

Title 261 WAC

HOSPITAL COMMISSION

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Chapter 261-08

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Chapter 261-30

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 Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83.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 Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83.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 Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83.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 Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83.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

- 261-30-060** **Notification date and effective period of classification status. [Order 75-02, § 261-30-060, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-070** **Modifications of uniform system. [Order 75-02, § 261-30-070, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-072** **Modifications of uniform system for initial budget year. [Order 75-02, § 261-30-072, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-074** **Modifications of uniform system applicable to only "basic service" hospitals. [Order 75-02, § 261-30-074, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-080** **Waivers from submittal requirements. [Order 75-02, § 261-30-080, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-090** **Uniformly applicable interpretive rulings and minor manual modifications. [Order 75-02, § 261-30-090, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-100** **Certification and attestation of submitted materials. [Order 75-02, § 261-30-100, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**
- 261-30-110** **Inapplicability of emergency rules upon effective date of permanent rules. [Order 75-02, § 261-30-110, filed 5/23/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.**

Chapter 261-02 WAC

ORGANIZATION--OPERATIONS--PROCEDURES

WAC

- 261-02-010** **Purpose.**
- 261-02-020** **Hospital commission definition.**
- 261-02-030** **Description of organization.**
- 261-02-040** **Operations and procedures.**
- 261-02-050** **Petition for adoption, amendment, repeal of rule.**
- 261-02-060** **Declaratory rulings.**

WAC 261-02-010 Purpose. The purpose of this chapter shall be to ensure compliance by the hospital commission with the provisions of chapters 42.17 (Initiative 276) and 34.04 RCW.

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

WAC 261-02-020 Hospital commission definition. The hospital commission is the commission appointed by

the governor pursuant to chapter 70.39 RCW. The hospital commission shall hereinafter be referred to as the "commission." Where appropriate, the term commission also refers to the staff, legal counsel, and employees of the commission.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-02-020, filed 2/28/83; Order 73-01, § 261-02-020, filed 1/11/74.]

WAC 261-02-030 Description of organization. The commission is a 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.]

WAC 261-02-050 Petition for adoption, amendment, repeal of rule. (1) Who may request. Any interested person may petition the commission requesting the promulgation, amendment, or repeal of any rule.

(2) Contents of petition. Where the petition requests the promulgation of a rule, the requested or proposed rule must be set out in full. The petition must also include all the reasons for the requested rule. Where the petition requests the amendment or repeal of a rule presently in effect, the rule or portion of the rule in question must be set out as well as a suggested amended form, if any. The petition must include all reasons for the requested amendment or repeal of the rule.

(3) Consideration of petition. Within thirty days after the petition is filed, or at the next meeting of the commission if it does not meet within thirty days, the commission shall consider the petition and may, in its discretion, order a hearing for the further consideration and discussion of the requested promulgation, amendment, repeal, or modification of any rule.

(4) Disposition. The commission shall within twenty days after the petition is considered, either deny the petition in writing (stating its reasons for denial) or initiate rule-making proceedings in accordance with RCW 34.04.025.

(5) Forms. Any interested person petitioning the commission requesting the promulgation, amendment, or repeal of any rules shall generally adhere to the following form for such purpose:

(a) At the top of the page shall appear the wording "Before the Washington State Hospital Commission." On the left side of the page below the foregoing the following caption shall be set out: "In the matter of the petition of (name of petitioning party) for (state whether promulgation, amendment, or repeal) of rule (or rules)." Opposite the foregoing caption shall appear the word "petition."

(b) The body of the petition shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the petitioning party and whether petitioner seeks the promulgation of new rule or rules, or amendment or repeal of existing rule or rules. The second paragraph, in case of a proposed new rule or amendment of an existing rule, shall set forth the desired rule in its entirety. Where the petition is for amendment, the new matter shall be underscored and the matter proposed to be deleted shall appear in double parentheses. Where the petition is for repeal of an existing rule, such shall be stated and the rule proposed to be repealed shall either be set forth in full or shall be referred to by commission rule number. The third paragraph shall set forth concisely the reasons for the proposal of the petitioner and shall contain a statement as to the interest of the petitioner in the subject matter of the rule. Additional numbered paragraphs may be used to give full explanation of petitioner's reason for the action sought.

(c) Petitions shall be dated and signed by the person or entity named in the first paragraph or by his/her attorney. The original and two legible copies of the petition shall be filed with the commission. Petitions shall be on white paper, either 8-1/2" x 11" or 8-1/2" x 13" in size.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-02-050, filed 5/16/86.]

WAC 261-02-060 Declaratory rulings. (1) Petition for declaratory ruling. Any interested person may petition the commission for a declaratory ruling as prescribed by RCW 34.04.080.

(2) Form of petition. Any interested person petitioning the commission for a declaratory ruling pursuant to RCW 34.04.080, shall generally adhere to the following form for such purpose:

(a) At the top of the page shall appear the wording "Before the Washington State Hospital Commission." On the left side of the page before the foregoing the following caption shall be set out: "In the matter of the petition of (name of the petitioning party) for a declaratory ruling." Opposite the foregoing caption shall appear the word "petition."

(b) The body of the petition shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the petitioning party. The second paragraph shall state all rules or statutes that may be brought into issue by the petition. Succeeding paragraphs shall set out the statement of facts relied upon in

form similar to that applicable to complaints in civil actions before the superior courts of this state. The concluding paragraph shall contain the prayer of the petitioner. The petition shall be subscribed and verified in the manner prescribed for verification of complaints in the superior courts of this state.

(c) The original and two legible copies shall be filed with the commission. Petitions shall be on white paper, either 8-1/2" x 11" or 8-1/2" x 13" in size.

(3) Consideration and disposition of petition. The commission shall consider the petition and within a reasonable time shall:

(a) Issue a nonbinding declaratory ruling; or

(b) Notify the person that no declaratory ruling is to be issued; or

(c) Set a reasonable time and place for a hearing on the submission of written evidence upon the matter, and give reasonable notification to the person of the time and place for such hearing and of the issues involved. If a hearing is held or evidence is submitted, as provided in this subdivision, the commission shall within a reasonable time:

(i) Issue a binding declaratory ruling; or

(ii) Issue a nonbinding declaratory ruling; or

(iii) Notify the person that no declaratory ruling is to be issued.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-02-060, filed 5/16/86.]

Chapter 261-06 WAC PUBLIC RECORDS

WAC

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

WAC 261-06-010 Purpose. The purpose of this chapter shall be to ensure compliance by the hospital commission with the provisions of RCW 42.17.250-42.17.340, dealing with public records.

[Order 73-01, § 261-06-010, filed 1/11/74.]

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

(2) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps,

magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums and other documents.

(3) "Hospital commission" and "commission" shall mean the Washington state hospital commission created by chapter 70.39 RCW.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-020, filed 2/28/83; Order 73-01, § 261-06-020, filed 1/11/74.]

WAC 261-06-030 Public records available. All public records of the commission, as defined in WAC 261-06-020 are deemed to be available for public inspection and copying pursuant to these rules, except as otherwise provided by RCW 42.17.250 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.]

WAC 261-06-050 Office hours. Public records shall be available for inspection and copying during the customary office hours of the commission.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-050, filed 2/28/83; Order 73-01, § 261-06-050, filed 1/11/74.]

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

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

(a) The name of the person requesting the record;

(b) The time of day and calendar date on which the request was made;

(c) The nature of the request;

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

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

(2) In all cases in which a member of the public is making a request, the public records officer or staff member to whom the request is made shall assist the member of the public in appropriately identifying the public record requested.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-060, filed 2/28/83; Order 73-01, § 261-06-060, filed 1/11/74.]

WAC 261-06-070 Inspection and copying. (1) No fee shall be charged for the inspection of public records. The commission shall charge a fee of ten cents per page of copy, plus postage, if any, for providing copies of public records and for use of the commission's copy equipment. This charge is the amount necessary to reimburse the commission for its actual costs incident to such copying.

(2) The charge for manuals and manual revisions shall be the cost to the commission for printing and mailing.

(3) The charge for computer-generated reports, tapes, or other media shall be the cost to the commission for producing and mailing.

[Statutory Authority: RCW 42.17.250 through 42.17.340 and chapter 70.39 RCW. 87-22-005 (Order 87-03, Resolution No. 87-03), § 261-06-070, filed 10/23/87. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-070, filed 2/28/83; Order 73-01, § 261-06-070, filed 1/11/74.]

WAC 261-06-080 Exemptions. (1) The commission reserves the right to determine that a public record requested in accordance with the procedures outlined in WAC 261-02-060 is exempt under the provisions of RCW 42.17.310 and 70.39.110.

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

(3) All denials of requests for public records must be accompanied by a written statement specifying the reason for withholding the record and a brief explanation of how the exemption applies to the record withheld.

[Statutory Authority: RCW 42.17.250 through 42.17.340 and chapter 70.39 RCW. 87-22-005 (Order 87-03, Resolution No. 87-03), § 261-06-080, filed 10/23/87. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-080, filed 2/28/83; Order 73-01, § 261-06-080, filed 1/11/74.]

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

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

(3) Administrative remedies shall not be considered exhausted until the commission has returned the petition with a decision or until the close of the second business day following receipt of the petition for review, whichever occurs first.

