7).

(iv) If, after volume adjusting the revised target and the budget request to reasonably attainable levels of adjusted admissions, the requested net patient services revenue per adjusted admission exceeds the revised target, further review of the components of operating expense and capital allowance will be conducted.

(c) The commission shall determine whether the hospital's requested operating expenses are such that the commission can assure all purchasers of that hospital's health care services that the total costs of the services are reasonably related to the total services offered by that hospital and are such that the hospital's costs do not exceed those that are necessary for a reasonably and prudently managed hospital, based upon:

(i) Adjusting the requested level of operating expenses to reflect the adjusted admissions as determined according to WAC 261-40-150 (5)(a), utilizing the variable cost factors described in WAC 261-40-150(6);

(ii) Applying national hospital market basket inflation forecasts to operating expenses by natural classification. National inflation forecasts will be modified to reflect regional or state-wide economic conditions, as appropriate;

(iii) Such other information as the commission may determine is appropriate as a basis for deviating from the standard variable cost ratios specified in WAC 261-40-150(6) or inflation forecasts. This information shall include but not be limited to:

(A) Revisions necessary to comply with the commission's *Accounting and Reporting Manual for Hospitals* pursuant to WAC 261-20-030;

(B) Reasonable operating expenses related to implementation or deletion of services or programs for which certificate of need approval has been obtained, if required;

(C) Reasonable operating expenses related to expansion or contraction of hospital capacity for which certificate of need approval has been obtained, if required;

(D) Volume adjustments of a magnitude which render the standard variable cost factors described in WAC 261-40-150(6) inappropriate; and

(E) Other consideration presented by the hospital and determined to be appropriate by the commission.

(d) The commission shall determine whether the hospital's requested capital allowance is appropriate based upon the following:

(i) Capital allowance shall be computed as a return on net property, plant and equipment (property, plant and

equipment less accumulated depreciation) used in hospital operations. Interest expense on long-term debt shall be deducted from the return on net property, plant and equipment.

(A) The value for net property, plant and equipment shall be derived from the balances at the end of the hospital's current year, as approved by the commission, and the projected balances at the end of the budget year. An average shall be calculated. The average of the net property, plant and equipment shall be the base upon which the return shall be calculated.

(1) Any capital expenditures contained in the projected balances at the end of the budget year which are subject to certificate of need approval will be excluded from the base until such time as the certificate of need has been issued by the department of social and health services;

(2) Any assets contained in net property, plant and equipment that do not relate to hospital operations, as defined in the commission's *Accounting and Reporting Manual for Hospitals*, pursuant to WAC 261-20-030, will be excluded from the base.

(B) A return on net property, plant and equipment for proprietary hospitals at the rate of 12 percent and for the not-for-profit hospitals at the rate of 10 percent shall be presumed appropriate; however, the commission may vary from that rate, higher or lower, where appropriate. After computation of the return, allowable interest expense on long-term debt shall be deducted from the computed return.

(C) Working capital increases, if requested, shall be added to the return on net property, plant and equipment for determination of the total capital allowance. Working capital increases up to twelve and one-half percent of the increase in net patient services revenue from the approved budget in the current year to the approved budget as determined by the commission in the requested year shall be presumed appropriate; however, the commission may vary from that allowance, higher or lower, where appropriate.

(1) The commission may determine that a hospital in peer groups 1 or 2 is experiencing financial distress and may determine to vary from the allowance for working capital.

(2) The commission may determine to allow additional working capital where the hospital can demonstrate to the commission's satisfaction that its payer mix would require additional funding of accounts receivable.

