

# Legislative Summary & Policy Preview

2023







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Dear WSHA members,

After two legislative virtual legislative sessions, the Washington State Legislature returned to Olympia this January for the 2023 legislative session. We are pleased to report that it was largely positive for hospitals and health systems, with the biggest success being the enactment of the Hospital Safety Net Assessment bill. That law allows the state to use assessments paid by hospitals to draw down federal funds to support access to hospital and health care services for Medicaid enrollees. For many Washington hospitals, this will result in the first Medicaid payment rate increase in 20 years. The timing of this bill was critical, as Washington hospitals reported \$2.1 billion in operating losses over the course of 2022.

Early in the session, our team's primary focus was on SB 5236, which originally called for mandated nurse-to-patient ratios — established by the Department of Labor & Industries — statewide in hospitals at all times. The original bill also established a cap on mandatory on-call hours of 60 hours per month. After negotiating with union leaders, we agreed to a compromise bill that removed mandated ratios and the 60-hour on call cap. The compromise will create new significant reporting and compliance responsibilities for hospital staffing to address concerns raised by unions and some hospital staff, but we believe it ultimately preserves access to hospital care across the state.

We are also pleased to report that the Legislature passed SB 5499, which allows Washington State to join the interstate Nurse Licensure Compact, facilitating the ability of nurses who are licensed in other Compact states to practice in Washington. This is especially helpful for spouses of military members stationed in Washington and those living on the Idaho border (Idaho is a compact state). WSHA has advocated for years to join the Compact, and we are very pleased to see this bill pass the Legislature.

The Legislature's final budget funds multiple programs designed specifically to address the populations facing the most barriers to post-acute care placement and long-overdue increases to payment rates for Medicaid long-term care providers. The budget also focuses heavily on increases to behavioral health services and payment rates, including for children and youth. WSHA is very pleased it funds the children's partial hospitalization/intensive outpatient treatment program (PHP/IOP) Medicaid benefit that WSHA successfully advocated for in 2022. It also provides more than \$24 million in funding to programs designed to grow the state's health care workforce.

Looking ahead, WSHA's Government Affairs team's focus shifts to working to empower members to build legislative relationships, advocating during agency rulemaking and implementation of newly enacted laws, and planning for the next legislative session. We want to offer our sincerest thanks to our members who testified before lawmakers, participated in WSHA Advocacy Day and analyzed the impact of bills on hospital operations. Your effort is instrumental to our legislative successes!

In your service,

Chelene Whiteaker

WSHA Senior Vice President, Government Affairs

Julie Whiteaker

## WSHA's 2023 Legislative Priorities

WSHA advanced an ambitious legislative agenda in 2023, and we are pleased to report many wins. Most notable were:

- Our success in securing the passage of HB 1850, which modifies and expands the Hospital Safety Net Assessment Program.
- Our collaborative effort with members to reach a compromise on SB 5236, which prevented rigid hospital staffing ratios.
- Our success in stopping HB 1508, which, among other things, would have expanded the authority
  of the Health Care Cost Transparency Board to issue fines. The Board is still in its infancy and lacks
  reason to expand its authority.

Our other successes this session included:

# Ensure patients have health coverage and access throughout the care continuum before, during and after hospitalization.

• Develop and fund new behavioral health 23-hour crisis receiving centers. The Legislature passed SB 5120, which created the structure for the licensing and certification for organizations to establish 23-hour crisis facilities. The budget provided funding for operating behavioral health crisis facilities, which should include these facilities. However, they did not establish a specific payment model or rate for the 23-hour crisis facilities.

#### Ensure hospitals are stable institutions serving their communities, long into the future.

- Increase Hospital Safety Net Assessment Program (SNAP) payments to hospitals. The Legislature passed a bill allowing hospitals to tax themselves to draw down federal funding. The program requires no state funds to operate.
- Difficult to Discharge: Increase post-acute care funding for patients who are ready to be discharged. The Legislature passed a bill that standardizes administration of payments to hospitals for Medicaid patients that no longer need inpatient level

care and are waiting in the hospital to be discharged to an appropriate post-acute setting.

