



HOSPITAL PROPOSED FEE INCREASES

Health Systems Quality Assurance

May 8, 2019

Objectives

- Share information with you about:
 - Current status of the hospital licensing program
 - The need for fee increases for acute care, psychiatric, and chemical dependency hospitals
- Respond to questions and hear your feedback

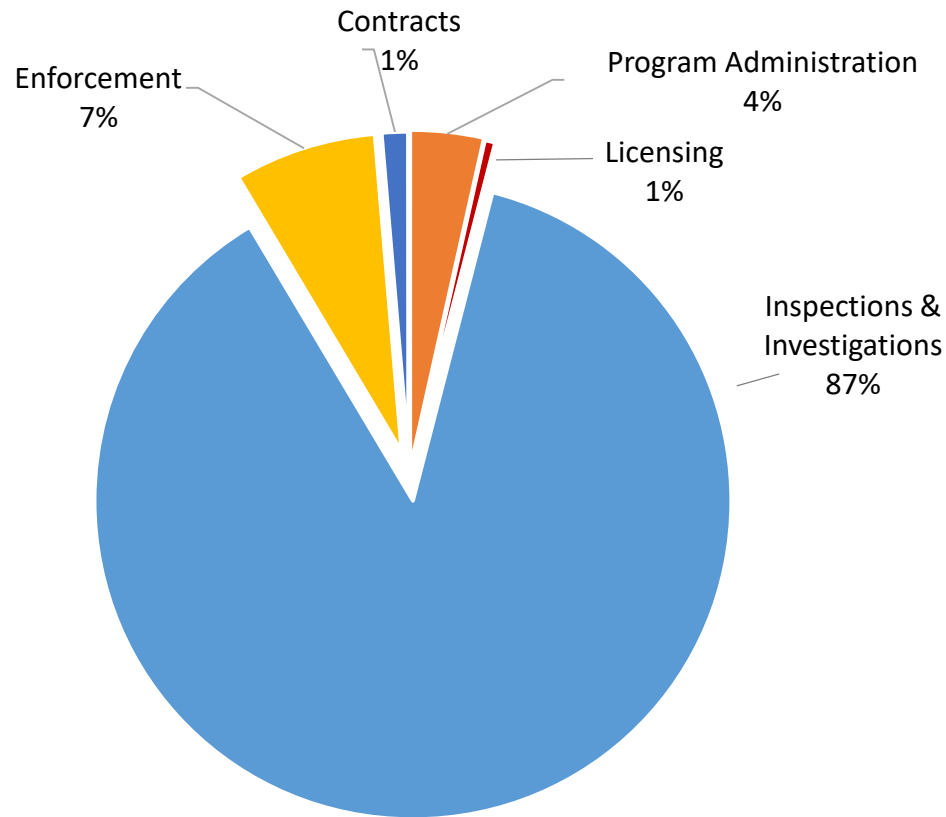
Hospitals in Washington

Currently 107 hospitals licensed in Washington:

- 96 acute care
\$138 per bed current fee - 14,465 total beds
- 9 psychiatric
\$85 per bed current fee – 723 total beds
- 2 chemical dependency
\$85 per bed current fee - 84 total beds

What hospital fees pay for

Hospital Program Cost Drivers (2014-2018)