(D) The commission may consider other elements in the determination of appropriate capital allowance for inclusion in total rate setting revenue. These considerations include, but are not limited to, the following elements:

(1) Hospitals that have been undercapitalized as determined by the average age of plant to the state-wide average; the total turnover rate of assets, which include total operating revenue divided by total assets; and the fixed asset turnover rate, which includes total operating revenue divided by net fixed assets;

(2) Whether that portion of debt principal payments which exceeds the total depreciation expense in the budget year should be allowed;

(3) If the hospital has been approved for equity funding or accumulation of funds for a project in the future and its rates are at or below the median of its peer group and the equity funding is consistent with the hospital's long-range plan and financing plan which have been approved by the hospital's governing body; and

(4) If the hospital has an approved certificate of need and related financing consistent with the approved certificate of need and the impact on rates of the additional funding is determined not to be excessive by the commission.

(e) Whether the budgeted deductions from revenue are appropriate:

(i) Contractual adjustments related to governmental programs, such as titles V, XVIII, XIX of the Social Security Act, Department of Labor and Industries, Veteran's Administration and Indian Health Service, are allowable.

(ii) Contractual adjustments related to bank card discounts, self-insured workers' compensation, negotiated rates and all other nongovernmental-sponsored patients are not allowable as deductions from revenue for rate setting purposes;

(iii) Bad debts and charity will be trended as a percentage of total rate setting revenue over time and any significant changes will require justification;

(iv) Administrative adjustments exceeding one-tenth of one percent of total rate setting revenue will require justification;

(v) Deductions from revenue may be recomputed based on determinations in all other areas of the budget.

(f) Whether the reviews performed in accordance with WAC 261-40-150 (5)(a), (b), (c), (d) and (e) result in rates, rate schedules, other charges, and changes therein which are the most reasonable under the circumstances.

(i) Rate setting revenue per adjusted admission should not exceed the 70th percentile of the peer group revenue screens unless the hospital's intensity exceeds the 70th percentile as measured by:

(A) Ratio of intensive care days to total days; and

(B) Radiology relative value units per adjusted admission; and

(C) Laboratory billable workload units per adjusted admission; and

(D) Surgery minutes per adjusted admission; or

(E) The hospital's adjusted case mix index derived from the commission hospital abstract reporting system.

(ii) The commission may consider any other information it determines is appropriate as the basis for deviating from these criteria including the relative level of deductions from revenue experienced by the hospitals;

(iii) If the rates are not approved as requested, the hospital must submit revised rates to the commission within twenty days of the date of service of the decision and order.

(6) 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 capital allowance 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.

(7) Whether the hospital or its medical staff either adopts or maintains admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage or who are unable to pay for hospital services;

(b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is or is likely to be less than the anticipated charges for or costs of such services;

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital. [Statutory Authority: RCW 70.39.180. 85-22-036 (Order 85-06, Resolution No. 85-06), § 261-40-150, filed 11/1/85. Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-150, filed 10/1/84. 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 261-40-170 Negotiated rates. (1) After July 1, 1985, any hospital may negotiate with and charge any particular payer or purchaser rates that are less than those approved by the commission, if:

(a) The rates are cost justified; and

(b) The rates do not result in any shifting of costs to other payers or purchasers in the current or any subsequent year; and

(c) The rates do not result in any policies which limit access to individuals who are unable to pay or for whom the hospital receives less than anticipated charges for or costs of necessary health care services; and

(d) All the terms of such negotiated rates are filed with the commission within ten working days and made available for public inspection.

(2) Within ten working days after the contract is signed, the hospital must submit full disclosure of each negotiated rate, including:

(a) The names of the parties to the negotiation;

(b) The period of time covered by the agreement;

(c) The negotiated rate or the amount of the reduction from the rate approved by the commission; and

(d) Any other terms or conditions related to the negotiated rates.

(3) Following publication of a negotiated rate as required by WAC 261-40-170(8), each hospital shall make the information reported in WAC 261-40-170(2) for that negotiated rate available to the public upon request.

(4) The differential between billed charges, based on the hospital's full established rates, and the payment received, based on the negotiated rate, must be separately identified for each negotiated contract and reported on lines 26-31, Form RE-8 deductions from revenue. These amounts are "memo" only and may not be allocated to other payers or purchasers in the current or any subsequent year.