# Maintain flexibility for hospital operations while mitigating new burdensome and costly regulations.

- Protect Patient Safety & Access: Preserve flexibility in hospital staffing and support investments to retain and attract nurses. The Legislature passed two of WSHA's proactive Protect Patient Safety & Access bills, allowing the state to join the Nurse Licensure Compact and creating transparency among nurse traveler staffing agencies.
- Allow hospitals to continue to merge, affiliate and engage in business transactions. WSHA successfully opposed a bill that would have established a new state oversight of mergers, acquisitions or contracting affiliations between hospitals, health systems or provider organizations. This bill would have resulted in undue regulatory burden for hospitals.
- Ensure hospitals maintain their control in contract negotiations with insurance carriers. WSHA successfully opposed a bill that would have given greater leverage and control to insurance carriers in contract negotiations.

#### WSHA'S 2023 POLICY PRIORITIES

Leading up to each legislative session, WSHA members and the government affairs team identify the state policy and budget issues that are the most important to our hospitals, patients and communities. We are pleased to report that the state enacted crucial measures to support our health care community and the residents of our state.

Every year, we demonstrate our commitment to transparency in our legislative process by publishing our agenda and providing regular updates in Inside Olympia, which are both available on the WSHA website. The following reflects both our policy agenda and other critical issues that emerged during the 2023 legislative session.

BILL#	BILL DESCRIPTION	WSHA POSITION AND LEGISLATIVE OUTCOME	OVERALL FAVORABILITY FOR WSHA
	<b>oal:</b> Ensure patients have health coverage and access throughouring and after hospitalization.	out the care continu	um
HB 1263 / SB 5241	Concerning material changes to the operations and governance structure of participants in the health care marketplace. (Mergers and affiliations bill.)	Opposed; did not pass	•
HB 1580	Creating a system to support children in crisis.	Supported; passed	•
SB 5120	Establishing 23-hour crisis relief centers in Washington state.	Supported; passed	•
	oal: Ensure hospitals are stable institutions serving their common the future.	nunities,	
HB 1357	Modernizing the prior authorization process. The bill reduces the time period for carriers to respond to electronic prior authorization requests, requires carriers to adopt federal electronic transaction standards and report approval rates for high volume prescription drugs that require prior authorization.	Supported; passed	•
HB 1643 / SB 5498	Creating the nurse student loan repayment assistance program under the Washington health corps. This would have created a public/private partnership to fund student loan repayment assistance for all participating nurse employers.	Supported; did not pass	8
HB 1812	Continuing the Business and Occupation Tax deduction for federal funds received from a Medicaid transformation or demonstration project or Medicaid quality improvement program or standard.	Supported; passed	•

BILL#	BILL DESCRIPTION	WSHA POSITION AND LEGISLATIVE OUTCOME	OVERALL FAVORABILITY FOR WSHA
HB 1850	Concerning the Hospital Safety New Program. Modifies and expands existing program to provide additional funding for hospital Medicaid services. The program is funded by assessments paid by hospitals and federal match.	Supported; passed	•
SB 5066	<b>Concerning health care benefit managers.</b> The bill clarifies that health care benefit managers must file their contracts with carriers with the Office of the Insurance Commissioner.	Supported; passed	•
SB 5103	Concerning payment to acute care hospitals for difficult to discharge Medicaid patients. The bill authorizes separate payment for surgical and other services not included in the administrative day rate and requires standardization of Medicaid managed care organization administrative day payment processes.	Supported; passed	•
SB 5213	Concerning pharmacy benefit managers. The bill would have enabled regulation of pharmacy benefit managers as separate entities and put in place specific restrictions and requirements for pharmacy benefit managers.	Supported; did not pass	8
SB 5327	Concerning paying interns.	Opposed; did not pass	•
SB 5499	Joining the multistate nurse licensure compact. This bill allows Washington to join the other 39 jurisdictions in the multistate nurse licensure compact. It also requires nurse employers, including hospitals, to report information about nurses with out of state compact licenses to the Board of Nursing within 30 days of being hired.	Supported; passed	•
SB 5537	Establishing the Washington state hospital patient care unit staffing innovation collaborative. This bill provided an alternative to strict nurse-to-patient ratios and was partially incorporated into SB 5236.	Supported; did not pass	NEUTRAL
SB 5582	Increasing the supply of nurses by reducing barriers and expanding educational opportunities.	Supported; passed	•
	<b>Goal:</b> Maintain flexibility for hospital operations while mitigatin tly regulations.	g new burdensome	
HB 1035	Prohibiting health care entities from restricting the provision of certain health care services by health care providers.	Opposed; did not pass	<b>⊘</b>
HB 1155	Addressing the collection, sharing, and selling of consumer health data.	Neutral; passed	NEUTRAL

