

Multiple Agency Fiscal Note Summary

Bill Number: 5103 SB	Title: Medicaid patients/discharge
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Estimated Cash Receipts

Agency Name	2023-25			2025-27			2027-29		
	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	0	0	11,318,000	0	0	11,318,000	0	0	11,318,000
Total \$	0	0	11,318,000	0	0	11,318,000	0	0	11,318,000

Estimated Operating Expenditures

Agency Name	2023-25				2025-27				2027-29			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Washington State Health Care Authority	.0	5,266,000	5,266,000	16,584,000	.0	5,266,000	5,266,000	16,584,000	.0	5,266,000	5,266,000	16,584,000
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	5,266,000	5,266,000	16,584,000	0.0	5,266,000	5,266,000	16,584,000	0.0	5,266,000	5,266,000	16,584,000

Estimated Capital Budget Expenditures

Agency Name	2023-25			2025-27			2027-29		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Washington State Health Care Authority	.0	0	0	.0	0	0	.0	0	0
Department of Social and Health Services	.0	0	0	.0	0	0	.0	0	0
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

Estimated Capital Budget Breakout

Prepared by: Breann Boggs, OFM	Phone: (360) 485-5716	Date Published: Final
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Individual State Agency Fiscal Note

Bill Number: 5103 SB	Title: Medicaid patients/discharge	Agency: 107-Washington State Health Care Authority
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-Federal 001-2	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000
Total \$	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	2,633,000	2,633,000	5,266,000	5,266,000	5,266,000
General Fund-Federal 001-2	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000
Total \$	8,292,000	8,292,000	16,584,000	16,584,000	16,584,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Julie Tran	Phone: 360-786-7283	Date: 01/09/2023
Agency Preparation: Lena Johnson	Phone: 360-725-5295	Date: 01/13/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 01/13/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 01/16/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Please see attached narrative.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

Please see attached narrative.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
001-1	General Fund	State	2,633,000	2,633,000	5,266,000	5,266,000	5,266,000
001-2	General Fund	Federal	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000
Total \$			8,292,000	8,292,000	16,584,000	16,584,000	16,584,000

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	8,292,000	8,292,000	16,584,000	16,584,000	16,584,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	8,292,000	8,292,000	16,584,000	16,584,000	16,584,000

III. C - Operating FTE Detail: FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

HCA Fiscal Note

Bill Number: 5103 SB

HCA Request #: 23-018

Part II: Narrative Explanation

AN ACT Relating to payment to acute care hospitals for difficult to discharge Medicaid patients who do not need acute care but who are waiting in the hospital to be appropriately and timely discharged to post-acute and community settings; and amending RCW 74.09.520.

II. A - Brief Description of What The Measure Does That Has Fiscal Impact

Section 1(12)(a) requires the authority and department, subject to the availability of amounts appropriated, to require or provide payment to the hospital for any day of a hospital stay in which a patient enrolled in medical assistance, including home and community services and meets the criteria in (i) through (iii)

Section 1(12)(b) requires the Washington State Health Care Authority (HCA) to make changes to its administrative day rate calculation. Currently, the administrative day rate is the statewide average weighted rate for nursing facilities as set by the Department of Social Health and Services.

This bill requires the payment methodology to change to at least 70 percent of direct cost.

II. B - Cash Receipts Impact

Fiscal impacts associated Section 1(12)(b) would be eligible for Federal Financial Participation (FFP).

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	5,659,000	5,659,000	5,659,000	5,659,000	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000
Totals	\$ 5,659,000	\$ 5,659,000	\$ 5,659,000	\$ 5,659,000	\$ 5,659,000	\$ 5,659,000	\$ 11,318,000	\$ 11,318,000	\$ 11,318,000

II. C – Expenditures

HCA requests \$8,292,000 (\$2,633,000 GFS) in the 2023-25 Biennium.

HCA estimates that the change in admin day rate methodology described in Section 1(12)(b) would result in a fiscal impact.