(5) The commission shall review a negotiated rate upon the request of any concerned party. Such a request shall include the following:

(a) Identification of the party requesting the review;

(b) Identification of the particular negotiated rate involved;

(c) A clear statement of the violation alleged, e.g., it is not cost justified; it results in a cost shift to other payers or purchasers; or it does not otherwise conform with the provisions of RCW 70.39.140;

(d) A statement of how the party is affected by the negotiated rate;

(e) Evidence supporting the party's claim; and

(f) The action requested of the commission.

(6) If upon review the negotiated rate is found to contravene any provision of RCW 70.39.140, the commission may disapprove such rate. Such disapproval shall be effective as of the date of the commission's order disapproving the negotiated rate. Once a negotiated rate is disapproved by the commission, the hospital may no longer charge such rate.

(7) The commission will publish on meeting agendas a list of all negotiated rates filed by hospitals, including the names of the parties to the negotiation, within thirty days after filing.

(8) The provisions of WAC 261-40-170 apply to all negotiated rates in effect on or after July 1, 1985. [Statutory Authority: RCW 70.39.140(1). 85-16-017

(Order 85-03, Resolution No. 85-03), § 261-40-170, filed 7/29/85.]

PART III SPECIAL INFORMAL HEARING PROCEDURES

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 costs do not exceed those that are necessary for prudently and reasonably managed hospitals, 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. [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-315, filed 10/1/84; Order 75-05, § 261-40-315, filed 11/10/75.]

PART IV FORMAL HEARING PROCEDURES

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, mimeographed, typewritten or otherwise mechanically reproduced (size 8 1/2" x 11"), and all copies shall be clearly legible. Ten 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). [Statutory Authority: Chapter 70.39 RCW. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-480, filed 10/1/84; 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: Ten 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: Ten 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. 84-20-066 (Order 84-05, Resolution No. 84-05), § 261-40-485, filed 10/1/84; 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.]

Chapter 261-50 WAC
RULES FOR REPORTING HOSPITAL PATIENT
DISCHARGE INFORMATION

WAC

261-50-010	Purpose.
261-50-020	Definitions.
261-50-030	Reporting of UB-82 data set information.
261-50-040	Acceptable media for submission of data.
261-50-045	Magnetic diskette and tape record layout.
261-50-050	Time deadline for submission of data.
261-50-060	Edits to data.
261-50-065	Revisions to submitted data.
261-50-070	Confidentiality of data.
261-50-090	Penalties for violation.

WAC 261-50-010 Purpose. This chapter is adopted by the Washington state hospital commission pursuant to RCW 70.39.180 to implement provisions of RCW 70.39.100 as amended by section 10, chapter 288, Laws of 1984, relating to the collection and maintenance of patient discharge data, including data necessary for identification of discharges by diagnosis-related groups. [Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-010, filed 10/1/84.]

WAC 261-50-020 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) "Diagnosis-related groups" is a classification system that groups hospital patients according to principal and secondary diagnosis, presence or absence of a surgical procedure, age, presence or absence of significant comorbidities or complications, and other relevant criteria;

(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 beds utilized by a comprehensive cancer center for cancer research, or 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;

(4) "UB-82 data set" means the data element specifications developed by the Washington state uniform billing implementation committee and set forth in the state of Washington *UB-82 Procedure Manual*, which is available to the public upon request, which are to be reported by a hospital in processing hospital patient bills/claims for payment.

(5) "Patient discharge" means the termination of an inpatient admission or stay, including an admission as a result of a birth, in a Washington hospital. [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-020, filed 8/13/85. Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-020, filed 10/1/84.]

WAC 261-50-030 Reporting of UB-82 data set information. (1) Effective with all hospital patient discharges on or after July 1, 1984, hospitals shall collect and report the following UB-82 data set elements to the commission: (References to: "Lcn" means location on the UB-82 billing form; "Type" means (A)lpha, (N)umeric, or (D)ate; "Just" means justification, either (R)ight or (L)eft; "Size" means size of the field in bytes).