[Statutory Authority: RCW 42.17.250 through 42.17.340 and chapter 70.39 RCW. 87-22-005 (Order 87-03, Resolution No. 87-03), § 261-06-090, filed 10/23/87. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-090, filed 2/28/83; Order 73-01, § 261-06-090, filed 1/11/74.]

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

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

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

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

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

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

(6) Public records of the commission may be copied only on the copying machinery of the commission unless other arrangements are authorized by the public records officer.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-06-100, filed 2/28/83; Order 73-01, § 261-06-100, filed 1/11/74.]

WAC 261-06-110 Records index. (1) As a result of the commission's responsibility to regulate the rates of Washington hospitals, the commission has generated and continues to generate an extremely high volume of records. These records include many categories of budget-related documents for each of the approximately one hundred hospitals subject to the commission's regulatory authority; massive data bases for various aspects of hospital rate regulation; and many other related documents necessarily generated by the commission's performance of its statutory functions. Due to the high volume of such records as well as their technical and diverse nature, the commission finds that it would be unduly burdensome and would interfere with commission operations to maintain an index of records as specified in RCW 42.17.260 (2)(a) through (f). The maintenance of such an index would substantially reduce the commission staff's availability to assist the commission in the discharge of its substantive regulatory duties.

(2) The commission has promulgated a general index of commission records. This index shall be available to all persons under the same rules and on the same conditions as are applied to public records available for inspection.

[Statutory Authority: RCW 42.17.250 through 42.17.340 and chapter 70.39 RCW. 87-22-005 (Order 87-03, Resolution No. 87-03), § 261-06-110, filed 10/23/87; Order 73-01, § 261-06-110, filed 1/11/74.]

**Chapter 261-10 WAC
ASSESSMENTS AND RELATED REPORTS**

WAC	
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261-10-020	Definitions.
261-10-030	Levying of assessment.
261-10-040	Payment of assessment.
261-10-050	Exemption from assessment.
261-10-060	Reporting of information.
261-10-080	Penalties for violation.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

261-10-070	Certification and attestation of reports. [Order 74-03, § 261-10-070, filed 2/15/74.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
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WAC 261-10-010 Purpose. This chapter is adopted by the Washington state hospital commission pursuant to RCW 70.39.180 to implement the provisions of RCW 70.39.170, regarding the financing of expenses of the Washington state hospital commission by an assessment against hospitals.

[Order 74-04, § 261-10-010, filed 3/29/74; Order 74-03, § 261-10-010, filed 2/15/74.]

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

(1) "Commission" shall mean the Washington state hospital commission created by chapter 70.39 RCW.

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

WAC 261-10-030 Levying of assessment. Rate: The commission, pursuant to RCW 70.39.170 hereby levies upon each hospital an annual assessment at the rate of four one-hundredths of one percent of such hospital's gross operating costs incurred during its fiscal year ending on or before June 30th of the preceding calendar year.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-030, filed 2/28/83; Order 74-03, § 261-10-030, filed 2/15/74.]

WAC 261-10-040 Payment of assessment. (1) The commission annually shall calculate the amount of assessment due from each hospital, and shall prepare and mail to such hospital a statement indicating the amount of the assessment. The assessment shall be paid within ninety days after the statement of such assessment is mailed by the commission.

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

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

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

(5) A fourth assessment reminder notice shall be mailed one hundred fifty days after the mailing of the initial statement. This reminder shall be the final reminder and shall state the amount of the delinquent assessment and total interest accrued to the date of this reminder. In addition, the hospital will be notified that if

payment of the assessment and all accrued interest is not made within thirty days of the reminder, the account will be sent to the attorney general for appropriate action.

(6) Whenever a partial payment is made, the remaining balance shall be treated in the same manner as provided in subsections (2) through (5) of this section.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-040, filed 2/28/83; Order 74-03, § 261-10-040, filed 2/15/74.]

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

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

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

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

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

(3) Any hospital granted an exemption from assessment under this chapter, nevertheless, shall be required to conform to all reporting requirements as the commission may prescribe.

[Order 74-03, § 261-10-050, filed 2/15/74.]

WAC 261-10-060 Reporting of information. For the purpose of calculating the assessment, the commission will use the most recent year-end report submitted pursuant to WAC 261-20-050.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-10-060, filed 2/28/83; Order 74-03, § 261-10-060, filed 2/15/74.]

WAC 261-10-080 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 any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation,

each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. Failure to remit the payment required by WAC 261-10-040 or file the reports required by WAC 261-10-060 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 remit the payment or file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-10-080, filed 5/16/86; Order 74-03, § 261-10-080, filed 2/15/74.]

**Chapter 261-12 WAC
RULES FOR REPORTING HOSPITAL PRICE
INFORMATION**

WAC	
261-12-010	Purpose.
261-12-020	Definitions.
261-12-040	Report of changes in or new prices—Reporting form.
261-12-050	Information regarding pricing policy.
261-12-055	Time deadline for submission of report.
261-12-060	Changes in contracts.
261-12-070	Additional information request.
261-12-080	Commission review and response to reports.
261-12-090	Penalties for violation.

**DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS
CHAPTER**

261-12-030	Reporting of information. [Order 76-01, § 261-12-030, filed 2/13/76; Order 74-07, § 261-12-030, filed 5/10/74.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
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WAC 261-12-010 Purpose. This chapter is adopted by the Washington state hospital commission pursuant to RCW 70.39.180 to implement provisions of RCW 70.39.150, regarding the compilation of relevant financial and accounting data, including a current price schedule as well as any subsequent amendments or modifications of that schedule.

[Order 76-01, § 261-12-010, filed 2/13/76; Order 74-07, § 261-12-010, filed 5/10/74.]

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

(1) "Commission" means the Washington state hospital commission created by chapter 70.39 RCW;

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW, but shall not include 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 [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.]

WAC 261-12-040 Report of changes in or new prices—Reporting form. Each hospital shall report any and all proposed changes in existing prices as well as any prices to be established for a new service on form number 510, changes in hospital prices, which form is hereby incorporated by this reference.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-040, filed 2/28/83; Order 76-01, § 261-12-040, filed 2/13/76; Order 74-07, § 261-12-040, filed 5/10/74.]

WAC 261-12-050 Information regarding pricing policy. In addition to information reported under WAC 261-12-040, the commission may request a hospital to provide information regarding its pricing policy. Such a request shall describe the requested information and set a time within which it will be provided.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-050, filed 2/28/83; Order 76-01, § 261-12-050, filed 2/13/76; Order 74-07, § 261-12-050, filed 5/10/74.]

WAC 261-12-055 Time deadline for submission of report. The commission expects a hospital to submit to the commission any report required by WAC 261-12-040 immediately after the adoption or approval of such proposed price change(s) or new price(s) by the hospital's appropriate governing authority. In no event, however, shall a hospital fail to provide such report to the commission within thirty days after the date of adoption or approval of such price change(s) or price(s) for newly instituted service(s).

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-12-055, filed 2/28/83; Order 76-01, § 261-12-055, filed 2/13/76.]

WAC 261-12-060 Changes in contracts. Each hospital shall report to the commission any changes in existing contracts or other agreements and any new contracts or agreements with physicians or other health professionals which will impact the pricing policy or the prices charged for services provided by or through the hospital immediately upon approval by the appropriate authority of the hospital of such contract or agreement.

[Order 74-07, § 261-12-060, filed 5/10/74.]

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

[Order 76-01, § 261-12-070, filed 2/13/76.]

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

[Order 76-01, § 261-12-080, filed 2/13/76.]

WAC 261-12-090 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 any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. Failure to file the reports required by WAC 261-12-040, 261-12-050, 261-12-055, 261-12-060, and 261-12-070 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: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-12-090, filed 5/16/86.]

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.
261-14-090	Penalties for violation.

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,

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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:

Charity Care/(Total Rate Setting Revenue - (Medicare + 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.]

WAC 261-14-090 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 any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. Failure to file the reports required by WAC 261-14-040 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: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-14-090, filed 5/16/86.]

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.
261-20-060	Alternative system of financial reporting.
261-20-070	Modifications of uniform system.
261-20-074	Modifications of uniform system applicable to only "basic service" hospitals.
261-20-080	Uniformly applicable interpretive rulings and minor manual modifications.
261-20-090	Penalties for violation.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

261-20-065	Compliance with WAC 261-10-060 and 261-10-070. [Statutory Authority: Chapter 70.39 RCW. 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-065, filed 2/20/81.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
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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 No. 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 No. 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 No. R-81-01 and Order 81-02, Resolution No. R-81-02), § 261-20-030, filed 2/20/81.]

