

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5103 S SB	<b>Title:</b> 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	15,906,000	0	0	21,208,000	0	0	21,208,000
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.								
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>15,906,000</b>	<b>0</b>	<b>0</b>	<b>21,208,000</b>	<b>0</b>	<b>0</b>	<b>21,208,000</b>

Agency Name	2023-25		2025-27		2027-29	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	Fiscal note not available					
Local Gov. Total						

## 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	7,400,000	7,400,000	23,306,000	.0	9,866,000	9,866,000	31,074,000	.0	9,866,000	9,866,000	31,074,000
Washington State Health Care Authority	In addition to the estimate above, there are additional indeterminate costs and/or savings. Please see individual fiscal note.											
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>7,400,000</b>	<b>7,400,000</b>	<b>23,306,000</b>	<b>0.0</b>	<b>9,866,000</b>	<b>9,866,000</b>	<b>31,074,000</b>	<b>0.0</b>	<b>9,866,000</b>	<b>9,866,000</b>	<b>31,074,000</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## 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
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

Agency Name	2023-25			2025-27			2027-29		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	Fiscal note not available								
Local Gov. Total									

## Estimated Capital Budget Breakout

<b>Prepared by:</b> Breann Boggs, OFM	<b>Phone:</b> (360) 485-5716	<b>Date Published:</b> Preliminary 2/15/2023
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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5103 S SB	<b>Title:</b> Medicaid patients/discharge	<b>Agency:</b> 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	5,302,000	10,604,000	15,906,000	21,208,000	21,208,000
<b>Total \$</b>	5,302,000	10,604,000	15,906,000	21,208,000	21,208,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### Estimated Operating Expenditures from:

Account	FY 2024	FY 2025	2023-25	2025-27	2027-29
General Fund-State 001-1	2,467,000	4,933,000	7,400,000	9,866,000	9,866,000
General Fund-Federal 001-2	5,302,000	10,604,000	15,906,000	21,208,000	21,208,000
<b>Total \$</b>	7,769,000	15,537,000	23,306,000	31,074,000	31,074,000

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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: 02/08/2023
Agency Preparation: Lena Johnson	Phone: 360-725-5295	Date: 02/10/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/10/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/15/2023

## 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.

### 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	2,467,000	4,933,000	7,400,000	9,866,000	9,866,000
001-2	General Fund	Federal	5,302,000	10,604,000	15,906,000	21,208,000	21,208,000
<b>Total \$</b>			<b>7,769,000</b>	<b>15,537,000</b>	<b>23,306,000</b>	<b>31,074,000</b>	<b>31,074,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

### 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	7,769,000	15,537,000	23,306,000	31,074,000	31,074,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>7,769,000</b>	<b>15,537,000</b>	<b>23,306,000</b>	<b>31,074,000</b>	<b>31,074,000</b>

In addition to the estimates above, there are additional indeterminate costs and/or savings. Please see discussion.

**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)

Program	FY 2024	FY 2025	2023-25	2025-27	2027-29
200 - HCA - OTHER (200)	7,769,000	15,537,000	23,306,000	31,074,000	31,074,000
<b>Total \$</b>	<b>7,769,000</b>	<b>15,537,000</b>	<b>23,306,000</b>	<b>31,074,000</b>	<b>31,074,000</b>

## **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 SSB

HCA Request #: 23-124

## 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

This Substitute bill adds to Section 1(12)(a) that 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 **or with a Medicaid managed care organization** 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 Substitute bill changes the requirement of the payment methodology from at least 70 percent of direct cost to **\$700 per day. The authority shall adopt rules identifying which services are included in this rate and which services may be billed separately, including specific revenue codes or services required on the inpatient claim.**

### 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	5,302,000	10,604,000	10,604,000	10,604,000	10,604,000	10,604,000	15,906,000	21,208,000	21,208,000
<b>Totals</b>	<b>\$ 5,302,000</b>	<b>\$ 10,604,000</b>	<b>\$ 10,604,000</b>	<b>\$ 10,604,000</b>	<b>\$ 10,604,000</b>	<b>\$ 10,604,000</b>	<b>\$ 15,906,000</b>	<b>\$ 21,208,000</b>	<b>\$ 21,208,000</b>

### II. C – Expenditures

HCA requests \$23,306,000 (\$7,400,000 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 an indeterminate fiscal impact.

**Implementation of the requirements of this substitute bill cannot be enacted until January 1, 2024, due to managed care rate setting. The first-year cost assumptions are figured using a half year analysis. There is no effective date in the bill, so the assumption is that it would take effect 90 days after passage and that is not possible.**

#### Effect:

- Increases Administrative Day Rate from the average skilled nursing facility rate to \$700 per day.
- Adds that allowable medically necessary services performed for a patient awaiting discharge shall be billed by and paid to the hospital separately from the daily rate.
- Clarifies that pharmacy services and pharmaceuticals shall be billed and paid separately.
- Clarifies that the requirements for billing and payment for inpatient care remain unchanged.
- Directs HCA to adopt rules to establish uniform processes for managed care organizations (MCO) with regard to the administrative day rate.

# HCA Fiscal Note

Bill Number: 5103 SSB

HCA Request #: 23-124

- Replaces “placement” with “discharge” and broadens discharge location to include any appropriate placement location.
- Requires HCA to adopt rules defining which services are included in the administrative day rate and which services may be billed separately.

The current administrative day rate is \$338.91. HCA compared this rate to the new per diem rate of \$700 consistent with Section 1(12)(b).

**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	2,467,000	4,933,000	4,933,000	4,933,000	4,933,000	4,933,000	7,400,000	9,866,000	9,866,000
001-C	General Fund	Medicaid	5,302,000	10,604,000	10,604,000	10,604,000	10,604,000	10,604,000	15,906,000	21,208,000	21,208,000
<b>Totals</b>			<b>\$ 7,769,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 23,306,000</b>	<b>\$ 31,074,000</b>	<b>\$ 31,074,000</b>

**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	7,769,000	15,537,000	15,537,000	15,537,000	15,537,000	15,537,000	23,306,000	31,074,000	31,074,000
<b>Totals</b>		<b>\$ 7,769,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 23,306,000</b>	<b>\$ 31,074,000</b>	<b>\$ 31,074,000</b>

**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	7,769,000	15,537,000	15,537,000	15,537,000	15,537,000	15,537,000	23,306,000	31,074,000	31,074,000
<b>Totals</b>		<b>\$ 7,769,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 15,537,000</b>	<b>\$ 23,306,000</b>	<b>\$ 31,074,000</b>	<b>\$ 31,074,000</b>

In aggregate, the difference between the current administrative day rate and a new per diem rate of \$700 was at least an additional \$15.5 million (\$4.9 million GF-S) in allowed amounts for both fee-for service and managed care. Additional funds would be required to reimburse hospitals for ancillary services that are not currently paid. This amount is indeterminate. These amounts assume:

- No changes to who qualifies for the administrative day rate.
- The bill did not address changes to 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 the new per diem of \$700.
- 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 three key areas. Specifically:

- Whether Section 1(12) only applies to hospitals licensed under RCW 70.41 or if it also applies to hospitals licensed under 71.12.
- What services are allowed to be paid separately from the administrative day rate.
- If the bill is contingent on receiving CMS approval.

## Part IV: Capital Budget Impact

None.

## Part V: New Rule Making Required

None.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5103 S SB	<b>Title:</b> Medicaid patients/discharge	<b>Agency:</b> 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.
- 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: 02/08/2023
Agency Preparation: Mitchell Close	Phone: 3600000000	Date: 02/13/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/13/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/13/2023



## 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.*