(a) Lcn=3 Patient Control Number Type=A Just=L Size=17

Patient's unique alpha-numeric number assigned by the hospital to facilitate retrieval of individual patient records and posting of payments. This number should be constructed to allow prompt hospital access to the patient's discharge record for data verification. Example "235198-001" or "345873."

(b) Lcn=4 Type of Bill Type=A Size=3
This three-digit code requires 1 digit each, in the following sequence form: Type of facility, Bill Classification, Frequency.

Digit #1 must be "1" to indicate a hospital.

Digit #2 must be a "1" or a "2" to indicate an inpatient.

Digit #3 must be one of the following:

- 1 - Admit through discharge claim
- 2 - Interim - first claim
- 3 - Interim - continuing claim
- 4 - Interim - last claim
- 5 - Late charge(s) only
- 6 - Adjustment of prior claim
- 7 - Replacement of prior claim
- 8 - Void/Cancel of a prior claim

Example: "111" or "114."

(c) Lcn=7 Medicare Provider Number Type=A Just=L Size=6

This is the number assigned to the provider by Medicare. Example: "020888." Note: Dashes are excluded. On hardcopy of the UB-82 billing form, the dash may be included. Example: "02-0888."

(d) Lcn=10 Patient Identifier Type=A Just=L Size=31

This field may be developed manually and entered in location 10 on the UB-82 for hardcopy submittal (basic service hospitals). For magnetic tape or diskette submittal, programming will be required to generate the composite variable and place it in the required record layout.

(e) Lcn=11 Zipcode Type=A Just=L Size=9
Patient's zipcode. If 9 digits are used the zipcode is provided in xxxxxxxxx format (no hyphen). Example: "98102" or "981023452." On hardcopy of the UB-82 billing form, this value may be indicated with a hyphen.

(f) Lcn=12 Birthdate Type=N Size=6
The patient's date of birth in MMDDYY format. Example: "062424" or "122292." Note: If the patient is over 100 years old at the date of admission, then "17" must be the value [in] [of] the "Condition Code #1" field. On hardcopy of the UB-82 [billing] form, this value may be indicated in MM-DD-YY format.

(g) Lcn=13 Sex Type=A Size=1
Patient's sex in M/F format. Example: "M" or "F."

(h) Lcn=15 Admission Date Type=D Size=6
Admission Date in MMDDYY format. Example: "030284" or "120883." On hardcopy of the UB-82 billing form, this value may be indicated with hyphens. Example: "12-08-83."

(i) Lcn=17 Type of Admission Type=A Size=1
This field is filled with one of the following codes:

- 1 Emergency
- 2 Urgent
- 3 Elective
- 4 Newborn
- 5 Other

Example: "1" or "3."

(j) Lcn=18 Source of Admission Type=A Size=1
This field is completed with one of the following codes:

- 1 Physician referral
- 2 Clinic referral
- 3 HMO referral
- 4 Transfer from another hospital
- 5 Transfer from a SNF
- 6 Transfer from another HCF
- 7 Emergency room
- 8 Court/law enforcement
- 9 Other

Example "1" or "4."

(k) Lcn=21 Patient Status Type=A Size=2
Patient discharge disposition in one of the following codes:

- 01 Discharged home
- 02 Discharged to another short-term general hospital
- 03 Discharged to SNF
- 04 Discharged to an ICF
- 05 Discharged to another type institution
- 06 Discharged to home under care of HHA
- 07 Left against medical advice
- 20 Expired
- 30 Still patient

Example: "[01] [02]" or "06."

(l) Lcn=22 Statement Covers Period Type=D Size=12

This is the beginning and ending dates for which the UB-82 covers. This should be provided in the following format: MMDDYYMMDDYY. Example: "080183081083" or "122283122583." On hardcopy of the UB-82 billing form, dashes may be included in the dates. Example: "08-01-83 08-10-83."