Reviser's note: Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition, were 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 34.05.210(4), 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

Reviser's note: Amendments to the *Washington State Hospital Commission's Accounting and Reporting Manual*, second edition,

were filed with the code reviser on November 24, 1986, under Order and Resolution No. 86-05 (Statutory Authority: Chapter 70.39 RCW). The topics amended are as follows:

Quarterly Report

- volumes by payer source
- deductions from revenue related to charity care
- expense and revenue accounts
- budgeting forms and instructions for magnetic resonance imaging, air transportation, extracorporeal shock wave lithotripsy, and organ acquisition
- reporting forms, accounts, and instructions for deductions from revenue
- bad debt collection procedures
- amendment request procedures, forms and instructions

Appendices

- radiology relative value units
- standards for collection procedures
- magnetic resonance imaging relative value units
- nuclear medicine relative value units

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 eighty-three 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: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-20-040, filed 5/16/86. 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 No. 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 one hundred five 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, 261-40-150, and 261-40-160 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: RCW 70.39.180. 86-13-052 (Order 86-02, Resolution No. 86-02), § 261-20-045, filed 6/13/86. 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 No. 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 261-20-060 Alternative system of financial reporting. Upon receipt of a request in detail to the satisfaction of the commission, the commission in its discretion may approve by resolution an alternative system for reporting of information under WAC 261-20-040 or 261-20-050 by a hospital for such period(s) or portion thereof as the commission shall specify, if:

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

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

(3) The hospital has other pertinent distinguishing characteristics.

(4) Such alternative system will avoid otherwise unduly burdensome costs in meeting the requirements of the uniform reporting system established by the commission.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-060, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-060, filed 2/20/81.]

WAC 261-20-070 Modifications of uniform system. The commission, after due consideration, in its discretion, may prepare and publish modifications of the manual, for such period and under such conditions as the commission shall determine. Such modifications shall be prepared in the format of, and shall be adopted by the commission as a rule pursuant to chapter 34.04 [34.05] RCW. A copy of such modifications shall be mailed to each hospital and manual holder of record.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-070, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-070, filed 2/20/81.]

WAC 261-20-074 Modifications of uniform system applicable to only "basic service" hospitals. (1) The commission may notify a hospital at any time that it will be classified as a "basic service" hospital for the purpose of submitting its next budget and year-end report. Notice of such change to the affected hospital shall be provided at least six months before the beginning of the hospital's next fiscal year.

(2) Any hospital notified by the commission that it has been classified as a "basic service" hospital may combine the accounts specified below in the following manner for the purpose of submitting information to the commission pursuant to WAC 261-20-040 and 261-20-050:

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

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

(c) Combine Accounting-8510, Communications-8520, Patient Accounting-8530, Data Processing-8540, and Admitting-8560 into a single account, Fiscal Services-8500, which cost center should be allocated on the basis of accumulated costs.

(d) Combine Hospital Administration-8610, Public Relations-8630, Management Engineering-8640, Personnel-8650, Auxiliary-8660, and Chaplaincy-8670 into a single account, Administrative Services-8600, which cost center should be allocated on the basis of accumulated costs.

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

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

(3) The commission will provide notice to the affected hospital of any change from "basic service" to a more complex class at least 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 261-20-080 Uniformly applicable interpretive rulings and minor manual modifications. (1) The executive director of the commission is authorized to make uniformly applicable interpretive rulings with respect to matters contained in the manual. The executive director of the commission is also authorized to correct typographical and coding errors as well as make other minor organizational modifications when such corrections and modifications appear to be necessary. The commission shall be notified in advance of the executive director's proposed actions.

(2) Any such interpretive ruling, correction, or modification shall be in writing and distributed as an attachment to a consecutively numbered transmittal. Such transmittal shall describe the changes in detail and shall include instructions regarding the placement of such material in the manual. Each hospital and manual holder of record shall be sent a copy of any such transmittal together with all attachments.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-20-080, filed 2/28/83; 81-06-016 (Order 81-01, Resolution No. R-81-01), § 261-20-080, filed 2/20/81.]

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 any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. 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: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-20-090, filed 5/16/86. 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.]

Chapter 261-40 WAC

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

WAC

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- 261-40-025 Inapplicability of uniform procedure rules. [Order 75-05, § 261-40-025, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-165 Budget amendment submittals authorized—Time limitations—Presumption. [Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution No. 79-03), § 261-40-165, filed 6/19/79.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-415 Classification of parties. [Order 75-05, § 261-40-415, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-420 Intervention. [Order 75-05, § 261-40-420, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-425 Rules of practice before commission. [Order 75-05, § 261-40-425, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-440 Service of pleadings. [Order 75-05, § 261-40-440, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-445 Prehearing conferences. [Order 75-05, § 261-40-445, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-455 Appearances. [Order 75-05, § 261-40-455, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.
- 261-40-465 Testimony under oath. [Order 75-05, § 261-40-465, filed 11/10/75.] Repealed by 83-06-036 (Order 83-02, Resolution No. 83-02), filed 2/28/83. Statutory Authority: Chapter 70.39 RCW.

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

**PART 0
GENERAL PROVISIONS**

WAC 261-40-010 Purpose. The purpose of this chapter is to implement the provisions of RCW 70.39.140 through 70.39.160 regarding the commission's review and approval of annual budget submittals, hospital rates, rate schedules, other charges, and changes therein. The commission's objective is to assure purchasers of hospital health care services that the total costs of a hospital are reasonably related to the total services offered by that hospital, that the hospital's 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.

(4) Hospitals located within fifteen miles of one or more hospitals located in an out-of-state jurisdiction not subject to the authority of this commission and which nonjurisdictional hospitals have existing capacities to absorb twenty-five percent or more of the patients served by the hospital which would normally be subject to the jurisdiction of this commission shall not be subject to the commission's rate review and approval provisions as set forth in RCW 70.39.140. Those hospitals found to be exempt under this provision will still have the responsibility to make on a timely basis all filings required by the commission and shall provide on a timely basis other pertinent data that may from time to time be requested by the commission.

[Statutory Authority: Chapter 70.39 RCW. 88-13-044 (Order 88-04, Resolution No. 88-04), § 261-40-020, filed 6/9/88; 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 No. 79-03), § 261-40-020, filed 6/19/79; Order 75-05, § 261-40-020, filed 11/10/75.]

WAC 261-40-030 Suspension of proposed effective date of rate, rate schedule, other charges, or any change therein. (1) General: Under RCW 70.39.160, the commission is authorized to suspend the effective date of a rate, rate schedule, other charge, or any change therein proposed by a hospital in its annual budget submittal.

Any such suspension is a totally discretionary act by the commission. A written explanation of the reasons for such commission action will be provided to the hospital promptly following such action.

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

(a) The hospital has failed to submit information or a modified or corrected annual budget submittal within the required time period or has requested a continuance in a hearing under WAC 261-40-200.

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

(c) Other just causes or reasons.

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

(4) Notice of suspension to hospital: Whenever the commission suspends the effective date of any proposed rate, rate schedule, other charge, or changes therein, it shall immediately notify in writing the hospital subject to suspension of such commission action and the period thereof. Whenever the next commission meeting will be after the proposed effective date of a change in rates, the executive director is authorized to notify the hospital of a suspension in the effective date if he finds any of the conditions under subsection (2) of this section to exist. The executive director shall present any such suspension at the next commission meeting for ratification or modification.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-030, filed 2/28/83; Order 75-05, § 261-40-030, filed 11/10/75.]

PART I ANNUAL BUDGET SUBMITTAL REVIEW PROCESS

WAC 261-40-100 Receipt of annual budget submittal or amendment. (1) Date stamped upon receipt: Every annual budget submittal or amendment provided the commission pursuant to RCW 70.39.120 and 70.39.140, and WAC 261-20-040 and 261-20-045, shall be stamped as to the date of receipt upon receipt in the commission's office.

(2) Acknowledgement of receipt: The receipt in the commission's office, and date thereof, of a hospital's annual budget submittal shall be acknowledged by the staff in written notice to such hospital. Such notice shall also indicate the date the staff expects such annual budget submittal will be considered by the commission in an informal hearing.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-100, filed 2/28/83; Order 75-05, § 261-40-100, filed 11/10/75.]

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

[Order 75-05, § 261-40-105, filed 11/10/75.]

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

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

(3) Effect of lack of notice to hospital: A hospital not notified as provided in WAC 261-40-110(1) shall be deemed to have submitted an annual budget submittal that is complete and conforming, and has verifiable data.

[Order 75-05, § 261-40-110, filed 11/10/75.]

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

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-115, filed 2/28/83; Order 75-05, § 261-40-115, filed 11/10/75.]

WAC 261-40-120 Effect of determination that annual budget submittal is complete and conforming, and contains verifiable data. Whenever the staff determines the annual budget submittal is complete and conforming, it shall commence its process of verifying the data contained in such submittal. Whenever the staff determines the data contained in such submittal is verifiable it shall complete its processing of the submittal and prepare its findings and recommendations. See WAC 261-40-135.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-120, filed 2/28/83; Order 75-05, § 261-40-120, filed 11/10/75.]

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

(a) "Complete," when it contains all data required by the commission pursuant to chapter 261-20 WAC and this chapter, including information in response to special information requests made by the commission pursuant to WAC 261-40-130; and

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

(2) The data contained in a hospital's annual budget submittal shall be deemed verifiable when such data is properly included in appropriate commission forms; figures reconcile to proper balances; the statistical bases of computations, extensions, footings, etc. test out; and other statistical and financial examinations established by the staff to measure data verifiability show the data to be verifiable.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-125, filed 2/28/83; Order 75-05, § 261-40-125, filed 11/10/75.]

WAC 261-40-130 Special information requests. In the event the staff desires additional information not provided by a hospital, a written request detailing the additional information to be provided the staff will be mailed to the hospital. The failure of a hospital to respond to such information requests within the time set forth in the request may result in the suspension of the effective date of, or the modification or disapproval of proposed rates, rate schedules, other charges, or changes therein.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-130, filed 2/28/83; Order 75-05, § 261-40-130, filed 11/10/75.]

