



**HB 1766: Hospital safety net assessment program**

# Renew the Hospital Safety Net Assessment Program

WSHA supports a renewal of the hospital safety net assessment program to provide increased payment for hospitals that treat a significant number of Medicaid patients and to provide additional general fund dollars to the state for health care programs.

## Background

In 2010, Washington State enacted a hospital-supported safety net assessment program. This program assesses a levy on hospitals in the state to draw down additional federal matching funds. The purpose was to restore hospital rate cuts enacted in 2009. The additional funds help hospitals meet the needs of Medicaid patients, and also provide additional funds for the state.

In 2012, hospitals worked with the legislature to reformulate the program. With this substantial revision, the program now provides approximately \$150 million per year to hospitals, and about the same amount to the state. The program is set to expire on July 1, 2019, but needs to be extended for another two years in order to help balance the state's four-year budget.

## Proposed program

Washington State hospitals want to renew and extend the safety net assessment program for another four years. Doing so, however, requires technical updates to account for changes in federal rules.

In addition, the program will need to be recalibrated if Congress repeals the Affordable Care Act. If the Act is repealed, the level of federal match for Medicaid drops and therefore, the overall benefit from the program would be severely reduced. The proposed assessment legislation continues to provide an equal share of any new benefit levels to the hospitals and the state.



The hospital safety net assessment program helps support hospitals that see a high proportion of Medicaid patients.

## WSHA position

Washington State should renew the hospital safety net assessment program for another four years, as long as the program:

- Provides half the net benefit for additional hospital funds for Medicaid patients;
- Establishes a reasonable assessment rate (lower than \$380 per non-Medicare patient day);
- Continues the current protections in the law for hospitals;
- Provides for a proportionate reduction in benefits for both the hospitals and the state if changes in federal law reduce the program's overall return; and
- Sunsets after four years, at which time the Washington State Hospital Association will work with the legislature on the future of the program.