[Chapter 261-50 WAC]

(m) Lcn=35 Condition Code #1 Type=A Size=2
If a patient is equal to or over 100 years old at the time of admission, the value "17" must be the value of this field.

(n) Lcn=53 Total Charges Type=N Just=R Size=9
Total Charges for Revenue Code 001 in xxxxxxxx format, where the last two digits are cents and no decimal point is shown. Example: "367287" or "1223398." The following is effective through September 30, 1985.

[(o) Lcn=57A Payer Identification #1 Type=A Just=L Size=25

Data should be entered in the following format "XXX xxxxxxx" where XXX is equal to one of the following entries:

- 001 for Medicare
- 002 for Medicaid
- 003 for self insured employers
- 004 for Group Health
- 005 for other HMO
- 006 for commercial
- 007 for county medical bureaus
- 008 for labor and industries
- 009 for self pay
- 010 - 500 for Blue Cross (See UB-82 Manual)

Examples: "001," or "002." Note: The first three digits of this field must be filled.]

The following changes are effective October 1, 1985.

(o) Lcn=57A Payer Identification #1 Type=A Just=L Size=25

Data should be entered in the following format "XXXxxxxxxx..." where XXX [,] equals a required 3-digit numeric identification code, and xxx equals a supporting written description (not required). The required code options include:

- 001 for Medicare
- 002 for Medicaid
- 004 for health maintenance organizations
- 006 for commercial insurance
- 008 for labor and industries
- 009 for self pay
- 610 for health care service contractors, e.g., Blue Cross, county medical bureaus, Washington Physicians Service
- 625 for other sponsored patients

Examples: "001," or "002." Note: The first three digits of this field must be filled.

(p) Lcn=57B Payer Identification #2 Type=A Just=L Size=25

Same requirements as in Payer Identification #1. This field should only be completed when a secondary payer has been identified.

(q) Lcn=77 Principal Diagnosis Code Type=A Just=L Size=6

ICD9-CM Code describing the principal diagnosis (the condition established after study to be chiefly responsible or causing the hospitalization) that exists at time of admission. Example: "0539," or "23452." Note: Leading zeros are included and decimals are excluded.

(r) Lcn=78 Diagnosis #2 Code Type=A Just=L Size=6

ICD9-CM Code of secondary diagnosis corresponding to additional diagnosis that co-exist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay. Example: "0539," or "23452." Note: Leading zeros are included and decimals are excluded.

(s) Lcn=79 Diagnosis #3 Code Type=A Just=L Size=6

ICD9-CM Code of secondary diagnosis corresponding to additional diagnosis that co-exist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay. Example: "0539," or "23452." Note: Leading zeros are included and decimals are excluded.

(t) Lcn=80 Diagnosis #4 Code Type=A Just=L Size=6

ICD9-CM Code of secondary diagnosis corresponding to additional diagnosis that co-exist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay. Example: "0539," or "23452." Note: Leading zeros are included and decimals are excluded.

(u) Lcn=81 Diagnosis #5 Code Type=A Just=L Size=6

ICD9-CM Code of secondary diagnosis corresponding to additional diagnosis that co-exist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay. Example: "0539," or "23452." Note: Leading zeros are included and decimals are excluded.

(v) Lcn=84 Principal Procedure Code Type=A Just=L Size=5

The ICD9-CM Code that identifies the principal procedure performed during the patient admission. Example: "100" or "0101." Note: Leading zeros are included and decimals are excluded.

(w) Lcn=85 Procedure #2 Code Type=A Just=L Size=5

Secondary procedure code identifying procedures, other than the principal procedure, performed during the admission. Note: Leading zeros are included and decimals are excluded.

(x) Lcn=86 Procedure #3 Code Type=A Just=L Size=5

Secondary procedure code identifying procedures, other than the principal procedure, performed during the admission. Note: Leading zeros are included and decimals are excluded.

