

WSR 24-07-101

PROPOSED RULES

HEALTH CARE AUTHORITY

[Filed March 20, 2024, 10:56 a.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 24-03-088.

Title of Rule and Other Identifying Information: WAC 182-550-4650 "Full cost" public hospital certified public expenditure (CPE) payment program.

Hearing Location(s): On April 23, 2024, at 10:00 a.m. The health care authority (HCA) holds public hearings virtually without a physical meeting place. To attend the virtual public hearing, you must register in advance [https://us02web.zoom.us/webinar/register/WN\\_JTdON\\_X4TTW-icgTnUcj8Q](https://us02web.zoom.us/webinar/register/WN_JTdON_X4TTW-icgTnUcj8Q). If the link above opens with an error message, please try using a different browser. After registering, you will receive a confirmation email containing information about joining the public hearing.

Date of Intended Adoption: April 24, 2024.

Submit Written Comments to: HCA Rules Coordinator, P.O. Box 42716, Olympia, WA 98504-2716, email [arc@hca.wa.gov](mailto:arc@hca.wa.gov), fax 360-586-9727, by April 23, 2024, by 11:59 p.m.

Assistance for Persons with Disabilities: Contact Johanna Larson, phone 360-725-1349, fax 360-586-9727, telecommunication[s] relay service 711, email [Johanna.larson@hca.wa.gov](mailto:Johanna.larson@hca.wa.gov), by April 12, 2024.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: HCA is amending this rule to add clarifying language to subsection (5)(c). HCA is adding that if the state's applicable federal medical assistance percentage (FMAP) is zero percent, the amount derived in subsection (5)(b) is multiplied by the lowest Washington state specific medicaid FMAP in effect at the time of claim payment.

Reasons Supporting Proposal: See purpose.

Statutory Authority for Adoption: RCW 41.05.021, 41.05.160.

Statute Being Implemented: RCW 41.05.021, 41.05.160.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: HCA, governmental.

Name of Agency Personnel Responsible for Drafting: Valerie Freudenstein, P.O. Box 42716, Olympia, WA 98504-2716, 360-725-1344; Implementation and Enforcement: Abby Cole, 626 8th Avenue S.E., Olympia, WA 98504, 360-725-1835.

A school district fiscal impact statement is not required under RCW 28A.305.135.

A cost-benefit analysis is not required under RCW 34.05.328. RCW 34.05.328 does not apply to HCA rules unless requested by the joint administrative rules review committee or applied voluntarily.

This rule proposal, or portions of the proposal, is exempt from requirements of the Regulatory Fairness Act because the proposal:

Is exempt under RCW 19.85.025(4).

Scope of exemption for rule proposal:

Is fully exempt.

March 20, 2024  
Wendy Barcus  
Rules Coordinator

OTS-5238.1

AMENDATORY SECTION (Amending WSR 22-09-079, filed 4/20/22, effective 5/21/22)

**WAC 182-550-4650 "Full cost" public hospital certified public expenditure (CPE) payment program.** (1) The medicaid agency's "full cost" public hospital certified public expenditure (CPE) inpatient payment program provides payments to participating government-operated hospitals based on the "full cost" of covered medically necessary services and requires the expenditure of local funds in lieu of state funds to qualify for federal matching funds. The agency's inpatient payments to participating hospitals equal the federal matching amount for allowable costs. The agency uses the ratio of costs-to-charges (RCC) method described in WAC 182-550-4500 to determine "full cost."

(2) To be eligible for the "full cost" public hospital CPE payment program, the hospital must be:

(a) Operated by a public hospital district in the state of Washington, not certified by the department of health (DOH) as a critical access hospital, and has not chosen to opt-out of the CPE payment program as allowed in subsection (6) of this section;

(b) Harborview Medical Center; or

(c) University of Washington Medical Center.

(3) Payments made under the inpatient CPE payment program are limited to medically necessary services provided to medical assistance clients eligible for inpatient hospital services.

(4) Each hospital described in subsection (2) of this section is responsible to provide certified public expenditures as the required state match for claiming federal medicaid funds.

(5) The agency determines the initial payment for inpatient hospital services under the CPE payment program by:

(a) Multiplying the hospital's medicaid RCC by the covered charges (to determine allowable costs), then;

(b) Subtracting the client's responsibility and any third party liability (TPL) from the amount derived in (a) of this subsection, then;

(c) Multiplying the state's federal medical assistance percentage (FMAP) by the amount derived in (b) of this subsection. If the state's applicable FMAP is zero percent, the amount derived in (b) of this subsection is multiplied by the lowest Washington state-specific medicaid FMAP in effect at the time of claim payment.

(6) A hospital may opt-out of the inpatient CPE payment program if the hospital:

(a) Meets the criteria for the inpatient rate enhancement under RCW 74.09.5225; or

(b) Is not eligible for public hospital disproportionate share hospital (PHDSH) payments under WAC 182-550-5400.

(7) To opt-out of the inpatient CPE payment program, the hospital must submit a written request to opt-out to the agency's chief financial officer by July 1st in order to be effective for January 1st of the following year.

(8) Hospitals participating in the inpatient CPE payment program must complete the applicable CPE medicaid cost reports as described in WAC 182-550-5410 for the inpatient fee-for-service cost settlements.