BILL#	BILL DESCRIPTION	WSHA POSITION AND LEGISLATIVE OUTCOME	OVERALL FAVORABILITY FOR WSHA
HB 1320 / SB 5061	<b>Concerning access to personnel records.</b> The bill would have required employers to provide an unredacted (with the exception of HIPAA information) personnel file upon request.	Opposed; did not pass	•
HB 1379 / SB 5393	Addressing affordability through health care provider contracting. The bill would have given insurers greater leverage and control of contract negotiations with hospitals.	Opposed; did not pass	•
HB 1434 / SB 5271	Protecting patients in facilities regulated by the department of health by establishing uniform enforcement tools.	Amended to neutral; did not pass	NEUTRAL
HB 1508 / SB 5519	Improving consumer affordability through the Health Care Cost Transparency Board.	Opposed; did not pass	•
SB 5236	Concerning hospital staffing standards. This is the negotiated compromise on nurse staffing. Rather than implementing strict nurse-to-patient ratios, this bill builds upon Washington's successful nurse staffing committee laws and adds compliance reporting and enforcement provisions.	Ammended to support; passed	•
SB 5351	Addressing the collection, sharing, and selling of consumer health data.	Opposed; did not pass	•
SB 5481	Concerning the uniform telemedicine act.	Amended to neutral; did not pass	NEUTRAL
SB 5519	Improving consumer affordability through the Health Care Cost Transparency Board.	Opposed; did not pass	•

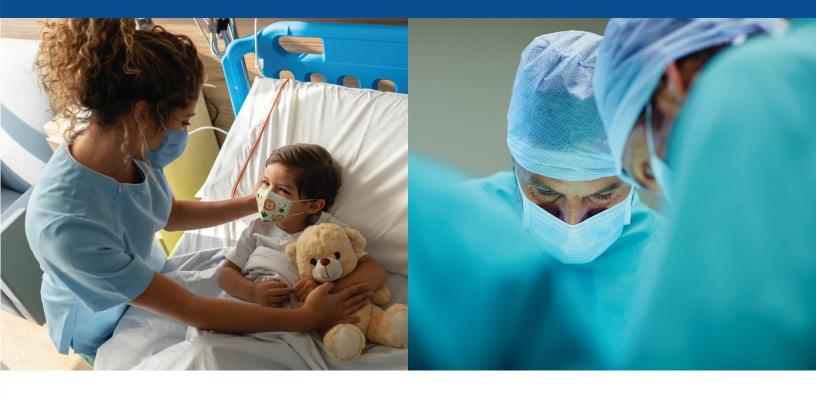


# WASHINGTON STATE HOSPITAL ASSOCIATION LEGISLATIVE SUMMARY AND POLICY PREVIEW 2023

#### **OTHER IMPORTANT BILLS**

WSHA's Government Affairs team tracks many health care bills to ensure that any new legislation supports access to high-quality care. Below are other bills that emerged during session that we worked on with members and partners.