WAC 261-40-135 Staff findings and 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 made available at the commission's administrative office and may be picked up or shall be sent to the hospital and other interested persons who have requested to receive copies of staff statements, by mail or other means of delivery which is as fast or faster than mail, not less than twenty days prior to the date last set for commission consideration of the hospital's annual budget submittal. Copies of the statement also shall be sent to commission members by that same date, either by mail or other means of delivery.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-135, filed 5/16/86; 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 261-40-140 Notice to public regarding annual budget submittal findings and recommendations and public hearing. Not less than twenty days prior to the date last set for commission consideration of a hospital's annual budget submittal, the staff shall send notice, by mail or other means of delivery which is as fast or faster than mail, to that hospital and by mail to those persons on the commission's general mailing list regarding the impending hearing. Any person may be placed on the commission's general mailing list by written request to the commission.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-140, filed 5/16/86. Statutory Authority: RCW 70.39.160. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-140, filed 2/28/83; 79-07-030 (Order 79-02, Resolution No. 79-03), § 261-40-140, filed 6/19/79; Order 75-05, § 261-40-140, filed 11/10/75.]

WAC 261-40-145 Hospital's response to staff findings and recommendations--Written testimony from general public, time for submission. A hospital or other interested person may submit to the commission a response to the staff findings and recommendations. Such response, and any other written response submitted pursuant to WAC 261-40-140 notice, must be received in the commission's office not less than six days prior to the date last set for commission consideration of the hospital's annual budget submittal in any informal hearing. Any response received after that date may be considered by the commission at the hearing or, upon motion of an interested person or its own motion, the commission may defer consideration of the response until a later time if it determines that it cannot adequately consider the substance of the response at that time or that the response

requires a detailed staff response. In the event the commission defers consideration of the response, it may permit a temporary change of rates, suspend the effective date of any proposed change of rates, or take any other action as allowed by law.

[Statutory Authority: RCW 70.39.180, 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-145, filed 5/16/86. Statutory Authority: RCW 70.39.160, 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-145, filed 2/28/83; 79-07-030 (Order 79-02, Resolution No. 79-03), § 261-40-145, filed 6/19/79; Order 75-05, § 261-40-145, 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:

[The following is effective for hospital fiscal years beginning on or after January 1, 1988.]

(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; and

(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 the 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.

(a) Rural includes all areas of the state with the following exceptions:

(i) The entire counties of Snohomish (including Camano Island), King, Kitsap, Pierce, Thurston, Clark, and Spokane;

(ii) Areas within a twenty-mile radius of an urban area exceeding thirty thousand population; and

(iii) Those cities or city-clusters located in rural counties but which for all practical purposes are urban. These areas are Bellingham, Aberdeen-Hoquiam, Longview-Kelso, Wenatchee, Yakima, Sunnyside, Richland-Kennewick-Pasco, and Walla Walla.

(b) The commission may, at its discretion, determine that individual hospitals located in areas meeting the aforementioned criteria should not be considered rural for purposes of conducting comparative budget reviews between hospitals. In such cases, the affected hospitals will be compared against those hospitals classified as either Peer Group B or Peer Group D for comparative purposes.

(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) For purposes of conducting comparative budget review, the commission shall assign each hospital to a peer group, as follows:

(i) Peer Group A - those hospitals designated as rural in accordance with WAC 261-40-150 (3)(a);

(ii) Peer Group B - those hospitals not designated within Peer Groups A, C, or D;

(iii) Peer Group C - those hospitals with accredited graduate medical education programs, except those that are classified within Peer Group D; and

(iv) Peer Group D - those hospitals which the commission has determined exhibit unique characteristics that make comparative analysis inappropriate.

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

(i) The adjusted case mix value units for each hospital which were used to develop the individual hospital's operating expense component of the target dollar amount of total state-wide hospital revenue; and

(ii) Maintaining a reasonable relationship between the volumes of each hospital department with the adjusted case mix value units which were used to develop the individual hospital's operating expense component of the target dollar amount of total state-wide hospital revenue.

(A) Deviations from the volume levels determined through these procedures will be taken into account in the computation of year-end conformance, as described in WAC 261-40-150(6).

(c) 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 case mix value unit to the hospital's baseline net patient services revenue per adjusted case mix value unit as calculated in item (i) below and applied by items (ii), (iii), and (iv) below:

(i) Each hospital's baseline net patient services revenue per adjusted case mix value unit shall be calculated as follows:

(A) Baseline adjusted case mix value units shall be equal to the current year approved level;

(B) Baseline net patient services revenue shall be determined as an allocated amount of the net patient services revenue component of the target dollar amount of total state-wide hospital revenue.

(ii) If, after volume adjusting the revised baseline and the budget request to reasonably attainable levels of adjusted case mix value units, the requested net patient services revenue does not exceed the revised baseline, 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 subsections (5)(g), (6), and (7) of this section.

(iii) If, after volume adjusting the revised baseline and the budget request to reasonably attainable levels of adjusted case mix value units, the requested net patient services revenue exceeds the revised baseline, further review of the components of operating expense and capital allowance will be conducted.

(iv) Peer Group A hospitals with requested net patient services revenue per adjusted case mix value unit which are at or below the 70th percentile for their peer group, and which are increasing from the current year approved level at a percentage change which is at or below the 70th percentile rate of change for the peer group, shall be exempted from the principal screen review and the review of operating expenses and capital allowance, so long as the budgeted adjusted case mix value units appear to be reasonably attainable.

(d) 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 case mix value units as determined according to (5)(b) of this section, utilizing the variable cost factors described in subsection (6) of this section;

(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; and

(iii) Such other information as the commission may determine is appropriate as a basis for deviating from the standard variable cost ratios specified in subsection (6) of this section 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 requested;

(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 subsection (6) of this section inappropriate; and

(E) Reasonable operating expenses related to malpractice tail liability expense accruals, if requested, under the following conditions:

(I) The expense will be recognized in the year-end conformance calculations at the lesser of the approved or funded level;

(II) This expense will be subject to the statutory requirement that expenses be necessary for prudently and reasonably managed hospitals, including any determinations by the commission that risk sharing among multiple hospitals may result in lower costs to the consumers and purchasers of hospital health care services;

(III) If requested and approved in rates, this expense must be placed into a fund, restricted by the commission and reviewed annually, with interest earnings accruing to that fund;

(IV) Malpractice claims which are not otherwise covered by malpractice insurance which are in excess of the malpractice tail liability restricted fund should be included in rates in the year in which an actual award, resulting from litigation or negotiation, is made to the claimant: *Provided*, That only that portion of any such awards that exceeds the restricted funds held for this purpose will be included in commission approved total rate setting revenue;

(V) In the event that a hospital changes insurance carriers, does not obtain insurance in a subsequent year, is sold, or discontinues services as a hospital as defined in RCW 70.39.020(3), the premium for malpractice tail coverage insurance must be paid out of the restricted fund: *Provided*, That such malpractice tail coverage insurance is not otherwise made available to the hospital as a condition of previous or existing malpractice insurance policies;

(VI) Annual requests for malpractice tail liability expense accrual funding must be documented by actuarial studies or reasonable estimates, subject to verification, of the total of such liabilities and documentation of the amount of such restricted funds, with the difference between the two amounts equalling the amount that the commission will consider including in rates for that budget period: *Provided*, That if the commission determines that full funding of the malpractice liability restricted fund within any one budget period may result in unreasonable rates or excessive rates of increase in rates, the approval of rates to achieve full funding of the restricted fund may be spread over additional years;

(VII) Once a hospital has received approval from the commission to increase patient rates to include the malpractice tail liability expense accrual, the hospital must provide an annual report to the commission from a licensed actuary or reasonable estimate, subject to verification, showing the total estimate of such liabilities as of the end of the budget year, and any excesses which may have been expensed and funded in previous years will be deducted from that year's approved total rate setting revenue;

(VIII) As a condition of approving the inclusion of malpractice tail liability expense accruals in total rate setting revenue, the commission will require that each hospital for which this expense is approved file financial statements which have been audited by an independent certified public accountant.

(F) Other consideration presented by the hospital or other concerned persons and determined to be appropriate by the commission, including the impact that the acceptance of operating expense increases above the baseline level would have on the commission's ability to achieve total state-wide revenue that are within the target dollar amount of total state-wide hospital revenue as adopted by the commission in accordance with RCW 70.39.150(6), and comparative analysis of the hospital's operating expenses with hospitals within the same peer group.

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

(i) Capital allowance includes a return on net property, plant and equipment (property, plant and equipment less accumulated depreciation) used in hospital operations, an allowance for working capital, and other considerations as determined to be appropriate by the commission.

(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.

(I) 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.

(II) 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 as determined in (I), (II), and (III) below shall be presumed appropriate; however, the commission may vary from that return, higher or lower, where appropriate.

(I) The rate of return on equity financed net property, plant and equipment shall be calculated by averaging the reported interest rates on twenty-five year "A" rated tax-exempt bonds as reported in each issue of *Rate Controls* from the three months ending on August 31, of the year preceding the budget year.

