

## WSR 25-04-090

## PROPOSED RULES

## DEPARTMENT OF HEALTH

[Filed February 3, 2025, 4:45 p.m.]

Supplemental Notice to WSR 24-22-090.

Preproposal statement of inquiry was filed as WSR 24-15-024.

Title of Rule and Other Identifying Information: Hospital financial data reporting; reviewing the accounting and reporting manual requirements for the uniform, hospital, financial reporting system. Supplemental filing to correct a clerical error when filing original proposal. Without change to the original proposal, the department of health (department) is refileing the proposed amendments to chapter 246-454 WAC to simplify existing rules regarding the uniform system for hospitals for accounting, financial reporting, budgeting, and cost allocation. The department is also refileing the proposal without change from the original proposed amendments to update outdated language within chapter 246-454 WAC, and two sections of Hospitals—Assessments and related reports, WAC 246-451-010 and 246-451-050.

Hearing Location(s): On March 11, 2025, at 10:00 a.m. Register in advance for this webinar at [https://us02web.zoom.us/webinar/register/WN\\_ECUL0k0jRcG6wz\\_slm2UUQ](https://us02web.zoom.us/webinar/register/WN_ECUL0k0jRcG6wz_slm2UUQ).

After registering, you will receive a confirmation email containing information about joining the webinar.

Date of Intended Adoption: March 12, 2025.

Submit Written Comments to: Carrie Baranowski, Department of Health, P.O. Box 47853 Olympia, WA 98504-7853, <https://fortress.wa.gov/doh/policyreview/>, beginning the date and time of this filing, by March 11, 2025, at 11:59 p.m.

Assistance for Persons with Disabilities: Contact Carrie Baranowski, phone 360-236-4210, TTY 711, email [HOS@doh.wa.gov](mailto:HOS@doh.wa.gov), by February 25, 2025.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: The purpose of this supplemental proposal is to correct a filing error; not all of the paperwork was correctly filed. The department is proposing no additional changes to the original filing.

The purpose of the original proposal was to eliminate confusion for hospitals required to report financial data. Instructions for the uniform system for hospital financial reporting are provided to hospitals within the *Washington State Department of Health Accounting and Reporting Manual for Hospitals* (accounting manual). Both the accounting manual and requirements in WAC 246-454-020, 246-454-090, and 246-454-110 contain separate, and competing update and distribution processes. Without change the original proposal the department proposes removing references to the accounting manual from rules, including repealing WAC 246-454-020, 246-454-090, and 246-454-110, to eliminate the outdated processes in favor of maintaining the updated, current practice described in the accounting manual.

In addition, the department continues to propose the same amendments to WAC 246-451-010, 246-451-050, and chapter 246-454 WAC to modernize rules by updating or eliminating RCW and WAC references that have been repealed and to bring the rules up to date with best practice and current practice.

Reasons Supporting Proposal: The department is filing this supplemental filing to reconcile a clerical error. This proposal required two documents to be filed with the CR-102 (proposed rule making) form

because two separate chapters of rule are being amended. Both documents identifying the specific sections of rule that were proposed for change were not filed with the code reviser. Although the CR-102 (proposed rule making) form clearly identified the sections of rule that were proposed for amendment, and were presented to interested parties as proposed changes, legally all proposed rule language must also be filed with the code reviser.

Without change the reason supporting the original proposal stands. E2SHB 1272, which initiated this rule making, strives to increase transparency in hospital financial data. The bill requires the department to revise the uniform, hospital financial reporting system to further delineate hospital expenses and revenue, and monies received by federal, state, or local government in response to national or state-declared emergencies. Instructions for hospital financial reporting are provided by the department in the accounting manual, which has been updated to comply with the new requirements.

The intent of hospital financial data is to bring clarity and transparency to costs associated with health care. The proposed amendments have not changed and as originally proposed eliminate competing processes and update out-of-date references which provide greater clarity and reduces confusion of reporting requirements for hospital financial data reporters. Rule making is necessary to create rules that are clear, accurate, and implement E2SHB 1272.

Statutory Authority for Adoption: RCW 43.70.052 and E2SHB 1272 (chapter 162, Laws of 2021).

Statute Being Implemented: E2SHB 1272.

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

Name of Proponent: Department of health, governmental.

Name of Agency Personnel Responsible for Drafting, Implementation, and Enforcement: Carrie Baranowski, 111 Israel Road, Tumwater, WA 98504, 360-236-4210.

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. The rule proposal is exempt from a cost-benefit analysis under RCW 34.05.328 (5)(b)(iv) as the proposed rules only correct typographical errors by fixing outdated citations and clarify language of a rule without changing its effect by removing language that is no longer applicable and including amendments that reflect current practices for hospital financial reporting.

