

Multiple Agency Fiscal Note Summary

Bill Number: 5532 2S SB AMH APP H1884.1	Title: Small rural hospital payment
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Estimated Cash Receipts

NONE

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	0	0	0	.0	0	0	0	.0	0	0	0
Department of Social and Health Services	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total \$	0.0	0	0	0	0.0	0	0	0	0.0	0	0	0

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

Prepared by: Jason Brown, OFM	Phone: (360) 742-7277	Date Published: Final 4/11/2023
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Individual State Agency Fiscal Note

Bill Number: 5532 2S SB AMH APP H1884.1	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:

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: Meghan Morris	Phone: 360-786-7119	Date: 04/07/2023
Agency Preparation: Hanh OBrien	Phone: 360-725-1447	Date: 04/11/2023
Agency Approval: Catrina Lucero	Phone: 360-725-7192	Date: 04/11/2023
OFM Review: Jason Brown	Phone: (360) 742-7277	Date: 04/11/2023

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

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.

HCA Fiscal Note

Bill Number: 5532 2SSB AMH APP H1884.1

HCA Request #: 23-239

Part II: Narrative Explanation

5532 2SSB AMH APP H1884.1 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 current bill makes the following changes from the previous version:

- Sec 2(4) changes implementation date for increased hospital reimbursement rates from January 1, 2024 to July 1, 2024.
- New section 4 adds this act expires on the date that the federal centers for Medicare and Medicaid services (CMS) approves the Hospital Safety Net Program as established in statute and as amended by 1850 SHB.
- New section 5 adds if specific funding for the purposes of this act is not provided by June 30, 2023, in the omnibus appropriations act, this act is null and void.

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

Section 2(4) states beginning July 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:

- 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.

New section 4 adds this act expires on the date that CMS approves the Hospital Safety Net Program as established in statute and as amended by Substitute House Bill (SHB) 1850, Laws of 2023.

New section 5 adds if specific funding for the purposes of this act is not provided by June 30, 2023, in the omnibus appropriations act, this act is null and void.

II. B - Cash Receipts Impact

None

II. C – Expenditures

No 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 July 1, 2024. The bill would apply to Toppenish Hospital as of January 2023.

New section 4 adds this act expires on the date that CMS approves the Hospital Safety Net Program as established in statute and as amended by Substitute House Bill (SHB) 1850, Laws of 2023. HCA assumes that CMS will approve the Hospital Safety Net Program effective January 1, 2024, therefore, this act will expire before section 2(4) implementation date July 1, 2024 for increased hospital reimbursement rate. The Hospital Safety Net Program will increase payments at Toppenish Hospital. If the Hospital Safety Net program amended by SHB 1850 does not get approved, the fiscal impact would

HCA Fiscal Note

Bill Number: 5532 2SSB AMH APP H1884.1

HCA Request #: 23-239

be \$4,380,000 (\$1,401,000 GF-S) annually in fiscal years 2025 through 2028, and \$2,190,000 (\$700,000 GF-S) in fiscal year 2029.

Part IV: Capital Budget Impact

None

Part V: New Rule Making Require

None

Individual State Agency Fiscal Note

Bill Number: 5532 2S SB AMH APP H1884.1	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:

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- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: Meghan Morris	Phone: 360-786-7119	Date: 04/07/2023
Agency Preparation: Seth Nathan	Phone: 360-902-0001	Date: 04/10/2023
Agency Approval: Dan Winkley	Phone: 360-902-8236	Date: 04/10/2023
OFM Review: Arnel Blancas	Phone: (360) 000-0000	Date: 04/10/2023

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.