

WAC 182-550-3900 Payment method—Bordering city hospitals and critical border hospitals. The agency uses the payment methods described in this section to pay bordering city hospitals and critical border hospitals for inpatient and outpatient claims. Bordering city hospitals and critical border hospitals are defined in WAC 182-550-1050.

(1) For inpatient hospital claims from bordering city hospitals, the agency calculates the payment for allowed covered charges related to medically necessary services, by using the lowest of the in-state inpatient hospital rates for the:

- (a) Diagnosis-related group (DRG) conversion factor;
- (b) Per diem payment method;
- (c) Per case payment method; and
- (d) Ratio of costs-to-charges (RCC) payment method.

(2) For outpatient hospital claims from bordering city hospitals, the agency calculates the payment for allowed covered charges related to medically necessary services, using the lowest of the in-state outpatient hospital rates for the outpatient prospective payment system (OPPS). Refer to WAC 182-550-7000 through 182-550-7600.

(3) Designated critical border hospitals.

(a) The agency designates certain qualifying hospitals located out-of-state as critical border hospitals. A designated critical border hospital must:

(i) Be a bordering city hospital as described in WAC 182-550-1050; and

(ii) Have submitted at least ten percent of the total nonemergency inpatient hospital claims paid to bordering city hospitals for the prior state fiscal year (SFY) for clients eligible for Washington apple health. Nonemergency inpatient hospital claims are defined as those that do not include emergency department charges (revenue code 045X series).

(b) The agency analyzes bordering city hospitals' base period claims data during the rebasing process, and annually thereafter, to determine if a bordering city hospital qualifies or continues to qualify as a critical border hospital.

(4) Critical border hospitals - Inpatient hospital claim payment methods. The agency pays inpatient critical border hospital claims as follows:

(a) The inpatient payment rates used to calculate payments to critical border hospitals are prospective payment rates. The rates are not used to pay for claims with dates of admission before the hospital qualified as a critical border hospital.

(b) The agency pays inpatient critical border hospital claims using the same payment methods and rates used for in-state hospital claims, including DRG, RCC, per diem, outliers, and per case rate, subject to the following:

(i) Inpatient payment rates used to pay critical border university hospitals for inpatient hospital claims cannot exceed the highest corresponding inpatient payment rate for an in-state university hospital;

(ii) Inpatient payment rates used to pay critical border Level 1 trauma centers for inpatient hospital claims cannot exceed the highest corresponding inpatient payment rate for an in-state Level 1 trauma center; and

(iii) Inpatient payment rates used to pay critical border hospitals that are not university hospitals or Level 1 trauma centers can-

not exceed the highest corresponding in-state inpatient payment rate for in-state hospitals not designated as university hospitals or Level 1 trauma centers.

(5) Critical border hospitals - Outpatient hospital claim payment methods. The agency pays outpatient critical border hospital claims using the same payment methods used for in-state outpatient hospital claims (see WAC 182-550-7000 through 182-550-7600 and 182-550-4500), subject to the following:

(a) Outpatient rates used to pay critical border university hospitals for outpatient claims cannot exceed the highest corresponding rate for an in-state university hospital;

(b) Outpatient rates used to pay critical border Level 1 trauma centers for outpatient claims cannot exceed the highest corresponding rate for an in-state Level 1 trauma center; and

(c) Outpatient rates used to pay critical border hospitals that are not university hospitals or Level 1 trauma centers cannot exceed the highest corresponding rate for in-state hospitals not designated as university hospitals or Level 1 trauma centers.

(6) Critical border hospitals are eligible to receive payment for graduate medical education (GME). All other bordering city hospitals are not eligible to receive payment for GME.

(7) The agency makes:

(a) Claim payment adjustments, including but not limited to, third-party liability, medicare, and client responsibility; and

(b) Other necessary adjustments, as directed by the legislature (e.g., rate rebasing and other changes).

[Statutory Authority: RCW 41.05.021 and chapter 74.60 RCW. WSR 14-12-047, § 182-550-3900, filed 5/29/14, effective 7/1/14. WSR 11-14-075, recodified as § 182-550-3900, filed 6/30/11, effective 7/1/11. Statutory Authority: RCW 74.04.050, 74.04.057, 74.08.090, 74.09.500, and 2009-11 Omnibus Operating Budget (ESHB 1244). WSR 09-12-063, § 388-550-3900, filed 5/28/09, effective 7/1/09. Statutory Authority: RCW 74.08.090, 74.09.500 and 2005 c 518. WSR 07-14-051, § 388-550-3900, filed 6/28/07, effective 8/1/07. Statutory Authority: RCW 74.09.090, 42 U.S.C. 1395x(v) and 1396r-4, 42 C.F.R. 447.271, 11303 and 2652. WSR 99-14-027, § 388-550-3900, filed 6/28/99, effective 7/1/99. Statutory Authority: RCW 74.08.090, 74.09.730, 74.04.050, 70.01.010, 74.09.200, [74.09.]500, [74.09.]530 and 43.20B.020. WSR 98-01-124, § 388-550-3900, filed 12/18/97, effective 1/18/98.]