

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 5532 S SB	<b>Title:</b> Small rural hospital payment
-------------------------------	--

## 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	1,524,000	0	0	2,032,000	0	0	2,032,000
<b>Total \$</b>	<b>0</b>	<b>0</b>	<b>1,524,000</b>	<b>0</b>	<b>0</b>	<b>2,032,000</b>	<b>0</b>	<b>0</b>	<b>2,032,000</b>

## 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	389,000	389,000	1,913,000	.0	518,000	518,000	2,550,000	.0	518,000	518,000	2,550,000
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>389,000</b>	<b>389,000</b>	<b>1,913,000</b>	<b>0.0</b>	<b>518,000</b>	<b>518,000</b>	<b>2,550,000</b>	<b>0.0</b>	<b>518,000</b>	<b>518,000</b>	<b>2,550,000</b>

## 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>

## Estimated Capital Budget Breakout

NONE

**Prepared by:** Jason Brown, OFM

**Phone:**

(360) 742-7277

**Date Published:**

Final 2/22/2023

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5532 S SB	<b>Title:</b> Small rural hospital payment	<b>Agency:</b> 107-Washington State Health Care Authority
-------------------------------	--	---

## 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	508,000	1,016,000	1,524,000	2,032,000	2,032,000
<b>Total \$</b>	508,000	1,016,000	1,524,000	2,032,000	2,032,000

### Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
<b>Account</b>					
General Fund-State 001-1	130,000	259,000	389,000	518,000	518,000
General Fund-Federal 001-2	508,000	1,016,000	1,524,000	2,032,000	2,032,000
<b>Total \$</b>	638,000	1,275,000	1,913,000	2,550,000	2,550,000

### 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: Sandy Stith	Phone: 786-7710	Date: 02/15/2023
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 02/17/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 02/17/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 02/18/2023

## 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.

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.

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.

See attached narrative.

## 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	130,000	259,000	389,000	518,000	518,000
001-2	General Fund	Federal	508,000	1,016,000	1,524,000	2,032,000	2,032,000
<b>Total \$</b>			<b>638,000</b>	<b>1,275,000</b>	<b>1,913,000</b>	<b>2,550,000</b>	<b>2,550,000</b>

### 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	638,000	1,275,000	1,913,000	2,550,000	2,550,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>638,000</b>	<b>1,275,000</b>	<b>1,913,000</b>	<b>2,550,000</b>	<b>2,550,000</b>

**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.*

See attached narrative.

# HCA Fiscal Note

Bill Number: 5532 SSB

HCA Request #: 23-139

## Part II: Narrative Explanation

5532 SSB amends RCW 74.09.5225 to provide enhanced payment to hospitals with a high percentage of Medicaid days that do not meet the federally eligibility requirements as a critical access hospital, provides an effective date and declares an emergency.

The substitute bill makes no changes from S-1158.1 bill.

\*\*\*\*\*

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

Section 2(4) states beginning July 1, 2023 payments for acute care services shall be made based on allowable costs incurred when services are provided by a hospital that:

- a) Is not currently designated as critical access hospital and does not meet current federal eligibility requirements for designation as critical access hospital;
- b) Has Medicaid inpatient days greater than 50 percent of all hospital inpatient days as reported on the hospital's most recently filed Medicare cost report with the state; and
- c) Is located on the land of a federally recognized Indian tribe.

### II. B - Cash Receipts Impact

The Health Care Authority (HCA) assumes that the fiscal impact associated with the cost-based reimbursements for acute care services at these hospitals would be eligible for Federal Medical Assistance Percentage (FMAP). HCA estimates an average FMAP of 79.7 percent. These estimates represent the difference between payments in State Fiscal Year (SFY) 2022 and payments repriced to 100% of cost based on the hospitals' most recently calculated ratio of cost to charges (RCC). The hospital specific RCC is calculated annually using their most recently submitted Medicare cost reports.

#### II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	508,000	1,016,000	1,524,000	2,032,000	2,032,000
<b>Totals</b>	<b>\$ 508,000</b>	<b>\$ 1,016,000</b>	<b>\$ 1,524,000</b>	<b>\$ 2,032,000</b>	<b>\$ 2,032,000</b>

### II. C – Expenditures

Fiscal impact.

Section 2(4) of the proposed bill requires HCA to change the payment methodology to cost-based reimbursements for acute care services at hospitals that have a percentage of Medicaid days to total days of more than 50 percent. The bill requires HCA to change its methodology and rate effective July 1, 2023. The bill would apply to Toppenish Hospital as of January 2023. HCA will need to change the payment methodology depending on the hospital's percentage of Medicaid days, and update managed care rates.

HCA is unable to implement the change in payment methodology effective July 1, 2023. HCA would not have time to incorporate these changes into the mid-year managed care rate update. These changes would be incorporated into managed care rates January 1, 2024. Fiscal year 2024 represents 6 months of expenditures and fiscal year 2025 represents 12 months of expenditures.

The administrative impacts of the rate setting, and rules changes can be absorbed using existing resources.

# HCA Fiscal Note

Bill Number: 5532 SSB

HCA Request #: 23-139

HCA requests \$1,913,000 (\$389,000 GF-S) in the 2023-25 biennium to implement Section 2(4) of this bill.

**By Fund:**

**II. C - Operating Budget Expenditures**

Account	Account Title	Type	FY-2024	FY-2025	2023-25	2025-27	2027-29
001-1	General Fund	State	130,000	259,000	389,000	518,000	518,000
001-C	General Fund	Medicaid	508,000	1,016,000	1,524,000	2,032,000	2,032,000
<b>Totals</b>			<b>\$ 638,000</b>	<b>\$ 1,275,000</b>	<b>\$ 1,913,000</b>	<b>\$ 2,550,000</b>	<b>\$ 2,550,000</b>

**By Object:**

**II. C - Expenditures by Object Or Purpose**

		FY-2024	FY-2025	2023-25	2025-27	2027-29
N	Grants, Benefits & Client Services	638,000	1,275,000	1,913,000	2,550,000	2,550,000
<b>Totals</b>		<b>\$ 638,000</b>	<b>\$ 1,275,000</b>	<b>\$ 1,913,000</b>	<b>\$ 2,550,000</b>	<b>\$ 2,550,000</b>

**Part IV: Capital Budget Impact**

None

**Part V: New Rule Making Require**

State Plan will need to be updated to allow for change in payment methodology. Washington Administrative Code will need to be updated to document processes for change in payment methodology.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 5532 S SB	<b>Title:</b> Small rural hospital payment	<b>Agency:</b> 300-Department of Social and Health Services
-------------------------------	--	---

## 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: Sandy Stith	Phone: 786-7710	Date: 02/15/2023
Agency Preparation: Seth Nathan	Phone: 360-902-0001	Date: 02/17/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/17/2023
OFM Review: Robyn Williams	Phone: (360) 704-0525	Date: 02/20/2023



## 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.*

This bill creates a program allowing certain small, rural hospitals to receive enhanced payments for Medicare services. It also creates a similar reimbursement system for the state's Medicaid program for small, rural, low-volume hospitals, in order to promote long-term financial viability.

The Department of Social and Health Services (DSHS) does not currently make payments for rural hospitals, and no impact to caseloads or department workload is anticipated, therefore no fiscal impact is anticipated.

### 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.*