

## WSR 22-22-051

## PROPOSED RULES

## HEALTH CARE AUTHORITY

[Filed October 27, 2022, 2:14 p.m.]

Original Notice.

Preproposal statement of inquiry was filed as WSR 22-11-060.

Title of Rule and Other Identifying Information: WAC 182-550-3830  
Adjustments to inpatient rates.

Hearing Location(s): On December 6, 2022, at 10:00 a.m. In response to the coronavirus disease 2019 (COVID-19) public health emergency, the health care authority (HCA) continues to hold public hearings virtually without a physical meeting place. This promotes social distancing and the safety of the residents of Washington state. To attend the virtual public hearing, you must register in advance [https://us02web.zoom.us/webinar/register/WN\\_ap92iSBET3y1jnHyL4hUig](https://us02web.zoom.us/webinar/register/WN_ap92iSBET3y1jnHyL4hUig). 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: December 7, 2022.

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 December 6, 2022, 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 November 18, 2022.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The agency is amending WAC 182-550-3830 to align with ESSB 5693 by extending the rate for an additional year and adding language for an additional increased rate for providers who take single bed certifications. Language was also updated for readability.

Reasons Supporting Proposal: See purpose.

Statutory Authority for Adoption: ESSB 5693, section 211(52), chapter 297, Laws of 2022; RCW 41.05.021, 41.05.160.

Rule is necessary because of state court decision, ESSB 5693, section 211(52), chapter 297, Laws of 2022.

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: Melissa Craig, P.O. Box 55687, Olympia, WA 98504-5687, 360-725-0938.

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(3) as the rule content is explicitly and specifically dictated by statute; and rules set or adjust fees under the authority of RCW 19.02.075 or that set or adjust fees or rates pursuant to legislative standards, including fees set or adjusted under the authority of RCW 19.80.045.

Scope of exemption for rule proposal:

Is fully exempt.

October 27, 2022  
Wendy Barcus  
Rules Coordinator

**OTS-4151.1**

AMENDATORY SECTION (Amending WSR 22-03-008, filed 1/6/22, effective 2/6/22)

**WAC 182-550-3830 Adjustments to inpatient rates.** (1) The medic-aid agency updates all of the following components of a hospital's specific diagnosis-related group (DRG) factor and per diem rates at rebase:

- (a) Wage index adjustment;
- (b) Direct graduate medical education (DGME); and
- (c) Indirect medical education (IME).

(2) Effective January 1, 2015, the agency updates the sole community hospital adjustment.

(3) The agency does not update the statewide average DRG factor between rebasing periods, except:

(a) To satisfy the budget neutrality conditions in WAC 182-550-3850; and

(b) When directed by the legislature.

(4) The agency updates the wage index to reflect current labor costs in the core-based statistical area (CBSA) where a hospital is located. The agency:

(a) Determines the labor portion by multiplying the base factor or rate by the labor factor established by medicare; then

(b) Multiplies the amount in (a) of this subsection by the most recent wage index information published by the Centers for Medicare and Medicaid Services (CMS) when the rates are set; then

(c) Adds the nonlabor portion of the base rate to the amount in (b) of this subsection to produce a hospital-specific wage adjusted factor.

(5) DGME. The agency obtains DGME information from the hospital's most recently filed medicare cost report that is available in the CMS health care cost report information system (HCRIS) dataset.

(a) The hospital's medicare cost report must cover a period of (~~twelve~~) 12 consecutive months in its medicare cost report year.

(b) If a hospital's medicare cost report is not available on HCRIS, the agency may use the CMS Form 2552-10 to calculate DGME.

(c) If a hospital has not submitted a CMS medicare cost report in more than (~~eighteen~~) 18 months from the end of the hospital's cost reporting period, the agency considers the current DGME costs to be zero.

(d) The agency calculates the hospital-specific DGME by dividing the DGME cost reported on worksheet B, part 1 of the CMS cost report by the adjusted total costs from the CMS cost report.

(6) IME. The agency sets the IME adjustment equal to the "IME adjustment factor for Operating PPS" available in the most recent CMS final rule impact file on CMS's website as of May 1st of the rate-setting year.

~~(7) ((The agency considers an in-state hospital to qualify for a rate enhancement if all of the following conditions apply. The hospital must:~~

~~(a-)) Sole community hospitals.~~

~~(a) For sole community hospitals' rate enhancements, the agency multiplies an in-state hospital's specific conversion factor and per diem rates by a multiplier if the hospital meets all the following criteria per RCW 74.09.5225:~~

~~(i) Be certified by CMS as a sole community hospital as of January 1, 2013;~~

~~((b)) (ii) Have a level III adult trauma service designation from the Washington state department of health (DOH) as of January 1, 2014;~~

~~((c)) (iii) Have less than ((one hundred fifty)) 150 acute care licensed beds in fiscal year 2011;~~

~~((d)) (iv) Be owned and operated by the state or a political subdivision; and~~

~~((e)) (v) Not participate in the certified public expenditures (CPE) payment program defined in WAC 182-550-4650(;~~

~~(f) Accept single bed certification patients as of July 1, 2021, according to RCW 71.05.745.~~

~~(8) If an in-state hospital qualifies for the rate enhancement in subsection (7) of this section, effective:~~

~~(a) January 1, 2015, through June 30, 2018, the agency multiplies the hospital's specific conversion factor and per diem rates by 1.25.~~

~~(b) July 1, 2018, through June 30, 2023, the agency multiplies the hospital's specific conversion factor and per diem rates by 1.50.~~

~~(c) July 1, 2023, the agency multiplies the hospital's specific conversion factor and per diem rates by 1.25).~~

~~(b) As of July 1, 2021, an additional increase is applied for hospitals that accept single bed certifications per RCW 71.05.745.~~

<b>Enhancement Multiplier by Year</b>				
<b>Provider Category</b>	<b>Effective For the Dates</b>			
	<u>07/01/2015 - 06/30/2020</u>	<u>07/01/2020 - 06/30/2021</u>	<u>07/01/2021 - 06/30/2022</u>	<u>07/01/2022 - 06/30/2023</u>
<u>Sole community hospital</u>	<u>1.25</u>	<u>1.5</u>	<u>N/A</u>	<u>1.25</u>
<u>Sole community hospital accepting single bed certifications</u>	<u>N/A</u>	<u>N/A</u>	<u>1.5</u>	<u>1.5</u>

[Statutory Authority: RCW 41.05.021, 41.05.160 and 2021 c 334 §§ 211(46) and 215(66). WSR 22-03-008, § 182-550-3830, filed 1/6/22, effective 2/6/22. Statutory Authority: RCW 41.05.021, 41.05.160, and 2019 c 415 § 211(14). WSR 20-01-075, § 182-550-3830, filed 12/11/19, effective 1/11/20. Statutory Authority: RCW 41.05.021 and 41.05.160. WSR 18-09-022, § 182-550-3830, filed 4/11/18, effective 5/12/18; WSR 15-10-014, § 182-550-3830, filed 4/23/15, effective 5/24/15; WSR 14-22-003, § 182-550-3830, filed 10/22/14, effective 11/22/14.]