(y) Filler Type=A Size= 55

This field may be used in the future and is included here so that the record length is compatible with microcomputer database management systems.

(2) The patient identifier reported pursuant to WAC 261-50-030 (1)(d) shall be composed of the last two letters of the patient's last name, the last two letters of the patient's first name, or one or two initials if no first name is available, and the patient's birthdate in MMDDYY format, i.e., 060650, and shall be entered in field 4 on the record layout and in location 10 on the UB-82 billing form. For example, John Doe, born on January 2, 1948, would be coded: OEHN010248. This data element is required for all hospital patient discharges on or after January 1, 1985. In situations where no first name or initials are available, e.g. a newborn without a first name, the last two letters of the patient's last name shall be followed by 2 blank spaces, followed by the patient's birthdate.

(3) It shall be the responsibility of each hospital to ensure that data reported pursuant to WAC 261-50-

030(1) is provided for all patient discharges. Each patient discharge must carry a separate, unique patient control number on a separate UB-82 record. For example, a mother and her newborn require separate UB-82s, each with a separate, unique patient control number. [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-030, filed 8/13/85. Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-030, filed 10/1/84.]

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

WAC 261-50-040 Acceptable media for submission of data. For purposes of the data collected and reported pursuant to WAC 261-50-030, hospitals may submit such data on the following media:

The following is effective through September 30, 1985.

(1) Hardcopy of the UB-82 billing form or a form prescribed by the commission:

(a) For all patient discharges during the period from July 1, 1984 to September 30, 1984;

(b) For all patient discharges after September 30, 1984 from hospitals which are classified as "basic service" hospitals;

(2) Magnetic floppy diskette (5 1/4 inch) formatted in Microsoft Disk Operating System (MS-DOS) version 2.0 and utilizing the MS-DOS back-up function;

(3) Magnetic tape with the following physical specifications as well as external identification setting forth such specifications:

(a) 800, 1600, or 6250 bytes per inch;

(b) ASCII or EBCDIC data representation codes;

(c) Block length, if blocked;

(d) Unlabeled;

(e) Seven or nine track;

(f) Hospital name and patient discharge period.]

The following changes are effective October 1, 1985.

(1) Hardcopy of the UB-82 billing form or a form prescribed by the commission for all patient discharges from hospitals which are classified as "basic service" hospitals;

(2) Magnetic floppy diskette (5 1/4 inch) formatted in PC-DOS 2.0 or Microsoft Disk Operating System (MS-DOS) version 2.0, with a record length of 256 bytes and external identification specifying:

(a) Hospital name;

(b) Patient discharge period (MMDDYY to MMDDYY);

(c) The number of 256 byte records each diskette contains.

(3) Magnetic tape with the following physical specifications as well as external identification setting forth such specifications:

(a) 1600 bytes per inch;

(b) EBCDIC data representation codes;

(c) Block length 6400, (25 records of 256 bytes);

(d) Unlabeled;

(e) Nine track;

(f) Hospital name;

(g) Patient discharge period (MMDDYY to MMDDYY). [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-040, filed 8/13/85. Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-040, filed 10/1/84.]

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

WAC 261-50-045 Magnetic diskette and tape record layout. (1) For purposes of data submitted in accordance with WAC 261-50-040 (2) and (3), the data elements for each patient discharge record must have a logical record length of 256 characters along with the following record layout: (References to: "No" means field number for the record; "Lcn" means location on the UB-82 billing form; "Description" means description of the record field; "Type" means (A)lpha, (N)umeric, or (D)ate; "Just" means justification, either (R)ight or (L)eft; "Size" means size of the field in bytes; "Position" means position of the field on magnetic diskette or tape.)