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 rules only correct typographical errors, make address or name changes, or clarify language of a rule without changing its effect.

Explanation of exemptions: The proposal is exempt as it clarifies the language of a rule without changing its effect, corrects typographical errors including incorrect citations, and removes language that is no longer applicable or accurate.

Scope of exemption for rule proposal:

Is fully exempt.

February 3, 2025  
Kristin Peterson, JD  
Chief of Policy  
for Jessica Todorovich, MS

**OTS-5860.1**

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-451-010 Definitions.** As used in this chapter, unless the context requires otherwise,

(1) "Department" shall mean the Washington state department of health created by chapter 43.70 RCW.

(2) "Hospital" shall mean any health care institution which is required to qualify for a license under ~~((RCW 70.41.020(2)))~~ chapter 70.41 RCW; or as a ~~((psychiatric))~~ behavioral health hospital under chapter 71.12 RCW.

(3) "Gross operating costs" shall mean the sum of direct operating expenses required to be reported in ~~((cost centers 6000-8999, as specified in the manual adopted under WAC 246-454-020))~~ the year-end report submitted pursuant to WAC 246-454-050 or, if the year-end report was not submitted, the quarterly report submitted pursuant to WAC 246-454-070 for the same period of time.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-451-050 Reporting of information.** For the purpose of calculating the assessment, the department will use the most recent year-end report submitted pursuant to WAC 246-454-050 or, if the year-end report was not submitted, the quarterly report submitted pursuant to WAC 246-454-070 for the same period of time.

**OTS-5861.1**

**Chapter 246-454 WAC  
HOSPITALS—~~((SYSTEM OF ACCOUNTING<sub>7</sub>))~~ FINANCIAL REPORTING ~~((<sub>7</sub> BUDGETING,  
COST ALLOCATION))~~**

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-001 Purpose.** This chapter is adopted by the Washington state department of health pursuant to ~~((implement the provisions of RCW 70.170.100 and 43.70.050 regarding the establishment of a~~

~~uniform system of accounting, financial reporting, budgeting and cost allocation for hospitals in Washington state. This system shall be utilized by each hospital to record and report to the department its revenues, expenses, other income, other outlays, assets and liabilities, and units of service and to submit information, as may be required by the department, pertaining to the total financial needs of the hospital and the resources available or expected to become available to meet such needs)) RCW 43.70.052 and 43.70.053 relating to uniform reporting of data elements identifying each hospital's revenues, expenses, contractual allowances, charity care, bad debt, other income, total units of inpatient and outpatient services, and other financial and employee compensation information.~~

AMENDATORY SECTION (Amending WSR 19-01-108, filed 12/18/18, effective 1/18/19)

**WAC 246-454-010 Definitions.** The definitions in this section apply throughout the chapter unless the context clearly requires otherwise.

(1) "Department" means the Washington state department of health created by chapter 43.70 RCW.

(2) "Hospital" means any health care institution which is required to qualify for a license under chapter 70.41 RCW; or as a ((psychiatric)) behavioral health hospital under chapter 71.12 RCW.

~~((3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals*, third edition adopted under WAC 246-454-020.~~

~~(4) "System of accounts" means the list of accounts, code numbers, definitions, units of measure, and principles and concepts included in the manual.)~~

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-050 Submission of year-end report.** (1) Each hospital annually shall file its year-end report with the department within ((one hundred twenty)) 120 days after the close of its fiscal year in the form and manner specified ((in the manual: Provided, however,)) by the department. The ((one hundred twenty)) 120-day period may be extended up to and including an additional ((sixty)) 60 days upon submission of adequate justification to the department. If 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 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)) form and manner specified by the department, and fairly state the financial position of the hospital as of the specified date. The department 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.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-070 Submission of quarterly reports.** Each hospital shall submit a quarterly summary utilization and financial report within (~~forty-five~~) 45 days after the end of each calendar quarter. The quarterly report shall contain that information specified by the department and shall be submitted in the form and manner specified by the department.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-080 Alternative system of financial reporting.** Upon receipt of a request in detail to the satisfaction of the department, the department in its discretion may approve an alternative system for reporting of information under WAC (~~(246-454-030 or)~~) 246-454-050 or 246-454-070 by a hospital for such period(s) or portion thereof as the department 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)~~) specified by the department.

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 246-454-020	Adoption and establishment of uniform system.
WAC 246-454-090	Modifications of uniform system.
WAC 246-454-110	Uniformly applicable interpretive rulings and minor manual modifications.
WAC 246-454-120	Penalties for violation.