

Multiple Agency Fiscal Note Summary

Bill Number: 5532 2S SB	Title: Small rural hospital payment
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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	4,506,000	0	0	5,958,000	0	0	4,469,000
Total \$	0	0	4,506,000	0	0	5,958,000	0	0	4,469,000

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	2,064,000	2,064,000	6,570,000	.0	2,802,000	2,802,000	8,760,000	.0	2,101,000	2,101,000	6,570,000
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	2,064,000	2,064,000	6,570,000	0.0	2,802,000	2,802,000	8,760,000	0.0	2,101,000	2,101,000	6,570,000

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

NONE

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Individual State Agency Fiscal Note

Bill Number: 5532 2S SB	Title: Small rural hospital payment	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	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000
Total \$	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
Account					
General Fund-State 001-1	663,000	1,401,000	2,064,000	2,802,000	2,101,000
General Fund-Federal 001-2	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000
Total \$	2,190,000	4,380,000	6,570,000	8,760,000	6,570,000

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: 02/24/2023
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 03/01/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 03/01/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 03/02/2023

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	663,000	1,401,000	2,064,000	2,802,000	2,101,000
001-2	General Fund	Federal	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000
Total \$			2,190,000	4,380,000	6,570,000	8,760,000	6,570,000

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	2,190,000	4,380,000	6,570,000	8,760,000	6,570,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	2,190,000	4,380,000	6,570,000	8,760,000	6,570,000

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.

See attached narrative.

HCA Fiscal Note

Bill Number: 5532 2SSB

HCA Request #: 23-166

Part II: Narrative Explanation

5532 2SSB 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 the following changes from the last version:

- Sec 2 (4) changes methodology from cost-based to a percentage increase from published fee schedule, and adds an expiration date of December 31, 2028.

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

Section 2(4) states beginning January 1, 2024 through December 31, 2028 payments for acute care services shall be increased to 120 percent of the hospital's fee-for-service rate for inpatient services and 200 percent of the hospital's fee-for-service rate for outpatient services when services are provided by a hospital that:

- Is not currently designated as critical access hospital and does not meet current federal eligibility requirements for designation as critical access hospital;
- 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
- 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 payments for services at this hospital would be eligible for Federal Medical Assistance Percentage (FMAP). HCA estimates an average FMAP of 68.2 percent. These estimates represent the difference between payments in State Fiscal Year (SFY) 2022 and payments repriced at 120 percent for inpatient and 200 percent for outpatient.

II. B - Estimated Cash Receipts to:

ACCOUNT	FY-2024	FY-2025	2023-25	2025-27	2027-29
General Fund-Medicaid 001-C	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000
Totals	\$1,527,000	\$ 2,979,000	\$ 4,506,000	\$ 5,958,000	\$ 4,469,000

II. C – Expenditures

Fiscal impact.

Section 2(4) of the proposed bill requires HCA to change the payment methodology for 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 January 1, 2024. The bill would apply to Toppenish Hospital as of January 2023. HCA will need to change the payments to be 120 percent for Apple Health fee schedule for inpatient care and 200 percent of Apple Health fee schedule for outpatient care, and update managed care rates. Long-civil commitment claims have not been analyzed or considered for increase.

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 2SSB

HCA Request #: 23-166

HCA requests \$6,570,000 (\$2,064,000 GF-S) in 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	663,000	1,401,000	2,064,000	2,802,000	2,101,000
001-C	General Fund	Medicaid	1,527,000	2,979,000	4,506,000	5,958,000	4,469,000
Totals			\$2,190,000	\$ 4,380,000	\$ 6,570,000	\$ 8,760,000	\$ 6,570,000

By Object:

II. C - Expenditures by Object Or Purpose

		FY-2024	FY-2025	2023-25	2025-27	2027-29
N	Grants, Benefits & Client Services	2,190,000	4,380,000	6,570,000	8,760,000	6,570,000
Totals		\$2,190,000	\$ 4,380,000	\$ 6,570,000	\$ 8,760,000	\$ 6,570,000

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

Bill Number: 5532 2S SB	Title: Small rural hospital payment	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: Sandy Stith	Phone: 786-7710	Date: 02/24/2023
Agency Preparation: Seth Nathan	Phone: 360-902-0001	Date: 02/27/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 02/27/2023
OFM Review: Arnel Blancas	Phone: (360) 000-0000	Date: 02/27/2023

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.