(II) The rate of return on debt financed net property, plant and equipment shall be a blended average of each hospital's average interest rate on long-term debt and the rate of return on equity financed net property, plant and equipment. The blending schedule is as follows:

(aa) For hospital fiscal years beginning in 1988: Fifty percent - each hospital's average interest rate on long-

term debt, fifty percent - rate of return on equity financed net property, plant and equipment;

(bb) For hospital fiscal years beginning in 1989: Twenty-five percent - each hospital's average interest rate on long-term debt, seventy-five percent - rate of return on equity financed net property, plant and equipment;

(cc) For hospital fiscal years beginning in 1990 and each year thereafter: Zero percent - each hospital's average interest rate on long-term debt, one hundred percent - rate of return on equity financed net property, plant and equipment.

(III) After computation of the return on net property, plant and equipment, 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 thirteen 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.

(I) The commission may determine that a hospital which is found essential to assure access of the rural public to basic health care services is experiencing financial distress and may determine to vary from the allowance for working capital.

(II) 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. In the event that increased working capital is determined by the commission to be necessary, but the amount of working capital is found by the commission to cause an excessive impact on total revenues or rates, the commission may choose to allow the hospital to borrow the necessary cash and to allow interest on borrowed cash as an operating expense in the budget year.

(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:

(I) Rural hospitals that have been under-capitalized as determined by an average accounting age of property, plant and equipment which exceeds one hundred fifty percent of the state-wide average; and a total turnover rate of assets which exceeds the upper quartile of far west hospitals of the same size category as defined in the latest "Hospital Industry Financial Report" of the healthcare financial management association or a fixed asset turnover rate which exceeds the upper quartile of far west hospitals of the same bed size category as defined in the latest "Hospital Industry Financial Report" of the healthcare financial management association, provided that:

(aa) The total level of capital allowance for under-capitalized hospitals should not exceed one hundred twenty-five percent of the baseline level; and

(bb) The requested rate per adjusted admission, as revised to reflect the hospital's case mix index, does not exceed the peer group median; and

(cc) The resulting increase in the rate per adjusted case mix value unit does not exceed one hundred twenty-five percent of the budgeted peer group median rate of increase.

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

(III) Whether the capital allowance should include equity funding or accumulation of funds for a project in the future, if the hospital's net patient services revenue per adjusted case mix value unit is at or below the median of its peer group and which is increasing from the current year approved level at a percentage change which is at or below the median rate of change of its peer group, the proposed project is consistent with the hospital's long-range plan and financing plan which have been approved by the hospital's governing body, and any equity funding allowed in total rate setting revenue is maintained in a separate subaccount within board designated assets and cannot be used for any other purpose without prior approval of the commission;

(IV) 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; and

(V) Other considerations proposed by the hospital or other interested persons and determined to be appropriate by the commission, including the impact that any deviation from the baseline capital allowance will have on the commission's ability to achieve total state-wide hospital revenue that do not exceed the target dollar amount of total state-wide hospital revenue as adopted by the commission in accordance with RCW 70.39.150(6).

(f) 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, self-insured workers' compensation, Veteran's Administration, and Indian Health Service are allowable as deductions from revenue for rate setting purposes when the hospital payment rates are established unilaterally by the program.

(ii) Contractual adjustments related to bank card discounts, negotiated rates and all other nongovernmental-sponsored patients are not allowable as deductions from revenue for rate setting purposes, except as provided for by WAC 261-40-170(4);

(iii) Contractual adjustments relating to contracts executed with the department of social and health services, under the Medicaid selective contracting program, are allowable as deductions from revenue for rate setting purposes;

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

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

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

(g) Whether the reviews performed in accordance with (a), (b), (c), (d), (e) and (f) of this subsection result in rates, rate schedules, other charges, and changes therein which are the most reasonable under the circumstances.

(i) Net patient services revenue per adjusted case mix value unit should not exceed the 70th percentile of the peer group revenue screens as adjusted for each hospital's case mix index unless the hospital demonstrates to the commission's satisfaction that the relatively high rates are acceptable;

(ii) After allocating deductions from revenue and capital allowance to the various hospital revenue centers as a constant percentage of operating expenses, cross subsidization shall not exceed plus or minus five percent of expenses for rate setting, unless the commission concurs with a specific hospital request for larger levels of cross subsidization or the hospital is a basic service hospital as defined by the commission.

(iii) 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;

(iv) If the rates are not approved as requested, including the disapproval of requested cross-subsidization levels, the hospital must submit revised rates to the commission within twenty days of the date of service of the decision and order. Upon notification that the rates are in accordance with the decision and order, the approved rates are the maximum revenue that a hospital may receive for each unit of service, except for such rate changes as may be necessary to reflect differences between approved and actual volumes and deductions from revenue. Variable costs associated with changes in volumes will be determined in accordance with the variable cost ratios as described in (6)(d) below.

The following is effective for hospital fiscal years beginning on or after January 1, 1987.

(6) Whether the rates implemented and revenues collected by the hospital in the previous budget year conformed to the applicable commission determination for that year.

(a) 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 the aggregate rate per adjusted case mix value unit. The revenues may be modified, where appropriate, for volume variance between budgeted and actual levels of adjusted case mix value units.

(b) Actual allowable, rather than budgeted, deductions from revenue will be used in the conformance calculation, except that deductions from revenue related to differential resource use, as provided for by WAC 261-

40-170(4), shall be considered a fixed cost when considering year-end conformance.

(c) The approved capital allowance shall be considered a fixed cost when considering year-end conformance.

(d) Only that portion of total operating costs designated as variable according to the following schedule will be adjusted for volume variance:

(i) Peer Group A and specialty hospitals having fewer than fifty beds; fixed costs - eighty percent, variable costs - twenty percent;

(ii) Peer Group B and specialty hospital having from fifty to one hundred seventy-five beds; fixed costs - sixty-five percent, variable costs - thirty-five percent; and

(iii) Peer Group C and specialty hospitals having more than one hundred seventy-five beds; fixed costs - fifty percent, variable costs - fifty percent.

(e) Alternatively, the hospital may submit suggested ratios of fixed costs to variable costs by natural classification of expense. Upon approval by the commission, such approved ratios will be used only prospectively to determine allowable operating expense variance due to volume changes.

(f) The hospital may submit any proposed justifying information to explain deviations/variances from approved revenues.

(i) Any proposed justifying information must include at least the following supporting information:

(A) The exact nature and extent of the factors contributing to excess revenue;

(B) The date at which hospital management became aware of the factors contributing to excess revenue;

(C) The date at which hospital management increased rates above the allowable level taking into account volume changes and actual deductions from revenue;

(D) An explanation of efforts to reduce other components of the budget to offset the factors contributing to the excess revenues; and

(E) An explanation of why the hospital did not seek a budget amendment.

(ii) In no event will increased operating expenses be accepted as justification if the volume adjusted allowable operating expenses equal or exceed the actual level.

(iii) In no event will proposed justifying information be accepted if the commission determines that the factors contributing to excess revenues could have been controlled by hospital management.

(iv) In no event will proposed justifying information be accepted if the commission determines that the factors contributing to excess revenues could have been anticipated by the hospital or could have been identified by the hospital in sufficient time to submit a budget amendment in accordance with WAC 261-20-045.

(v) In no event will capital allowance in excess of the approved level be accepted as justification.

(vi) Hospitals will be allowed to retain any actual capital allowance in excess of the approved level that results from cost effective practices as defined as, and measured by, actual operating expenses that are below the volume adjusted approved operating expenses.

(g) Staff shall notify each hospital found to be out of conformance within sixty days of receiving all applicable information necessary to compute the hospital's year-end conformance calculation. If the commission determines that a hospital's revenues have not conformed to the applicable determinations for that year, a decision and order will be issued reducing the hospital's current budget and rates by the amount that actual revenues exceed allowable 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; and

(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. 89-04-030 (Order 89-01, Resolution No. 89-01), § 261-40-150, filed 1/27/89. Statutory Authority: Chapter 70.39 RCW. 88-22-038 (Order 88-07, Resolution No. 88-07), § 261-40-150, filed 10/28/88; 88-17-054 (Order 88-06, Resolution No. 88-06), § 261-40-150, filed 8/17/88; 88-11-033 (Order 88-02, Resolution No. 88-02), § 261-40-150, filed 5/13/88; 87-24-011 (Order 87-05, Resolution No. 87-05), § 261-40-150, filed 11/20/87. Statutory Authority: RCW 70.39.180. 86-15-018 (Order 86-04, Resolution No. 86-04), § 261-40-150, filed 7/11/86; 85-22-036 (Order 86-04, Resolution No. 86-04), § 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 No. 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.]

Reviser's note: RCW 34.05.395 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 261-40-160 Approval of rates for less than full fiscal year. The commission, in its discretion, may grant approval of rates as submitted in a hospital's annual budget submittal or as modified by the commission, either for the full fiscal year of the hospital or any lesser period. The decision and order of the commission notifying a hospital of such action shall specify the period of time within which the hospital may utilize the approved rates as well as what action (if any) must be taken by the hospital to secure commission approved rates after the specified period.