BILL#	BILL DESCRIPTION	WSHA POSITION AND LEGISLATIVE OUTCOME	OVERALL FAVORABILITY FOR WSHA
HB 1073	<b>Concerning medical assistants.</b> For certain medical assistants, the bill extends the interim permit expiration, allows supervised work after application submission and expands the authorized duties.	Supported; passed	•
HB 1255	Reducing stigma and incentivizing health care professionals to participate in a substance use disorder monitoring and treatment program.	Neutral; did not pass	NEUTRAL
HB 1340	Providing disciplinary protection for participation in reproductive health care services or gender affirming treatment.	Neutral; passed	NEUTRAL
HB 1469	Protecting patient access, provider delivery and information related to reproductive health care services and genderaffirming treatment in Washington State. (Shield Law)	Neutral; passed	NEUTRAL
SB 5057	Creating a work group to evaluate the costs of the state energy performance standard for covered commercial buildings. This bill would have delayed the compliance date for Tier 1 commercial buildings under the Clean Buildings law by two years.	Supported; did not pass	8
SB 5454	Concerning industrial insurance coverage for post-traumatic stress disorders affecting registered nurses. This bill will add a presumption for direct care registered nurses that have been employed for at least 90 consecutive days in Washington, that post-traumatic stress disorder is an occupational disease for workers' compensation claims.	Amended to neutral; passed	NEUTRAL



## WSHA's 2023 Budget Priorities

Years of WSHA budget advocacy paid off this year. It was clear throughout session that legislators of both parties understood WSHA's Hospital Safety Net Assessment proposal would provide much needed funding for the state's Medicaid program without using state dollars, and patients who no longer have acute care needs deserve a better funded Medicaid long-term care system. Legislators also made significant investments in Medicaid-funded behavioral health programs.

The legislature spent over \$69 billion in the 2023-2025 operating budget, including about \$5 billion in new spending, while leaving \$3 billion in reserves.

#### **Top hospital and health system budget items** (in general order of priority)

Each of WSHA's four budget priorities were funded in the budget. Combined funding for WSHA's budget priorities highlighted below included new investments of over \$500 million in state funding and nearly \$2 billion in total funds.

 Hospital Safety Net Assessment – The budget fully funds the Hospital Safety Net Assessment Program as passed by House Bill 1850 and negotiated between the Legislature and WSHA. The Medicaid increases in SNAP begin on January 1, 2024 and funding will follow the patient. This increase will mark the first time in more than 20 years Medicaid has increased payments to urban hospitals. With these increases, Medicaid will pay most hospitals closer to Medicare rates, which pays about 80 percent of the cost of caring for patients. The updated SNAP is expected to draw down approximately \$1 billion per year in net benefit in federal matching funds, which will hopefully cut hospitals' Medicaid shortfall in half.

 Difficult to Discharge – The budget also makes substantial investments to address systemic barriers that keep non-acute patients stuck in hospitals, leading to high hospital census and delays for patients who need acute care. The final budget funds a new five-site hospital pilot program to provide wraparound services for patients stuck in acute care hospital beds who have complex long-term care needs, as well as a related multi-agency task force in the Governor's Office. The budget also funds all of WSHA's long-term care budget asks regarding patients with complex long-term care needs, such as those with cognitive impairments or developmental or intellectual disabilities, as well as long-term care and DD/IDD placements for patients without immigration documentation. Importantly, this budget also provides long-overdue investments in increased payment rates to Medicaid long-term care providers. We hope these increases will allow skilled nursing facilities to open more beds to care for patients discharging from hospitals. The proposed budget includes funding for WSHA priorities amounting to \$293.3 million state (\$557.7 million total).

