



Enable WRHAP Hospitals to Receive the Amounts Originally Appropriated

The Problem

The Washington Rural Health Access Preservation (WRHAP) project was created to protect Washington's smallest and most remote communities, where Critical Access Hospitals (CAHs) are at risk of closing, threatening access to care. WRHAP was created to design, test and implement improvements in payment and delivery of health care for our smallest communities. These 13 hospitals, all operated by Public Hospital Districts, generally serve as the platform for a broad range of health care services in the community, including primary, acute and long-term care. These hospitals' financial problems jeopardize both the health of the residents through the reduction of offered services, as well as the economies of the community.

HB 1520 (2017) authorized an alternative payment methodology to stabilize WRHAP hospitals and provided needed funding for care transformation until a new system was in place. Transition funds were intended to offset emergency department losses and invest in care improvements. The legislature's appropriation was based on additional support for the WRHAP hospitals as well as anticipated savings to the Medicaid budget with a new alternative payment system. The Health Care Authority (HCA) was never able to enact the new system, however. In September 2018, HCA began distributing additional funds under the current payment system to WRHAP hospitals that met quality performance benchmarks. The funds distributed to the hospitals were not the full amounts originally intended. Hospitals received reduced amounts, lowered by the savings anticipated to Medicaid from reduced emergency room visits under a new payment system. Because the underlying payment change was not enacted, HCA has not been tracking the overall savings to the Medicaid program associated with care improvements.

Proposed Solution

HB 1520 was intended to provide transitional funding to WRHAP hospitals that would allow them to pursue new care models while transforming to a new, more sustainable payment model. Funding has been helpful in making critical care improvements. While HCA continues to develop the multi-payer model for rural hospitals, WRHAP hospitals need full funding to stabilize their services and continue to capitalize care improvements as the state prepares for a broader transformation effort.

To date, WRHAP hospitals have used the transition funding to add necessary staff, pursue multi-hospital collaborations and improve care. Eight of the WRHAP hospitals have now hired staff to help with improved care coordination. A care coordinator makes follow up contact with patients who visit the emergency room or are discharged from an acute care hospital. This helps ensure the patients are following up with care needs and have appropriate visits scheduled with their primary care physician. In the first three months of this program, 1,200 Medicaid patients were contacted. Five hospitals are receiving funds to hire staff to help with behavioral health integration. They have initiated depression screens and are developing care plans for

patients diagnosed with clinical depression during their primary care visit. In the first three months, 700 patients were screened.

While helpful, these payments do not fundamentally change how rural hospitals are being paid or provide the stability sought by the original bill.

Budget Ask

While HCA has included a maintenance funding level of \$1.5 million per year for the next biennium, WSHA believes funding at the original appropriation level of \$4.4 million over the next biennium is needed.

Key Messages

- Until an alternative payment methodology is available, continued assistance is needed.
- Funding should continue at \$4.4 million over the next biennium. This is the original level approved for hospital payments under HB 1520.
- Funding under HB 1520 has provided investment to WRHAP hospitals.
- Funding has been used to make significant advancements in care coordination and behavioral health integration, but have not provided the fundamental payment model reform sought by WRHAP hospitals.

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