No.	Lcn	Description	Type	Just	Size	Position
1	3	Patient Control Number	A	L	17	1-17
2	4	Type of Bill	A		3	18-20
3	7	Medicare Provider Number	A	L	6	21-26
4	10	Patient Identifier	A	L	31	27-57
5	11	Zipcode	A	L	9	58-66
6	12	Birthdate	N		6	67-72
7	13	Sex	A		1	73-73
8	15	Admission Date	D		6	74-79
9	17	Type of Admission	A		1	80-80
10	18	Source of Admission	A		1	81-81
11	21	Patient Status	A		2	82-83
12	22	Statement Covers Period	N		12	84-95
13	35	Condition Code #1	A		2	96-97
14	53	Total Charges	N	R	9	98-106
15	57A	Payer Identification #1	A	L	25	107-131
16	57B	Payer Identification #2	A	L	25	132-156
17	77	Principal Diagnosis Code	A	L	6	157-162
18	78	Diagnosis #2 Code	A	L	6	163-168
19	79	Diagnosis #3 Code	A	L	6	169-174
20	80	Diagnosis #4 Code	A	L	6	175-180
21	81	Diagnosis #5 Code	A	L	6	181-186
22	84	Principal Procedure Code	A	L	5	187-191
23	85	Procedure #2 Code	A	L	5	192-196
24	86	Procedure #3 Code	A	L	5	197-201
25		Filler	A		22	202-256

(2) Any group of six or more hospitals, or any group of hospitals which in the aggregate have more than 30,000 patient discharges per year (determined on the basis of each hospital's commission-approved budget in effect as of July 1, 1984), may in writing request a waiver from the commission to the required record layout of WAC 261-50-045(1) providing such hospitals have a common alternative record layout with the required data set elements set forth in WAC 261-50-030. [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-045, filed 8/13/85. Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-045, filed 10/1/84.]

WAC 261-50-050 Time deadline for submission of data. Data collected by hospitals pursuant to WAC 261-50-030 shall be submitted to the commission or its designee by the following dates:

(1) For data submitted on hardcopy in accordance with the provisions of WAC 261-50-040(1), within forty-five days following the end of each calendar month;

(2) Otherwise, within forty-five days following the end of every three-month calendar period commencing with July 1, 1984. [Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-050, filed 10/1/84.]

WAC 261-50-060 Edits to data. The commission or its designee shall subject the data submitted to the commission pursuant to WAC 261-50-030 to the following set of edits:

(1) Record layout compatibility edits on data submitted in accordance with WAC 261-50-040(1) and 261-50-045;

(2) Verification of the data set elements set forth in WAC 261-50-030. [Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-060, filed 10/1/84.]

WAC 261-50-065 Revisions to submitted data. (1) All data revisions required as a result of the edits performed pursuant to WAC 261-50-060 shall be corrected and resubmitted in the prescribed manner to the commission or its designee within fourteen working days.

(2) The commission may assess a civil penalty as provided in RCW 70.39.200 and WAC 261-50-090 for the costs associated with more than one cycle of edits as described in WAC 261-50-060. [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-065, filed 8/13/85. Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-065, filed 10/1/84.]

WAC 261-50-070 Confidentiality of data. The commission deems information submitted pursuant to WAC 261-50-030 (1)(a) and (d) privileged medical information as stated in RCW 70.39.110, as amended by section 11(5), chapter 288, Laws of 1984 and, therefore, such information will not be available for public inspection and copying pursuant to chapter 42.17 RCW. [Statutory Authority: Chapter 70.39 RCW. 84-20-067 (Order 84-06, Resolution No. 84-06), § 261-50-070, filed 10/1/84.]

WAC 261-50-090 Penalties for violation. 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. Failure to file the information required by WAC 261-50-030, 261-50-040, 261-50-045 and 261-50-065 shall constitute a violation, and the commission may levy a civil penalty not to exceed one hundred dollars per day for each day following official notice of violation by the commission. The executive director of the commission may grant extensions of time to file the information, in which cases failure to file the information shall not constitute a violation until the extension period has expired. [Statutory Authority: RCW 70.39.180. 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-090, filed 8/13/85.]