The current administrative day rate is \$338.91. HCA compared this rate to rates based on 70 percent of billed charges consistent with Section 1(12)(b). In general, the rates based on 70 percent of billed charges were larger than the current daily administrative day rate. However, in 41 percent of billings, the new methodology would result in lower reimbursement.

II. C - Operating Budget Expenditures

Account	Account Title	Type	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
001-1	General Fund	State	2,633,000	2,633,000	2,633,000	2,633,000	2,633,000	2,633,000	5,266,000	5,266,000	5,266,000
001-C	General Fund	Medicaid	5,659,000	5,659,000	5,659,000	5,659,000	5,659,000	5,659,000	11,318,000	11,318,000	11,318,000
Totals			\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 16,584,000	\$ 16,584,000	\$ 16,584,000

II. C - Expenditures by Object Or Purpose

	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
N Grants, Benefits & Client Services	8,292,000	8,292,000	8,292,000	8,292,000	8,292,000	8,292,000	16,584,000	16,584,000	16,584,000
Totals	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 16,584,000	\$ 16,584,000	\$ 16,584,000

II. C - Expenditures By Program (optional)

Program	FY-2024	FY-2025	FY-2026	FY-2027	FY-2028	FY-2029	2023-25	2025-27	2027-29
200 - HCA - Other	8,292,000	8,292,000	8,292,000	8,292,000	8,292,000	8,292,000	16,584,000	16,584,000	16,584,000
Totals	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 8,292,000	\$ 16,584,000	\$ 16,584,000	\$ 16,584,000

HCA Fiscal Note

Bill Number: 5103 SB

HCA Request #: 23-018

In aggregate, the difference between the current administrative day rate and a rate based on 70 percent of billed charges was an additional \$8.3 million in allowed amounts for both fee-for service and managed care. These amounts assume:

- No changes to who qualifies for the administrative day rate.
- No changes to other allowed charges during the post-acute stay. Only the daily charge was included. Additional services that are currently non-covered would remain non-covered.
- The bill did not address pharmaceuticals paid during the sub-acute stay. Pharmaceuticals are currently paid at 100 percent of cost so no impact was modeled and no reduction to these payments was assumed.
- The rate methodology described in Section 1(12)(b) applies to hospitals licensed under RCW 70.41 and 71.12.
- Rates based on 70 percent of billed charges were calculated as billed minus non-covered charges times hospital specific ratio of cost to charges for Washington state hospitals and then multiplied that by .70.

The fiscal impact of any systems changes would need further analysis and is not included above.

Although HCA has used the assumptions articulated above to calculate a fiscal impact the bill is unclear in two key areas. Specifically:

- 1) whether Section 1(12) only applies to hospitals licensed under RCW 70.41 or if it also applies to hospitals licensed under 71.12.
- 2) if the direct costs in Section 1(12)(b) include the room and board only or if it also includes all services billed during the sub-acute stay.

Part IV: Capital Budget Impact

None.

Part V: New Rule Making Required

None.

Individual State Agency Fiscal Note

Bill Number: 5103 SB	Title: Medicaid patients/discharge	Agency: 300-Department of Social and Health Services
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Julie Tran	Phone: 360-786-7283	Date: 01/09/2023
Agency Preparation: Mitchell Close	Phone: 3600000000	Date: 01/14/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 01/14/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 01/16/2023

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1 of the bill creates a requirement that the Healthcare Authority (HCA) and the Department of Social and Health Services (DSHS) require or provide payment to the hospital subject to availability of funds. DSHS does not have contracts with the hospitals and does not make payments to hospitals because hospital payments are under the medical portion of Medicaid administered by HCA. The assumption is HCA will be responsible for establishing the methodology and making any additional payments to hospitals.

If it is determined that DSHS is required to make payments to hospitals, funds would need to be transferred from HCA to DSHS for this purpose. In addition, DSHS would need additional staff to implement the new process of payments to hospitals since this would be new work for DSHS.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.