

SENATE BILL REPORT

SHB 2289

As of April 20, 2005

Title: An act relating to hospital efficiencies.

Brief Description: Limiting hospital participation for medical assistance programs.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Sommers and Cody).

Brief History: Passed House: 4/19/05, 55-43.

Committee Activity:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program. Through the program, the federal Centers for Medicare and Medicaid Services use a cost-based approach to reimburse certain rural hospitals for services provided to federal Medicare clients. This program, after certifying that a hospital meets the specified eligibility criteria, provides the hospital with a higher rate of reimbursement than is otherwise paid under Medicare.

A similar reimbursement system was established in 2001 for the state's Medicaid and other medical assistance programs. Under the program, hospitals certified as meeting critical access standards established by the Department of Health are reimbursed for all costs incurred in providing services provided to persons enrolled in Department of Social and Health Services medical assistance programs.

Washington currently has 37 hospitals certified as critical access hospitals. There is concern that the program has expanded beyond its original intent of targeting small rural hospitals, and is contributing to health care cost inflation.

Summary of Bill: A moratorium is placed on additional hospitals receiving reimbursement based on allowable costs as a critical access hospital for services provided to medical assistance clients. Hospitals that have applied for certification prior to January 1, 2005, will, if certified, be eligible for the allowable costs-based medical assistance reimbursement.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.