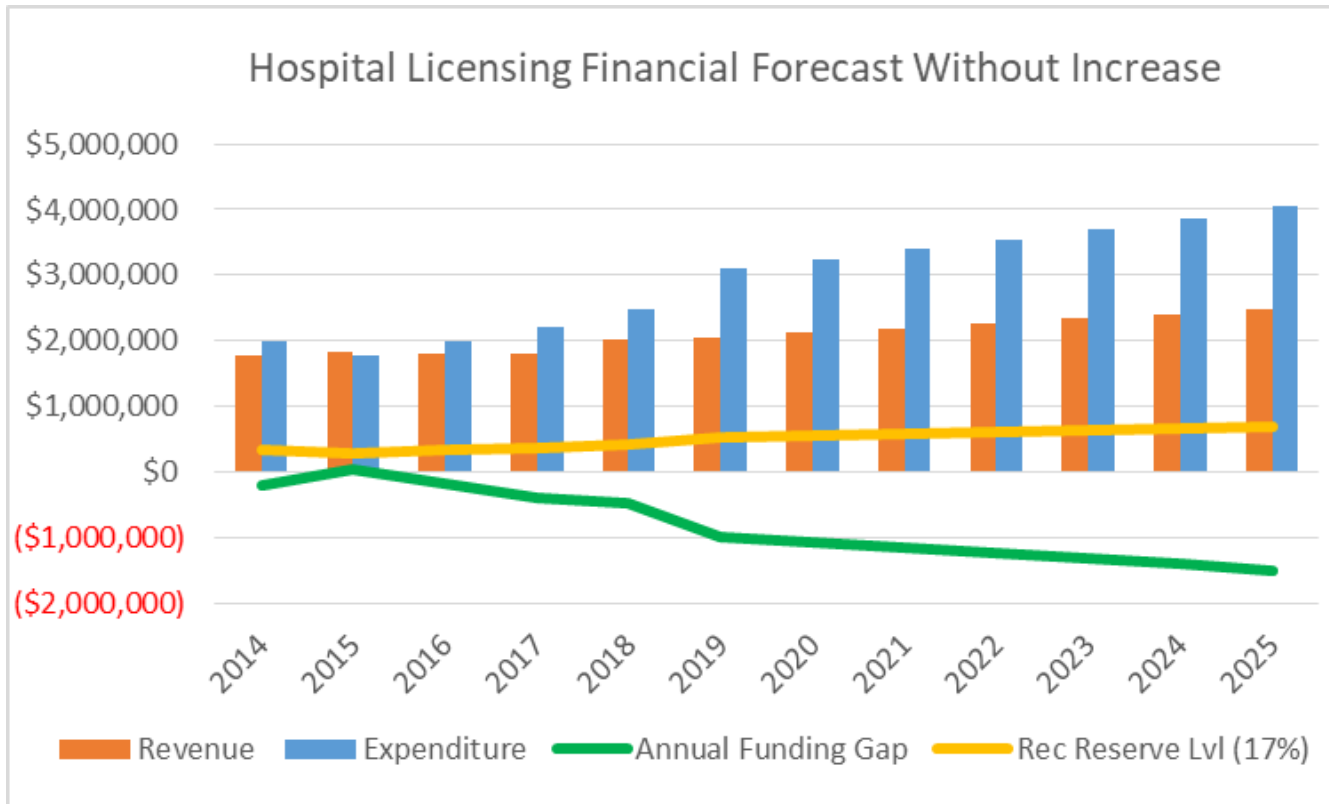
What hospitals pay for

Hospital Program Spending by Category					
Cost Categories	2014	2015	2016	2017	2018
Inspection & Investigation	\$1,697,258	\$1,516,926	\$1,727,725	\$1,965,040	\$2,223,537
Enforcement	\$145,964	\$162,152	\$164,607	\$152,047	\$128,934
Contracts	\$39,670	\$25,815	\$10,672	\$2,629	\$61,052
Administrative	\$88,762	\$62,882	\$88,760	\$72,920	\$53,249
Licensing	\$10,394	\$9,696	\$10,061	\$11,002	\$13,570
Total	\$1,982,048	\$1,777,471	\$2,001,825	\$2,203,637	\$2,480,342

Current financial status

- Costs have grown at an average rate of 12 percent per year over the last five years
- Current licensing fee revenue only covers about 66 percent of mandated activities
- Anticipated average annual funding gap of \$1 million
- State law requires the hospital licensing program to be fully supported by fees (RCW 43.70.250)

Financial forecast without fee increase



Factors leading to the funding gap

The cost of investigations and inspections are increasing due to the following factors:

- Reduced ability to do dual purpose investigations (state and Centers for Medicare and Medicaid Services) and split costs
- Increase in labor costs

Factors leading to the funding gap: labor costs

Hospital Program Labor Costs					
Cost Categories	2014	2015	2016	2017	2018
Salaries	1,181,054	1,045,191	1,163,865	1,331,282	1,506,548
Benefits	341,863	294,147	379,201	425,813	486,694
Total	1,522,917	1,339,338	1,543,066	1,757,095	1,993,242
Increase from previous FY		-12%	15%	14%	13%
Increase in labor costs from 2014 to 2018					31%

