
Appropriations Committee

SSB 5859

Brief Description: Providing enhanced payment to small rural hospitals that meet the criteria of a sole community hospital.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Braun, Hatfield, Holmquist Newbry and Hargrove).

Brief Summary of Substitute Bill

- Requires the Health Care Authority to increase reimbursement rates by 25 percent for public hospitals federally designated as "sole community hospitals" with fewer than 150 beds.

Hearing Date: 3/1/14

Staff: Erik Cornellier (786-7116).

Background:

Medical Assistance.

Medical assistance is available to eligible low-income state residents and their families from the Health Care Authority (HCA), primarily through the Medicaid program. Most of the state medical assistance programs are funded with matching federal funds in various percentages. Federal funding for the Medicaid program is conditioned on the state having an approved Medicaid state plan and related state laws to enforce the plan. Coverage is provided through fee-for-service (FFS) and managed care systems.

Sole Community Hospitals.

The federal government designates hospitals as "sole community hospitals" (SCHs) if they meet certain criteria based on rural location, size, or distance from other hospitals. There are five hospitals in Washington that are federally designated as SCHs. These are Grays Harbor Community Hospital in Aberdeen, Olympic Medical Center in Port Angeles, Providence

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Centralia in Centralia, Samaritan Healthcare in Moses Lake, and PeaceHealth St. Joseph in Bellingham.

Hospitals designated as SCHs can receive increased Medicare payment rates based on federally specified criteria. Currently these five hospitals receive enhanced payment rates from Medicare and do not receive enhanced payment rates from Medicaid.

Certified Public Expenditure Program.

The Certified Public Expenditure program is a hospital payment methodology that applies to public hospitals, including government-owned and operated hospitals that are not designated as Critical Access or state psychiatric hospitals. This program allows public hospitals to certify their expenses as the state share in order to receive federal matching Medicaid funds.

Summary of Bill:

Beginning January 1, 2015, the HCA must increase Medicaid payment rates by 25 percent over fee-for-service rates for public hospitals that were designated as SCHs as of January 1, 2013, and have fewer than 150 acute care licensed beds as of fiscal year 2011. Hospitals participating in the Certified Public Expenditure program may not receive these increased reimbursement rates for inpatient services.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.