

**WAC 182-550-5220 Payment method—Nonrural indigent assistance disproportionate share hospital (NRIADSH).** (1) The medicaid agency makes nonrural indigent assistance disproportionate share hospital (NRIADSH) payments to qualifying nonrural hospitals through the disproportionate share hospital (DSH) program.

(2) To qualify for an NRIADSH payment, a hospital must:

(a) Not be participating in the "full cost" public hospital certified public expenditure (CPE) payment program as described in WAC 182-550-4650;

(b) Not be designated as an "institution of mental diseases (IMD)" as defined in WAC 182-550-2600 (2)(d);

(c) Meet the criteria in WAC 182-550-4900 (4) and (5);

(d) Be a hospital that does not qualify as a small rural hospital as defined in WAC 182-550-4900 (3)(n); and

(e) Be an in-state or designated bordering city hospital that provided charity services to clients during the base year. For DSH purposes, the agency considers as nonrural any hospital located in a designated bordering city.

(3) The agency pays hospitals qualifying for NRIADSH payments from a legislatively appropriated pool. The agency determines each hospital's individual NRIADSH payment from the total dollars in the pool using percentages established through the following prospective payment method:

(a) At the time the NRIADSH payment is to be made, the agency calculates each hospital's profitability margin based on the hospital's base year data and audited financial statements.

(b) The agency determines the average profitability margin for the qualifying hospitals.

(c) Any hospital with a profitability margin of less than one hundred ten percent of the average profitability margin for qualifying hospitals receives a profit factor of 1.1. All other hospitals receive a profit factor of 1.0.

(d) The agency:

(i) Identifies from historical data considered to be complete, each individual qualifying hospital's allowed charity charges; then

(ii) Multiplies the total allowed charity charges by the hospital's ratio of costs-to-charges (RCC), limiting the RCC to a value of 1, to determine the hospital's charity costs; then

(iii) Multiplies the hospital's charity costs by the hospital's profit factor assigned in (c) of this subsection to identify a revised cost amount; then

(iv) Determines the hospital's percentage of the NRIADSH revised costs by dividing the hospital's revised cost amount by the total revised charity costs for all qualifying hospitals during the same period.

(4) The agency's NRIADSH payments to a hospital may not exceed one hundred percent of the projected cost of care for medicaid clients and uninsured indigent patients for the hospital unless an exception is required by federal statute or regulation. The agency reallocates dollars as defined in the state plan.

[Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 15-18-065, § 182-550-5220, filed 8/27/15, effective 9/27/15. WSR 11-14-075, recodified as § 182-550-5220, filed 6/30/11, effective 7/1/11. Statutory Authority: RCW 74.08.090, 74.09.500, and 74.09.730(2). WSR 10-17-095, § 388-550-5220, filed 8/17/10, effective 9/17/10. Statutory Authority:

RCW 74.08.090, 74.09.500. WSR 07-14-090, § 388-550-5220, filed 6/29/07, effective 8/1/07; WSR 06-08-046, § 388-550-5220, filed 3/30/06, effective 4/30/06. Statutory Authority: RCW 74.04.050, 74.08.090. WSR 05-12-132, § 388-550-5220, filed 6/1/05, effective 7/1/05. Statutory Authority: RCW 74.08.090, 74.04.050, and 2003 1st sp.s. c 25. WSR 04-12-044, § 388-550-5220, filed 5/28/04, effective 7/1/04.]