

Multiple Agency Fiscal Note Summary

Bill Number: 5103 S 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	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.								
Total \$	0	0	15,906,000	0	0	21,208,000	0	0	21,208,000

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	Non-zero but indeterminate cost and/or savings. Please see discussion.					
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
Total \$	0.0	7,400,000	7,400,000	23,306,000	0.0	9,866,000	9,866,000	31,074,000	0.0	9,866,000	9,866,000	31,074,000

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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
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
Total \$	0.0	0	0	0.0	0	0	0.0	0	0

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	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Local Gov. Total									

Estimated Capital Budget Breakout

Prepared by: Breann Boggs, OFM	Phone: (360) 485-5716	Date Published: Final 2/18/2023
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Individual State Agency Fiscal Note

Bill Number: 5103 S 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	5,302,000	10,604,000	15,906,000	21,208,000	21,208,000
Total \$	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
Total \$	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
Total \$			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.

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-					
Total \$	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.

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
Total \$	7,769,000	15,537,000	23,306,000	31,074,000	31,074,000

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
Totals	\$ 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

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
Totals			\$ 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

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
Totals		\$ 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

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
Totals		\$ 7,769,000	\$ 15,537,000	\$ 15,537,000	\$ 15,537,000	\$ 15,537,000	\$ 23,306,000	\$ 31,074,000	\$ 31,074,000

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

Bill Number: 5103 S 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.
- 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.

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5103 S SB

Title: Medicaid patients/discharge

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- Cities:
- Counties:
- Special Districts: Public hospitals would generate more revenue from qualified stays; public hospitals may have to increase administrative capacity to meet increased demand
- Specific jurisdictions only:
- Variance occurs due to:

Part II: Estimates

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Amount of revenue generated from increased daily rate of qualified stays; cost of increasing administrative capacity of public hospitals to meet increased billing demand

Estimated revenue impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Estimated expenditure impacts to:

Non-zero but indeterminate cost and/or savings. Please see discussion.

Part III: Preparation and Approval

Fiscal Note Analyst: Brandon Rountree	Phone: (360) 999-7103	Date: 02/17/2023
Leg. Committee Contact: Julie Tran	Phone: 360-786-7283	Date: 02/08/2023
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 02/17/2023
OFM Review: Breann Boggs	Phone: (360) 485-5716	Date: 02/18/2023

Part IV: Analysis

A. SUMMARY OF BILL

Description of the bill with an emphasis on how it impacts local government.

Overview: This bill would make three primary changes to RCW 74.09.520:

- Directs the Health Care Authority (HCA) and the Department of Social and Health Services to require or provide payment to the hospital at a rate of \$700 per day for any day of a hospital stay for a patient that meets certain qualifications (Sec. 1 (12) (b)).
- Permits allowable medically necessary services performed for a patient awaiting discharge to be billed by and paid to the hospital separately from the daily rate (Sec. 1 (12) (c)).

Sec. 1: (12) (b) Establishes a rate of \$700 per day for any day of a hospital stay for a patient that meets certain qualifications in (a) of this sub section.

(12) (c) Establishes that allowable medically necessary services performed for a patient awaiting discharge must be billed by and paid to the hospital separately from the daily rate.

B. SUMMARY OF EXPENDITURE IMPACTS

Expenditure impacts of the legislation on local governments with the expenditure provisions identified by section number and when appropriate, the detail of expenditures. Delineated between city, county and special district impacts.

This legislation would have an indeterminate expenditures impact on local governments. The increase in payment for qualified stays would not increase public hospital expenditures because the administrative billing process is already in place for taking payment from the Washington state Health Care Authority (HCA) for qualified stays. However, separating the payment for allowable medically necessary services, pharmacy services, and pharmaceuticals from the bill for qualified stays would increase local hospital expenditures because it would increase the number of bills generated from a qualified stay.

Commerce is unable to project the potential increase in public hospital expenditures because there is a wide variance in separate bills generated from qualified stays and each public hospital does not have the same administrative capacity.

C. SUMMARY OF REVENUE IMPACTS

Revenue impacts of the legislation on local governments, with the revenue provisions identified by section number, and when appropriate, the detail of revenue sources. Delineated between city, county and special district impacts.

This legislation would have an indeterminate revenue impact on local governments. The Washington state Health Care Authorities (HCA) current daily rate for a stay is \$338.91 and this legislation would increase it by \$361.09 to \$700 a day. However, there is no way to project the potential increase in revenue because the amount of administrative days paid out by the HCA annually is unknown.

Sources:

Washington State Health Care Authority

Washington State Hospital Association

Senate Bill Report, SSB 5103, Health & Long Term Care Committee