[Statutory Authority: RCW 70.39.160. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-160, filed 2/28/83; 79-07-030 (Order 79-02, Resolution No. 79-03), § 261-40-160, filed 6/19/79; Order 75-05, § 261-40-160, 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 23-31, Form SS-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; provided that, the commission may, upon request from a hospital, approve a deduction from revenue as necessary to reflect differential resource use of general services, account codes 8310 through 8490, fiscal services, account codes 8510 through 8570, medical records, account code 8690, and health care review, account code 8710. Upon approval of the deduction from revenue, rates shall be set accordingly. Any hospital requesting such a deduction from revenue shall submit documentation sufficient to demonstrate the differences in resource use among payers or groups of payers. Rates reflecting such deductions from revenue shall only be applicable to the current budget period.

(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 70.39.180, 89-04-030 (Order 89-01, Resolution No. 89-01), § 261-40-170, filed 1/27/89; 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-170, filed 5/16/86. Statutory Authority: RCW 70.39.140(1), 85-16-017 (Order 85-03, Resolution No. 85-03), § 261-40-170, filed 7/29/85.]

WAC 261-40-190 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 any act which that chapter makes it his/her duty to perform shall be guilty of a misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. Failure to file the reports required by WAC 261-40-110, 261-40-130, 261-40-150 (5)(f)(iii), and 261-40-170 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, 88-13-044 (Order 88-04, Resolution No. 88-04), § 261-40-190, filed 6/9/88.]

PART II GENERAL PROCEDURES APPLICABLE TO ALL COMMISSION HEARINGS

WAC 261-40-200 Continuances. Any person who desires a continuance of any proceeding before the commission shall, as soon as facts requiring such continuance come to his/her knowledge, notify the commission. The notice shall identify the interest of the person in the proceeding as well as the reasons why such continuance is necessary. The commission, or presiding officer in a formal hearing, on passing upon a request for a continuance shall consider whether such request was promptly made. Except in cases of hardship or unless good cause is shown, no such continuance shall be granted unless such a request is made to the commission at least three days preceding the date upon which the matter is set for hearing. The commission may grant such a continuance

and may at any time order a continuance upon its own motion. During the proceeding, if it appears in the public interest that further testimony or argument should be received, the presiding officer may in his/her discretion continue the hearing and fix the date for introduction of additional testimony or presentation of argument. Such oral notice shall constitute final notice of such continued hearing. The granting of a continuance by the commission may result in a concurrent suspension of the effective date of proposed rates or the setting of a temporary rate.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-200, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-200, filed 2/28/83; Order 75-05, § 261-40-200, filed 11/10/75.]

WAC 261-40-201 Classification of parties. Parties to proceedings before the commission shall be styled applicants, intervenors, petitioners, protestants or staff, according to the nature of the proceeding and the relationship of the parties thereto.

(1) Applicants: Hospitals applying for any right or authority from the commission, including an approved rate, rate schedule, or other charges, or any change therein, or the reconsideration of an informal hearing decision shall be styled "applicants." Hospitals shall maintain their status as a party and shall continue to be styled "applicants" where their budgets have been approved at an informal hearing and another party requests and is granted reconsideration of the decision at the informal hearing.

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

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

(4) Protestants: Persons opposing petitions or applications or seeking the disapproval or modification of requests therein shall be styled "protestants."

(5) Staff: Staff of the commission who may be a party to any proceeding without the necessity of formal pleading or intervention.

[Statutory Authority: RCW 70.39.180. 86-13-052 (Order 86-02, Resolution No. 86-02), § 261-40-201, filed 6/13/86. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-201, filed 2/28/83.]

WAC 261-40-202 Intervention. (1) General intervention: Any person who desires to appear and participate in any proceeding before the commission may petition in writing for leave to intervene in the proceeding prior to, or at the time, it is called for hearing; or may make an oral motion for leave to intervene at the time of the hearing. No such petition or motion shall be filed or made after the proceeding is underway, except for good cause shown. The petition or motion to intervene must disclose the name and address of the person intervening; the name and address of such person's attorney, if any; such person's interest in the proceeding,

and position in regard to the matter before the commission. The written petition shall be filed with the commission and copies shall be provided to all other parties to the proceeding.

(2) Disposition of petitions and motions to intervene: Petitions and motions to intervene may be heard before the presentation of evidence in the proceeding, or may be set for prior hearing; an opportunity shall be afforded all other parties to be heard thereon. If it appears that the petition or motion discloses a substantial interest in the subject matter of the hearing, or that participation of the petitioner may be in the public interest, the commission may grant the same, which may be done by oral order at the time of the hearing. Thereafter such petitioner shall become a party to the proceeding and shall be known as an "intervenor," with the same right to produce witnesses and of cross-examination as other parties to the proceeding. Whenever it appears, during the course of a proceeding, that an intervenor has no substantial interest in the proceeding, and that the public interest will not be served by such intervention therein, the commission may dismiss such person from the proceeding: *Provided, however,* That a party whose intervention has been allowed shall not be dismissed from a proceeding except upon notice and a reasonable opportunity to be heard.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-202, filed 2/28/83.]

WAC 261-40-203 Appearances. (1) Parties shall enter their appearances by giving their names, addresses and party they represent, if any, in writing to the commission and all other parties. Thereafter, all future notices, pleadings and orders may be served upon that representative, and such service shall be considered valid service for all purposes upon the party represented. The presiding officer conducting the hearing may, in addition, require appearances to be stated orally, so that the identity and interest of all parties present will be known to those at the hearing.

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

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

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

(c) Upon permission of the presiding officer at such hearing, a *bona fide* officer, trustee, director, or full time employee of an individual, partnership, association, corporation, comprehensive health planning agency, or hospital who appears for such planning agency, or hospital.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-203, filed 2/28/83.]

WAC 261-40-205 Conduct at hearings. All parties to hearings, their counsel, and spectators shall conduct themselves in a respectful manner. Demonstrations of any kind at hearings shall not be permitted.

[Order 75-05, § 261-40-205, filed 11/10/75.]

WAC 261-40-210 Order of procedure. Requests for the suspension of the effective date of proposed rates, rate schedules, other charges, or changes therein contained in an annual budget submittal; and requests for continuances shall be considered first in any hearing regarding annual budget submittals. When two or more annual budget submittals are set for hearing at the same time and place, the commission will usually hear the matters in the same order as they appear in the agenda.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-210, filed 2/28/83; Order 75-05, § 261-40-210, filed 11/10/75.]

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

[Order 75-05, § 261-40-215, filed 11/10/75.]

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

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

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

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

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

In addition, upon request by all parties, official notice may be taken of the results of the commission's own inspection of the physical conditions involved. Official notice may be taken of the results of previous commission

experience in similar situations, and the general information concerning the subject which goes to make up the commission's fund of expert knowledge. Where official notice is taken of any matter, the findings of fact shall so specify and shall state the basis upon which notice is taken.

(3) Resolutions: Resolutions, properly authenticated, of the governing bodies of cities, towns, other municipal corporations, and of comprehensive health planning agencies and associations of hospitals will be received in evidence. Such resolution shall be received subject to rebuttal by adversely affected parties as to either the authenticity of the resolution or the circumstances surrounding its procurement. Recitals of facts contained in resolutions shall not be deemed proof of those facts.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-220, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-220, filed 2/28/83; Order 75-05, § 261-40-220, filed 11/10/75.]

WAC 261-40-225 Exhibits and documentary evidence. (1) Designation of part of document as evidence: When relevant and material matter offered in evidence by any party is embraced in a book, paper, or document containing other matter not material or relevant, the party offering the same must plainly designate the matter so offered. Only a true copy of such portion of the book, paper or document containing the relevant or material matter in proper form shall be received as an exhibit. Like copies of such matter shall be delivered by the party offering the same to all other parties or their representatives appearing at the hearings, who shall be afforded an opportunity to examine the book, paper or document, and to offer in evidence in like manner other portions thereof if found to be material and relevant.

(2) Official records: An official rule, report, order, record or other document, prepared and issued by any governmental authority, when admissible for any purpose may be evidenced by an official publication thereof; or by a copy attested by the officer having the legal custody thereof, or his/her deputy, and accompanied by a certificate that such officer has the custody, made by any public officer having a seal of office and having official duties in the district or political subdivision in which the record is kept, authenticated by the seal of his/her office.

(3) Commission's files: Paper and documents on file with the commission, if otherwise admissible, and whether or not the commission has authority to take official notice of the same under WAC 261-40-220(2), may be introduced by reference to number, date, or by any other method of identification satisfactory to the presiding officer. If only a portion of any such paper or document is offered in evidence, the part so offered shall be clearly designated.

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

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

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

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

(d) The presiding officer directs such incorporation.

(5) Copies of exhibits: When specially prepared exhibits of a documentary character are offered in evidence, unless the presiding officer otherwise directs, copies must be furnished to all commission members, staff, all other parties, and in a formal hearing, the presiding officer. Whenever practicable, the parties should interchange copies of exhibits before the commencement of the hearing.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-225, filed 2/28/83; Order 75-05, § 261-40-225, filed 11/10/75.]

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

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-230, filed 2/28/83; Order 75-05, § 261-40-230, filed 11/10/75.]

WAC 261-40-240 Burden of proof. At any hearing involving any change in any schedule, classification, rule or regulation, the effect of which is to increase any rate theretofore charged, the burden of proof to show that such increase meets the requirements of chapter 70.39 RCW shall be upon the proponent of the increase.

[Statutory Authority: RCW 70.39.160. 79-07-030 (Order 79-02, Resolution No. 79-03), § 261-40-240, filed 6/19/79.]

