



May 6, 2014

Mr. Jason R. P. Crabbe
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Health Care Authority
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Comments on CR-102: WACs 182-550-1050, 2511, 2570, 2800, 2900, 3000, 3010, 3020, 3100, 3150, 3200, 3250, 3381, 3450, 3460, 3800, 3900, 4000, 4100, 4300, 4400, 4800, and 7050 Submitted by e-mail 05/06/14

Dear Mr. Crabbe,

Thank you for the opportunity to comment on these draft rules on hospital payment. We appreciate HCA's response to our previously submitted comments to the stakeholder exposure draft.

We are still concerned that the rulemaking communication process followed by the Health Care Authority (HCA) limits stakeholder involvement, since the existence of and copies of stakeholder drafts are only known and provided to those who knew to respond to the CR-101 for the specific WACs. We have initiated steps to ensure we respond to any relevant CR-101 notices and are advising our members to do the same, but we believe the process does exclude many from being aware of, or commenting on, exposure drafts.

In addition, we find it very difficult to comment on changes in proposed rules when changes are done on a piecemeal basis. We think the agency should release and allow comment on all the rules that impact the new inpatient and outpatient system as a complete entity, rather than releasing parts that may relate to each other on an individual basis.

We thank HCA for letting us know that the specifics regarding the nature and application of the budget neutrality factor would be addressed in separate rulemaking. We have received that exposure draft and plan to submit comments as we continue to have serious concerns about HCA's plans to implement a prospective adjustment/reduction to rates.

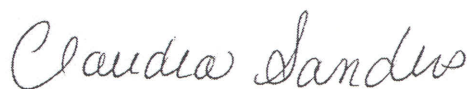
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We also appreciate that HCA made several changes and corrections to technical language in response to our comments.

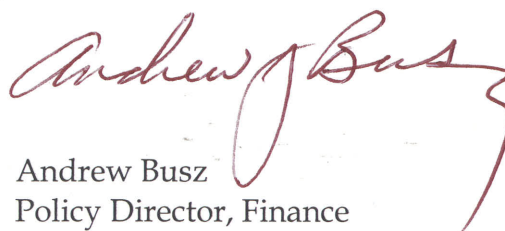
Aside from the budget neutrality adjustment, our largest concern is the absence of an independent base rate calculation methodology in the rule, other than that the payments will fit a fixed expenditure level determined by past payments or a fixed appropriation target. The new rate calculation language replaces existing language that sets rates that bore some relationship to average costs. Instead, the "Budget target" and "Budget target adjustor" language in WAC 182-550-3800 calibrates them to a level "to maintain aggregate payments across the system." While the current rebasing is intended to maintain the current expenditure level based on state fiscal year 2011 claims data, the "budget target" definition in the rule does not require that a specific expenditure level be maintained going forward, and inappropriately puts hospitals at risk for increases in caseload, utilization, and acuity. It also grants HCA a wide degree of latitude in setting base rates that may bear little relationship to what is needed to support economy, efficiency, and access to services for Medicaid recipients. While the current "budget target adjustor" language may support its application at specific times, the absence of separate language to ensure the adequacy of base rates detaches the process in a way that isolates the legislature from their federal requirements to fund the Medicaid program at appropriate levels.

If you have any questions about our comments, please contact Andrew Busz at 206-216-2533 or AndrewB@wsha.org.

Sincerely,



Claudia Sanders
Senior Vice President
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