- Behavioral Health Investments WSHA's 2023 budget priorities for behavioral health included funding to create 23-hour behavioral health crisis facilities and several programs to support those living with behavioral health conditions who have long-term care needs. The final budget includes funding for operating behavioral health crisis facilities. The budget also focuses heavily on behavioral health services for children and youth, including funding for the children's partial hospitalization/intensive outpatient treatment program (PHP/IOP) Medicaid benefit that WSHA successfully advocated for last year. The budget also provides funding for rebasing Medicaid inpatient psychiatric rates and a 15% Medicaid payment rate increase for non-hospital community behavioral health providers. These behavioral health investments amount to \$236.2 million state (\$481.8 million total).
- Health Care Workforce Investments Legislative budget writers focused less on health care workforce this year, but several of WSHA's priorities in this area were funded, including a communication platform for nursing schools and clinical placement sites to better connect students to clinical placement opportunities and continuation of the preceptor grant program.

The following is a selection of health care budget items funded in this year's budget. Additional details are available on WSHA's website.

#### **Difficult to Disharge**

- \$25 million state (\$26.4 million total) to establish a taskforce and five hospital pilot programs to address targeted challenges faced with discharging patients from acute care.
- \$250,000 state for a hospital discharge assessment study to evaluate the impact of requiring functional assessments prior to discharge from acute care hospitals.
- \$17.4 million state (\$34.8 million total) to continue the long-term care rapid response nursing team program in fiscal year 2024. This program provides staffing teams for long-term care facilities facing workforce shortages and helps address hospital capacity issues.



WASHINGTON STATE HOSPITAL ASSOCIATION LEGISLATIVE SUMMARY AND POLICY PREVIEW 2023

- \$10.9 million state (\$13 million total) for institutional transitions to help Medicaid patients transition from acute care hospitals, state hospitals and community psychiatric hospitals into community settings with more appropriate levels of care:
  - \$3.3 million state (\$6.7 million total) for community placement incentives: includes specialty dementia care slots, community stability slots and discharge coordination.
  - \$1.8 million state for non-citizen LTC slots: adds 10 long-term care slots for individuals transitioning out of acute care hospitals who are ineligible for Medicaid as non-citizens.
- \$5.8 million state to fund non-citizen developmental disabilities slots.
- \$5.2 million state (\$10.4 million total) for DSHS to provide an enhanced rate to providers who take specialized training to better serve clients and reduce unnecessary hospitalization of children and adults with intellectual and developmental disabilities.
- \$3.3 million state (\$6.9 million total) for a new enhanced pilot for adult family homes that specialize in serving individuals with intellectual or developmental disabilities who may also have a co-occurring health or behavioral diagnosis.
- \$6.8 million state (\$11 million total) for a
  developmental disability administration behavior
  stabilization program to expand capacity and
  increase the rate for service providers for clients with
  difficult-to-serve behaviors.
- \$41 million state (\$82 million total) for the ongoing operation and projected cost increases of nursing facility services in Transitional Care Center of Seattle (TCCS).
- Medicaid payment rate increases for long-term care providers:
  - \$104.7 million state (\$215.3 million total) to increase rates for skilled nursing facilities.
  - \$55.7 million state (\$116.9 million total) to increase rates for assisted living facilities.
  - \$16.5 million state (\$33.3 million total) to increase rates for community residential services that serve clients with intellectual/developmental disabilities.

 \$726,000 state (\$1.6 million total) to increase rates for assisted living facilities that serve Medicaid clients with intellectual/developmental disabilities.

#### **Behavioral Health Investments**

- \$14.8 million state (\$52.1 million total) to rebase psychiatric per diem rates paid to hospitals to ensure the rates reflect the appropriate percentage of cost for each hospital. Psychiatric per diem rates were not included in the hospital rebasing performed by HCA in 2021.
- \$1.1 million state (\$7.5 million total) to maintain PHP/IOP pilot sites and expand to a statewide children's benefit in CY 2024.
- \$6.3 million state (\$6.5 million total) to support pediatric patients stuck in hospitals through a care coordinator within the Office of the Governor and a rapid care team composed of representatives from multiple agencies including DCYF as designated by HB 1580 (Children in Crisis).
- \$3.8 million state (\$4.9 million total) for youth inpatient navigators to help families and caregivers identify alternate, temporary solutions when a long-term inpatient bed is not available due to bed capacity or geography issues.
- \$3.5 million state (\$6.9 million total) to increase children's long-term inpatient program (CLIP) bed rates.
- \$16.4 million state (35.7 million total) operating costs for 15 behavioral health facilities that were funded in prior capital budgets.
- \$3.5 million state (\$9 million total) for rate enhancement for all hospital and non-hospital facilities serving civil conversion patients except those whose rates are set at 100% of their most recent Medicare cost report. Civil conversion patients are patients who have not been restored to competency to stand trial for criminal charges.
- \$1.7 million total for expenses associated with credentialing, inspections, assistance and program administration for licensed psychiatric beds.