WAC 261-40-250 Filing and service. (1) Filing with the commission: Documents shall be deemed filed upon actual receipt by the commission either at an official meeting of the commission or at its administrative office as described in WAC 261-02-040(3).

(2) Service—By whom. The commission shall cause to be served all orders, notices, and other papers issued by it, together with any other papers which it is required by

law to serve. Every other paper shall be served by the party filing it.

(3) Service—Manner and timing. Service of pleadings and other documents shall be made by delivering one copy to each party in person or by mail, properly addressed with postage prepaid. Except as otherwise provided, when any party has appeared by an attorney or other authorized representative, service upon such attorney or representative will be deemed valid service upon the party of all future pleadings and other documents. Service of pleadings and other documents shall be deemed complete when a true copy of such document, properly addressed and stamped, is deposited in the United States mail. Attorneys or authorized representatives withdrawing from a proceeding shall immediately so notify the commission and all parties to the proceeding.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-250, filed 5/16/86.]

PART III SPECIAL INFORMAL HEARING PROCEDURES

WAC 261-40-300 Appearances and attendance at informal hearing. (1) The presiding officer conducting an informal hearing may require representatives of the hospital, staff members responsible for the statement of findings and recommendation, and members of the general public who have submitted written testimony regarding such hospital's annual budget submittal, that are in attendance, to orally identify themselves, their address, and their interest in the matter to be considered by the commission so that the identity and interest of such persons will be known to those at the hearing. Representatives of the hospital are not required to attend the informal hearing conducted by the commission regarding that hospital's annual budget submittal; such failure to attend, however, may result in commission members' questions remaining unanswered, which, itself, may lead to a continuance, or the suspension, modification or disapproval of rates, rate schedules, other charges, or changes therein proposed in such submittal.

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

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

(b) The response by the hospital;

(c) Answers to questions asked by the commission;

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

(e) Any response by the hospital, staff, or the commission to comments: *Provided*, That the presiding officer may direct a different order to suit the convenience of all participants.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-300, filed 2/28/83; Order 75-05, § 261-40-300, filed 11/10/75.]

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

[Order 75-05, § 261-40-305, filed 11/10/75.]

WAC 261-40-310 Questions by commission members. At any point during an informal hearing, questions may be asked by commission members of any party or other person in attendance.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-310, filed 2/28/83; Order 75-05, § 261-40-310, filed 11/10/75.]

WAC 261-40-315 Commission right to terminate informal hearing. The commission may terminate an informal hearing at any time either to protect substantial rights of the public, a hospital, or the commission or its staff; or, in connection with an annual budget submittal before it for review, to assure all purchasers of that hospital's health care services that total hospital costs are reasonably related to total services, that 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 may, in its discretion, continue the informal hearing to a later date or set the matter for a formal hearing.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-315, filed 5/16/86. 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 261-40-400 Opportunities for formal hearings. Petition for reconsideration of informal hearing decision: A hospital or other person that has been aggrieved by a final decision of the commission in an informal hearing, may petition the commission for a reconsideration of its decision through a formal hearing process. Such petition shall state in detail the issues or portions of the commission's informal hearing decision that should be reconsidered by the commission, together with the reasons therefor. The petition must be filed with the commission within thirty days after service of the final decision and order in the informal hearing.

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[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-400, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-400, filed 2/28/83; Order 75-05, § 261-40-400, filed 11/10/75.]

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

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

(a) The petition is frivolous;

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

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

(d) The petition was not timely filed.

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

(4) Effect of commission action:

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

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

(c) Reviewability of action: A decision by the commission denying a petition for reconsideration submitted pursuant to WAC 261-40-400 shall be the final decision of the commission for purposes of judicial review under chapter 34.04 [34.05] RCW.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-405, filed 5/16/86. Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-405, filed 2/28/83; Order 75-05, § 261-40-405, filed 11/10/75.]

WAC 261-40-410 Presiding officer. A formal hearing shall be presided over by the commission or by an administrative law judge assigned under chapter 34.12 RCW. Where an administrative law judge presides, he or she shall have all the procedural rights and duties of the commission and shall issue a proposed decision, including proposed findings of fact and conclusions of law.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-410, filed 5/16/86; Order 75-05, § 261-40-410, filed 11/10/75.]

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

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

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

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

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

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

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

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

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

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

shall be deemed a general disagreement with the material in the response.

(10) Motions: Subject to the provisions of subsection (6), the practice respecting motions including the grounds therefor, and forms thereof, shall conform insofar as possible with the practice relative thereto in the superior court of Washington.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-430, filed 2/28/83; Order 75-05, § 261-40-430, filed 11/10/75.]

WAC 261-40-435 Forms. A hospital applying to the commission for the approval of a rate, rate schedule, other charges, or any change therein as described in its annual budget submittal, shall submit to the commission such information as the commission shall require pursuant to chapter 70.39 RCW and WAC 261-20-040. In addition, such hospital, as well as any other party shall generally adhere to the following form in connection with such action before the commission:

At the top of the page shall appear the wording "Before the Washington state hospital commission." On the left side of the page below the foregoing the following caption shall be set out: "In the matter of the application of (name of hospital) for the approval of hospital rates." Opposite the foregoing caption shall appear the type of pleading (e.g., "application," "response," etc.).

The body of the pleading shall be set out in numbered paragraphs. The first paragraph shall state the name and address of the party submitting the pleading. The second paragraph shall set out all statutes or rules that may be brought into issue by the pleading. Succeeding paragraphs shall set out the statement of facts relied upon. The concluding paragraphs shall contain the request for action sought by the party.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-435, filed 5/16/86; Order 75-05, § 261-40-435, filed 11/10/75.]

WAC 261-40-450 Hearings. (1) The time and place of holding formal hearings will be set by the presiding officer and notice thereof served upon all parties at least twenty days in advance of the hearing date, unless the presiding officer and the parties agree that an emergency exists requiring the hearing to be held upon less notice. An effort will be made to set all formal hearings sufficiently in advance so that all parties will have a reasonable time to prepare their cases, and so that continuances will be reduced to a minimum.

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

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

(d) Rebuttal by the hospital. Intervenors shall follow the party in whose behalf the intervention is made. If the intervention is not in support of either the hospital or the staff, the presiding officer shall designate the time when the intervenor shall be heard: *Provided*, The presiding officer may direct a different order to suit the convenience of the parties.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-450, filed 2/28/83; Order 75-05, § 261-40-450, filed 11/10/75.]

WAC 261-40-460 Failure of hospital to appear at formal hearing. In the event a representative of a hospital fails to appear at the time and place set for the formal hearing of that hospital's annual budget submittal, the hospital's submittal may be disapproved.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-460, filed 2/28/83; Order 75-05, § 261-40-460, filed 11/10/75.]

WAC 261-40-470 Record of proceedings. (1) The record in a formal hearing shall include:

- (a) All pleadings, motions, intermediate rulings;
- (b) Evidence received or considered;
- (c) A statement of matters officially noticed;
- (d) Questions and offers of proof, objections, and rulings thereon;
- (e) Proposed findings and exceptions;
- (f) Any decision, opinion, or report by the officer presiding at the hearing.

(2) Oral proceedings shall be transcribed for purposes of commission decision pursuant to RCW 34.04.110, as now or hereafter amended, rehearing, or court review. A copy of the record or any part thereof shall be transcribed and furnished to any party to the hearing upon request therefor and payment of reasonable costs thereof.

(3) All formal hearings shall be recorded by manual, electronic, or other type of recording device.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-470, filed 5/16/86; Order 75-05, § 261-40-470, filed 11/10/75.]

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

(2) Consolidation of proceedings: Two or more proceedings where the facts or principles of law are related may be consolidated and heard together.

[Statutory Authority: Chapter 70.39 RCW. 83-06-036 (Order 83-02, Resolution No. 83-02), § 261-40-475, filed 2/28/83; Order 75-05, § 261-40-475, filed 11/10/75.]

WAC 261-40-480 Briefs. Briefs may be filed in any formal commission hearing by any interested party, and shall be filed by any party to the proceeding upon the request of the presiding officer, and within such time as shall he/she directs. The presiding officer may require the filing of all briefs within three days after the close of the hearing if he/she considers the proceeding to be such that an order should issue promptly; and in the case of matters requiring an immediate decision, he/she may require the parties, or their counsel, to present their arguments and authority orally at the close of the hearing,

instead of by written brief. Briefs should set out the leading facts and conclusion which the evidence tends to prove, and point out the particular evidence relied upon to support such conclusion. Briefs may be printed multilithed, mimeographed, typewritten or otherwise mechanically reproduced (size 8 1/2" x 11"), and all copies shall be clearly legible. Three 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.

[Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-480, filed 5/16/86. 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 a concise statement of the nature and background of the proceeding, appropriate numbered findings of fact based exclusively on the record, conclusions of law, including citations of statutes and rules relied upon, 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: Three 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 service of said order, unless a different time for filing is designated by the commission at or following the issuance of the proposed order.

(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: Three 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. A copy of the final decision and order and the accompanying findings and conclusions shall be served, as set out in WAC 261-40-250(3), on each party and each party's attorney of record, if any. The statutory time for judicial review under chapter 34.04 [34.05] RCW shall not commence until the date of service of the commission's final order.