Title 262 WAC HOUSING FINANCE COMMISSION

Chapters

- 262-01** **Organization and procedures.**
262-02 **Executive Conflict of Interest Act.**

Chapter 262-01 WAC ORGANIZATION AND PROCEDURES

WAC

262-01-010	Purpose.
262-01-020	Definitions.
262-01-030	Description of organization.
262-01-040	Meetings.
262-01-050	Public records.

WAC 262-01-010 Purpose. This rule is promulgated pursuant to (section 4(3), chapter 161, Laws of 1983) which directs that the Washington state housing finance commission has authority to implement the provisions of chapter 161, Laws of 1983. The purpose of these rules is to insure compliance by the Washington state housing finance commission with the provisions of chapters 34.04 and 42.17 RCW. [Statutory Authority: Chapter 43.180 RCW. 84-04-042 (Resolution No. 84-1), § 262-01-010, filed 1/27/84.]

WAC 262-01-020 Definitions. (1) "Act" means chapter 161, Laws of 1983.

(2) "Commission" means the Washington housing finance commission.

(3) The terms defined in the act shall have the same meaning when used in these rules. [Statutory Authority: Chapter 43.180 RCW. 84-04-042 (Resolution No. 84-1), § 262-01-020, filed 1/27/84.]

WAC 262-01-030 Description of organization. (1) The commission is a public body, corporate and politic, with perpetual corporate succession. The commission is an instrumentality of the state of Washington, exercising essential government functions and, for the purposes of the United States Internal Revenue Code, acts as a constituted authority on behalf of the state of Washington

when it issues bonds pursuant to chapter 161, Laws of 1983.

(2) **Members.** The commission shall consist of the members provided for and appointed in accordance with section 4(2), chapter 161, Laws of 1983.

(3) **Officers.** The officers of the commission shall be:

(a) A chair of the commission, who shall be appointed by the governor as chair and who shall serve on the commission and as chair of the commission at the pleasure of the governor;

(b) A vice chair, who shall be selected by the commission from among its membership and shall serve as chair in the absence of the appointed chair;

(c) A secretary, who shall be the state treasurer, who is a member of the commission ex officio, and who shall serve as secretary of the commission by virtue of his or her office;

(d) A treasurer, who shall be selected by the commission from its membership. The treasurer shall have custody of and be responsible for all moneys and obligations of the commission and shall deposit such moneys in such banks or other financial institutions as the commission may designate from time to time; or shall invest such moneys not required for immediate disbursement, as the commission may direct from time to time.

(4) **Staff services.** The commission may employ such staff or temporary staff as it may from time to time direct by motion or by resolution. The commission may from time to time, by motion or by resolution, employ, contract with, or engage engineers, architects, attorneys, financial advisors, bond underwriters, mortgage lenders, mortgage administrators, housing construction or financing experts, other technical or professional assistants, and such other personnel as are necessary. The commission may delegate to the appropriate persons the power to execute legal instruments on its behalf.

(5) **Powers.** Except as provided in subsection (6) of this section, the commission may by motion or by resolution exercise any or all of the powers specified in chapter 161, Laws of 1983.

(6) The commission may exercise its powers under section 5, chapter 161, Laws of 1983, only by resolution. In order to be effective, each resolution must be adopted by a majority of the commission present and voting at a duly constituted meeting in accordance with WAC 262-01-040, and must be signed by the chair and attested to by the secretary of the commission.

(7) **Minutes.** In order to be effective, the minutes of any meeting of the commission must be adopted by a majority of the members of the commission present and voting at a duly constituted meeting of the commission in accordance with WAC 262-01-040, and signed and attested to by the secretary of the commission.

(8) **Designees.** Subject to the approval of a majority of the commission present and voting at a duly constituted meeting in accordance with WAC 262-01-040, an ex officio member of the commission may appoint a designee to act on his or her behalf until the next public meeting of the commission with full authority to vote or