WASHINGTON STATE HOSPITAL ASSOCIATION LEGISLATIVE SUMMARY AND POLICY PREVIEW 2023

- Medicaid payment rate increases for long-term care providers:
  - \$95.3 million state (\$267.7 million total) for a
     15% Medicaid rate increase for non-hospital community behavioral health providers
     beginning Jan. 1, 2024. The rate increase will come through managed care contracts.
  - \$55.7 million state for a 15% rate increase for non-Medicaid/state only services. This is intended to address regional behavioral health service needs that cannot be paid for with Medicaid funds including designated crisis responders, involuntary treatment hearing court costs and services to low-income individuals who are not eligible for Medicaid.

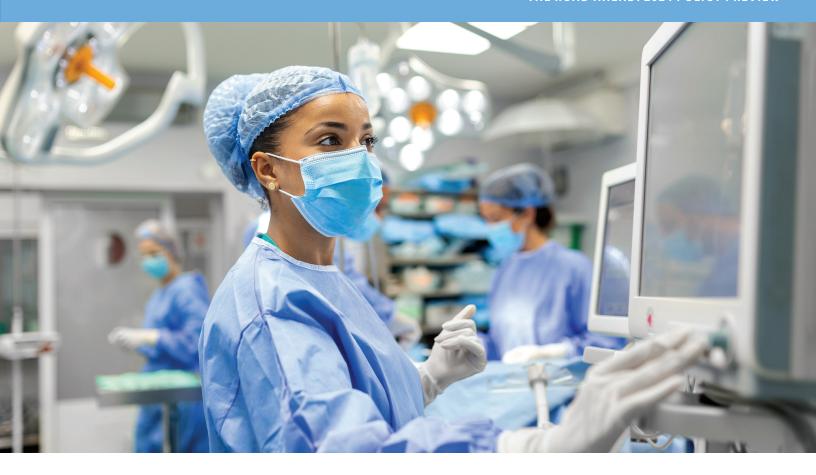
#### **Health Care Workforce Investments**

- \$6 million state for the nurse preceptorship grant program to pay nurses who are preceptors.
- \$560,000 state to help increase the number of nursing clinical placement opportunities through a communication platform that connects clinical placement facilities with nursing schools.
- \$2 million state provided to award incumbent health care worker training matching grants to labor-management partnerships, such as the SEIU Multi-Employer Training Fund.
- \$3.6 million state to increase the number of nursing slots in the community college system.
- \$4.6 million state provided to hire additional faculty and staff to serve additional students in the EWU BSN degree programs.
- \$3.9 million state provided to increase nurse educator salaries to support the WSU College of Nursing's reaccreditation effort.

### OTHER INVESTMENTS IN HEALTH CARE

In addition to WSHA's budget priorities, the state invested in other health care programs and services important to hospitals and health systems.

- **\$8 million state** for one-time bridge grants to hospitals in financial distress.
- \$45.7 million state to expand Apple Health to include Washington residents with incomes below 138% of federal poverty level, regardless of immigration status.
- \$3.3 million state (\$6 million total) to increase composite Medicaid payment rates for kidney dialysis services by 30%.
- \$4.2 million state (\$13.2 million total) to enhance Medicaid payment rates for ground ambulance transport.
- \$9.4 million state (\$32 million total) increases to Medicaid rates for specific categories of professional services.
- \$100,000 state (\$200,000 total) for HCA to study and report to the legislature the cost and benefits of prescription drug funding models including carveout of 340B drugs from MCO contracts.