[Statutory Authority: RCW 70.39.180, 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-485, filed 5/16/86. 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.]

WAC 261-40-490 No discussion of proceeding until decision. After the filing of an application or petition in a contested formal proceeding and prior to the issuance of a final order therein, no party to the proceeding or party's counsel, shall discuss the merits of such matter or proceeding with any commission member or with the presiding officer involved, unless reasonable notice is given to all parties who have appeared therein, to enable such parties to be present during such discussion. When, after filing of an application or petition and prior to the issuance of a final order thereon, letters are directed to the commission, or any member of its staff, regarding a formal proceeding, copies of such letters shall be mailed to all parties of record and proof of such service furnished to the commission. This section does not prohibit the use by the commission or the presiding officer of personal assistants or other staff of the commission who have not participated in the proceeding in any manner, who are not engaged for the commission in any investigative functions in the same or any current factually related case and who are not engaged for the commission in any prosecutory functions, as allowed pursuant to RCW 34.04.115, as now or hereafter amended.

[Statutory Authority: RCW 70.39.180, 86-11-041 (Order 86-01, Resolution No. 86-01), § 261-40-490, filed 5/16/86; Order 75-05, § 261-40-490, filed 11/10/75.]

Chapter 261-50 WAC

RULES FOR REPORTING HOSPITAL PATIENT DISCHARGE INFORMATION

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261-50-075	Certification of data accuracy.
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DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

261-50-045	Magnetic diskette and tape record layout. [Statutory Authority: RCW 70.39.180, 86-14-081 (Order 86-03, Resolution No. 86-03), § 261-50-045, filed 7/1/86; 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.] Repealed by 87-04-008 (Order 87-01, Resolution No. 87-01), filed 1/23/87. Statutory Authority: Chapter 70.39 RCW.
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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 [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

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and report the following UB-82 data set elements to the commission:

(a) Patient control number

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.

(b) Type of bill

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," a "2" or an "8" to indicate an inpatient.

Digit #3 must be one of the following:

1 - Admit through discharge claim

(c) Medicare provider number

This is the number assigned to the provider by Medicare.

(d) Patient identifier

The patient identifier shall be composed of the first two letters of the patient's last name, the first two letters of the patient's first name, or one or two initials if no first name is available, and the patient's birthdate.

(e) Zipcode

Patient's five or nine digit zipcode. In the case of a foreign country, enter the first nine characters of the name.

(f) Birthdate

The patient's date of birth in MMDDYY format. Note: If the patient is over 100 years old at the date of admission, then "17" must be the value in the "condition code #1" field.

(g) Sex

Patient's sex in M/F format.

(h) Admission date

Admission date in MMDDYY format.

(i) Type of admission

This field is filled with one of the following codes:

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

(j) Source of admission

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

When type of admission is a "4 newborn," enter one of the following for source of admission:

- 1 Normal delivery
- 2 Premature delivery
- 3 Sick baby

4 Extramural birth

5 Multiple birth

(k) Patient status

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

(l) Statement covers period

This is the beginning and ending dates for which the UB-82 covers.

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(m) Condition code #1

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) Revenue code

The Medicare required revenue code (as defined in the *UB-82 Procedures Manual*), which identifies a specific accommodation, ancillary service or billing calculation. Effective January 1, 1987.

(o) Units of service

The Medicare required units of service (as defined in the *UB-82 Procedures Manual*) which provide a quantitative measure of services rendered by revenue category to or for the patient. Where no units of service are required by Medicare, the units of service may be those used by the hospital. Effective January 1, 1987.

(p) Total charges by revenue code category

Total charges pertaining to the related revenue code. Effective January 1, 1987.

(q) Payer identification #1

Enter the three-digit code that identifies the primary payer. 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, e.g., CHAMPUS, Indian health
- 630 charity care, as defined in WAC 261-14-020(5)

(r) Payer identification #2

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

(s) Principal diagnosis code

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.

(t) Diagnosis #2 code

ICD9-CM code of secondary diagnosis corresponding to additional diagnosis that coexist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay.

(u) Diagnosis #3 code

ICD9-CM code of secondary diagnosis corresponding to additional diagnosis that coexist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay.

(v) Diagnosis #4 code

ICD9-CM code of secondary diagnosis corresponding to additional diagnosis that coexist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay.

(w) Diagnosis #5 code

ICD9-CM code of secondary diagnosis corresponding to additional diagnosis that coexist at the time of admission, or develop subsequently, and which have an effect on the treatment received or the length of stay.

(x) Principal procedure code

The ICD9-CM code that identifies the principal procedure performed during the patient admission.

(y) Procedure #2 code

Secondary procedure code identifying procedures, other than the principal procedure, performed during the admission.

(z) Procedure #3 code

Secondary procedure code identifying procedures, other than the principal procedure, performed during the admission.

(aa) Attending physician ID

The Medicaid assigned number of the licensed physician who would normally be expected to certify and recertify the medical necessity of the services rendered and/or who has primary responsibility for the patient's medical care and treatment. For physicians who do not have a Medicaid number assigned, the state license number should be used. Effective July 1, 1987.

(bb) Other physician ID

The Medicaid assigned number of the licensed physician who performed the principal procedure. For physicians who do not have a Medicaid number, the state license number should be used. If no principal procedure was performed, this field should be left blank. Effective July 1, 1987.

(2) 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: Chapter 70.39 RCW. 87-08-037 (Order 87-02, Resolution No. 87-02), § 261-50-030, filed 3/30/87; 87-04-008 (Order 87-01, Resolution No. 87-01), § 261-50-030, filed 1/23/87. Statutory Authority: RCW 70.39.180. 86-14-081 (Order 86-03, Resolution No. 86-03), § 261-50-030, filed 7/1/86; 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.]

WAC 261-50-035 Reporting of E-Codes. Effective with hospital patient discharges occurring on or after January 1, 1989, hospitals shall collect and report up to two ICD-9-CM codes identifying the external cause of injury and poisoning (E-Codes), when applicable.

[Statutory Authority: Chapter 70.39 RCW. 88-16-043 (Order 88-05, Resolution No. 88-05), § 261-50-035, filed 7/29/88.]

WAC 261-50-040 Acceptable media for submission of data. For purposes of the data collected and reported pursuant to WAC 261-50-030 and 261-50-035, hospitals shall submit such data in such form as prescribed by the commission in the *Procedure Manual for Submitting Discharge Data*.

[Statutory Authority: Chapter 70.39 RCW. 88-16-043 (Order 88-05, Resolution No. 88-05), § 261-50-040, filed 7/29/88; 87-04-008 (Order 87-01, Resolution No. 87-01), § 261-50-040, filed 1/23/87. Statutory Authority: RCW 70.39.180. 86-14-081 (Order 86-03, Resolution No. 86-03), § 261-50-040, filed 7/1/86; 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.]

WAC 261-50-050 Time deadline for submission of data. Data collected by hospitals pursuant to WAC 261-50-030 and 261-50-035 shall be submitted to the commission or its designee within forty-five days following the end of each calendar month.

[Statutory Authority: Chapter 70.39 RCW. 88-16-043 (Order 88-05, Resolution No. 88-05), § 261-50-050, filed 7/29/88; 87-04-008 (Order 87-01, Resolution No. 87-01), § 261-50-050, filed 1/23/87; 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 and 261-50-035 to the following set of edits:

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

(2) Verification of the data set elements set forth in WAC 261-50-030 and 261-50-035.

[Statutory Authority: Chapter 70.39 RCW. 88-16-043 (Order 88-05, Resolution No. 88-05), § 261-50-060, filed 7/29/88; 87-04-008 (Order 87-01, Resolution No. 87-01), § 261-50-060, filed 1/23/87; 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 261-50-075 Certification of data accuracy. Following the end of each calendar quarter, the commission shall furnish each hospital a report of its discharge data for that quarter contained in the commission's discharge system. The chief executive officer of the hospital shall, within fourteen calendar days of receipt of the report, certify that the information contained in the commission's discharge system is complete and accurate to within ninety-five percent of the total discharges and total charges experienced at the hospital during that quarter, or submit the necessary corrections to the data to permit such certification.

[Statutory Authority: Chapter 70.39 RCW. 87-08-037 (Order 87-02, Resolution No. 87-02), § 261-50-075, filed 3/30/87.]

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 any act which that chapter makes it his/her duty to perform shall be guilty of misdemeanor. Following official notice to the accused by the commission of the existence of an alleged violation, each day upon which a violation occurs shall constitute a separate violation. Any person violating the provisions of chapter 70.39 RCW may be enjoined from continuing such violation. Failure to file the information required by WAC 261-50-030, 261-50-035, 261-50-040, 261-50-065 and 261-50-075 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: Chapter 70.39 RCW. 88-16-043 (Order 88-05, Resolution No. 88-05), § 261-50-090, filed 7/29/88; 87-08-037 (Order 87-02, Resolution No. 87-02), § 261-50-090, filed 3/30/87; 87-04-008 (Order 87-01, Resolution No. 87-01), § 261-50-090, filed 1/23/87. Statutory Authority: RCW 70.39.180. 86-14-081 (Order 86-03, Resolution No. 86-03), § 261-50-090, filed 7/1/86; 85-17-020 (Order 85-05, Resolution No. 85-05), § 261-50-090, filed 8/13/85.]