

---

SUBSTITUTE HOUSE BILL 1520

---

AS AMENDED BY THE SENATE

Passed Legislature - 2017 Regular Session

State of Washington

65th Legislature

2017 Regular Session

By House Appropriations (originally sponsored by Representatives Tharinger, Short, Cody, Schmick, and Springer)

READ FIRST TIME 02/24/17.

1 AN ACT Relating to allowing alternative payment methodologies for  
2 critical access hospitals participating in the Washington rural  
3 health access preservation pilot; amending RCW 74.09.5225 ; and  
creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 Sec. 1. RCW 74.09.5225 and 2016 sp.s. c 31 s 2 are each amended  
to read as follows:

8 (1) Payments for recipients eligible for medical assistance  
9 programs under this chapter for services provided by hospitals,  
10 regardless of the beneficiary's managed care enrollment status, shall  
11 be made based on allowable costs incurred during the year, when  
12 services are provided by a rural hospital certified by the centers  
13 for medicare and medicaid services as a critical access hospital  
14 unless the critical access hospital is participating in the  
15 Washington rural health access preservation pilot described in  
16 subsection (2)(b) of this section. Any additional payments made by  
17 the authority for the healthy options program shall be no more than  
18 the additional amounts per service paid under this section for other  
medical assistance programs.

20 (2)(a) Beginning on July 24, 2005, except as provided in (b) of  
21 this subsection, a moratorium shall be placed on additional hospital

1 participation in critical access hospital payments under this  
2 section. However, rural hospitals that applied for certification to  
3 the centers for medicare and medicaid services prior to January 1,  
4 2005, but have not yet completed the process or have not yet been  
5 approved for certification, remain eligible for medical assistance  
payments under this section.

7 (b)(i) The purpose of the Washington rural health access  
8 preservation pilot is to develop an alternative service and payment  
9 system to the critical access hospital authorized under section 1820  
10 of the social security act to sustain essential services in rural  
11 communities.

12 (ii) For the purposes of state law, any rural hospital approved  
13 by the department of health for participation in critical access  
14 hospital payments under this section that participates in the  
15 Washington rural health access preservation pilot identified by the  
16 state office of rural health and ceases to participate in critical  
17 access hospital payments may renew participation in critical access  
18 hospital associated payment methodologies under this section at any  
19 time.

20 (( (ii) )) (iii) The Washington rural health access preservation  
pilot is subject to the following requirements:

22 (A) In the pilot formation or development, the department of  
23 health, health care authority, and Washington state hospital  
24 association will identify goals for the pilot project before any  
hospital joins the pilot project;

26 (B) Participation in the pilot is optional and no hospital may be  
required to join the pilot;

28 (C) Before a hospital enters the pilot program, the health care  
29 authority must provide information to the hospital regarding how the  
30 hospital could end its participation in the pilot if the pilot is not  
31 working in its community; (( and-))

32 (D) Payments for services delivered by public health care service  
33 districts participating in the Washington rural health access  
34 preservation pilot to recipients eligible for medical assistance  
35 programs under this chapter must be based on an alternative, value-  
36 based payment methodology established by the authority. Subject to  
37 the availability of amounts appropriated for this specific purpose,  
38 the payment methodology must provide sufficient funding to sustain  
39 essential services in the areas served, including but not limited to  
40 emergency and primary care services. The methodology must adjust

1 payment amounts based on measures of quality and value, rather than  
2 volume. As part of the pilot, the health care authority shall  
3 encourage additional payers to use the adopted payment methodology  
4 for services delivered by the pilot participants to individuals  
insured by those payers;

6 (E) The department of health, health care authority, and  
7 Washington state hospital association will report interim progress to  
8 the legislature no later than December 1, 2018, and will report on  
9 the results of the pilot no later than six months following the  
10 conclusion of the pilot. The reports will describe any policy changes  
11 identified during the course of the pilot that would support small  
12 critical access hospitals ; and

13 (F) Funds appropriated for the Washington rural health access  
14 preservation pilot will be used to help participating hospitals  
15 transition to a new payment methodology and will not extend beyond  
16 the anticipated three-year pilot period.

17 (3)(a) Beginning January 1, 2015, payments for recipients  
18 eligible for medical assistance programs under this chapter for  
19 services provided by a hospital, regardless of the beneficiary's  
20 managed care enrollment status, shall be increased to one hundred  
21 twenty-five percent of the hospital's fee-for-service rates, when  
services are provided by a rural hospital that:

23 (i) Was certified by the centers for medicare and medicaid  
24 services as a sole community hospital as of January 1, 2013;

25 (ii) Had a level III adult trauma service designation from the  
department of health as of January 1, 2014;

27 (iii) Had less than one hundred fifty acute care licensed beds in  
fiscal year 2011; and

29 (iv) Is owned and operated by the state or a political  
30 subdivision.

31 (b) The enhanced payment rates under this subsection shall be  
32 considered the hospital's medicaid payment rate for purposes of any  
33 other state or private programs that pay hospitals according to  
medicaid payment rates.

35 (c) Hospitals participating in the certified public expenditures  
36 program may not receive the increased reimbursement rates provided in  
this subsection (3) for inpatient services.

38 NEW SECTION. Sec. 2. If specific funding for the purposes of  
39 this act, referencing this act by bill or chapter number, is not

CERTIFICATION OF ENROLLMENT  
SUBSTITUTE HOUSE BILL 1520

65th Legislature  
2017 Regular Session

Passed by the House April 13, 2017  
Yeas 96 Nays 0

\_\_\_\_\_  
Speaker of the House of Representatives

Passed by the Senate April 11, 2017  
Yeas 49 Nays 0

\_\_\_\_\_  
President of the Senate  
Approved

\_\_\_\_\_  
Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is SUBSTITUTE HOUSE BILL 1520 as passed by House of Representatives and the Senate on the dates hereon set forth.

\_\_\_\_\_  
Chief Clerk

FILED

Secretary of State  
State of Washington

1 provided by June 30, 2017, in the omnibus appropriations act, this act is null and void.

--- END ---

# OPEN PUBLIC MEETINGS ACT COMPLIANCE

---

- WSAGO issued a new opinion concluding that all governing board members may participate by conference/video phone if
  - Speaker phone/video is provided at designated meeting place
  - All participants, including members of public, are able to hear all discussion, provide testimony and otherwise be aware of any official action
- Continued focus on OPMA violations resulting from email, text, phone messaging and social media that may constitute a meeting