Department actions

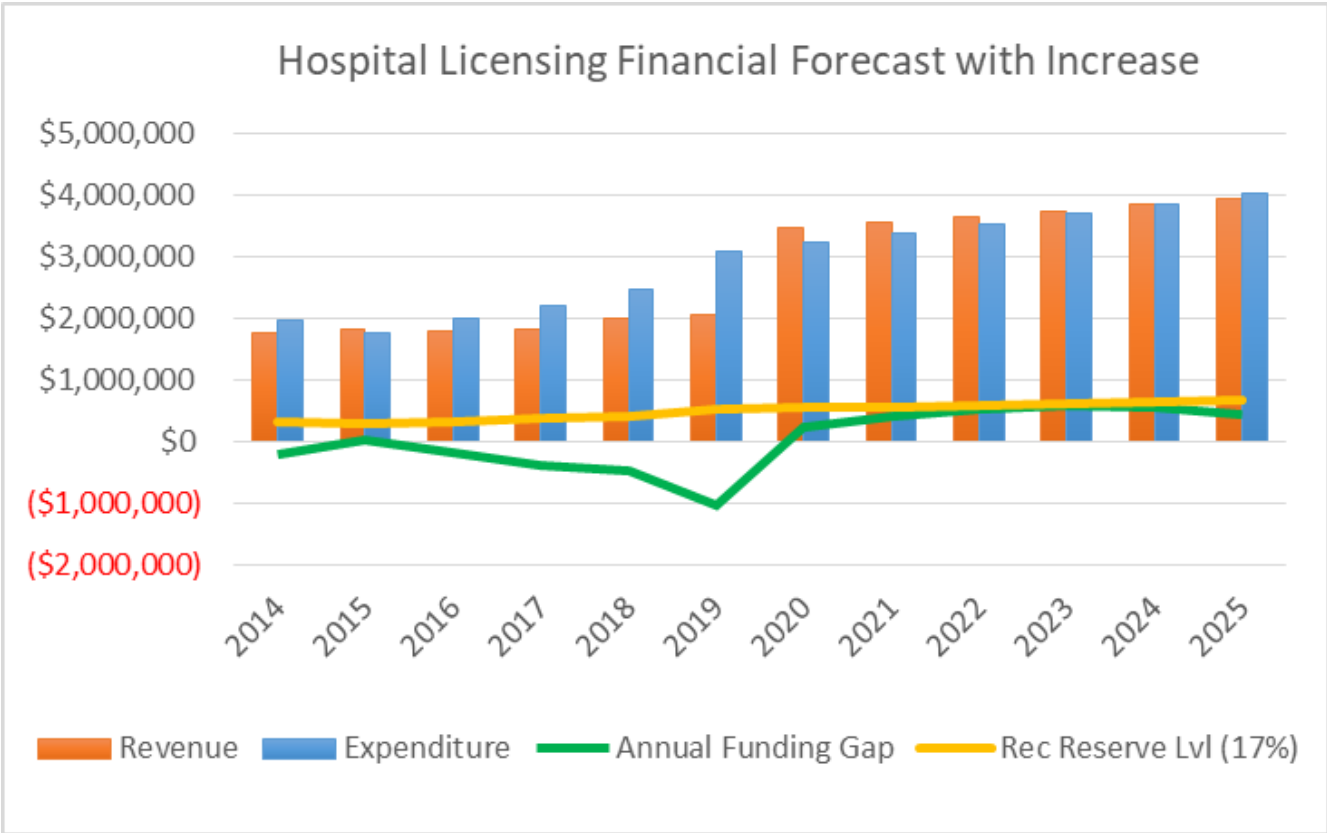
To help control expenditures, the department has:

- Restructured hospital inspection and investigation teams under a common manager
- Collaborated through a quality improvement project with the regulated community
- Developed inspection worksheets, available on our web site to allow more focused, consistent, and efficient visits

Proposed per bed hospital fee increases

Profession	Fee	Current	Proposed
Acute Care	Application & Annual Fee	\$138	\$220
Chemical Dependency	Application & Annual Fee	\$85	\$135
Psychiatric	Application & Annual Fee	\$85	\$135

Financial forecast with fee increase



Next steps

- File proposed fee increase rule and share with stakeholders - anticipated in late May
- Accept public input through written comments and public hearing – anticipated in May and June
- Consider comments and adopt final rule – anticipated in August
- Share final rule with stakeholders
- Anticipate October 1, 2019 effective date

Questions?



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