# The Road Ahead: 2024 Policy Preview

As we look ahead to 2024, we will continue to advocate for legislation that supports health care workforce development and transitioning patients out of hospitals who no longer have a medical need to be there. We expect many harmful bills to resurface, such as expanding the scope of the Health Care Cost Transparency Board and placing limits on hospitals' ability to merge and affiliate to maintain services in their communities.

In the interim, we will monitor the implementation process for new laws and engage heavily in rulemaking activities with state agencies. We will also prepare our legislative agenda for 2024 and plan for our 2024 Hospital Advocacy Day. This event is sure to be an important opportunity for our hospital leadership, board members and clinicians to "stand up and stand together" on the issues we are advocating for in Olympia. During this year's event, 117 hospital members representing 53 hospitals joined us for 111 meetings with legislators. They used this time to talk about their challenges with hospital staffing and finances as well as other hospitals' top priorities for the session. Stay tuned for updates for 2024.

We look forward to another year of advocating for you and doing everything we can to work together to improve the health of our communities!



#### Advocacy Involves Relationships, Input and Political Action Committees

The Hospitals for a Healthy Future PAC (HHFPAC) and the American Hospital Association Political Action Committee help us build relationships and unify our political voices with state and federal lawmakers. The HHFPAC helps hospital and health system leaders elect health care champions and engage with elected officials on the issues that are important to us.

Hospitals and health systems, and the patients we serve, have a lot at stake in the political process. This includes issues related to access to care, impacts of regulation, payment rates, health quality reporting, patient safety, health equity and much more. Your financial support helps us cultivate and elect lawmakers who are health care champions and keep hospital and patient issues at the forefront of the political debate in Olympia and Washington, D.C.

#### The 2023 Hospitals for a Healthy Future Campaign

In 2022, our ambitious campaign raised more than \$208,000 from member contributions, and in 2023 we hope to meet our fundraising goal of \$300,000! Washington hospitals and health systems cannot be left behind as other interest groups out-raise us by significant margins. We need everyone's help getting to our goal and maintaining our political influence. Consider donating today.

To make your online donation to the Hospitals for a Healthy Future campaign or for more information about last year's efforts and how funds are spent, visit **www.wshaweb.com/hhfpac**. Password: HHFPAC.

#### Thank You for Testifying in Olympia

Our heartfelt thanks to everyone who testified in Olympia this year. Your voice and insight on health care is critical to good legislative decision-making. WSHA and legislators value the time you spend on improving health care policy.



June Altaras, MultiCare Health System
Heidi Anderson, Forks Community Hospital
Kashi Arora, Seattle Children's
Jennifer Burkhardt, Summit Pacific Medical Center
Florence Chang, MultiCare Health System
Suzanne Daly, MultiCare Health System
Jon Duarte, Overlake Medical Center
Mike Glenn, Jefferson Healthcare
Beth Goetz, Coulee Medical Center
lan Goodhew, UW Medicine
Jennifer Graham, MultiCare Health System
Sean Gregory, PeaceHealth Columbia Network
David Hargreaves, MultiCare Yakima Memorial Hospital
Sommer Kleweno-Walley, UW Medicine/Harborview
Medical Center

Laura Knapp, Providence Swedish

Dhyan Lal, Virginia Mason Franciscan Health

Mike Marsh, Overlake Medical Center & Clinics

Mike Martinoli, Ferry County Memorial Hospital

Eric Moll, Mason Health

Jackie Mossakowski, Tri State Memorial Hospital

Dana Nelson-Peterson, Virginia Mason Franciscan Health

Renee Rassilyer-Bomers, Providence Swedish

Anna Rassman, EvergreenHealth

Bill Robertson, MultiCare Health System

Susan Scott, Providence Holy Family Hospital

Dr. Sina Shah-Hosseini, Seattle Children's

Vickie Swanson, Olympic Medical Center

Dr. Elizabeth Wako, Providence Swedish





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