## PROPOSED RULE MAKING

**CR-102 (December 2017)**  
(Implements RCW 34.05.320)  
Do **NOT** use for expedited rule making

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### Agency: Health Care Authority

- Original Notice  
- ☒ Supplemental Notice to WSR ____  
- ☐ Continuance of WSR ____

- ☒ Preproposal Statement of Inquiry was filed as WSR 21-20-034; or  
- ☐ Expedited Rule Making--Proposed notice was filed as WSR ____; or  
- ☐ Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or  
- ☐ Proposal is exempt under RCW ____.

### Title of rule and other identifying information:
(describe subject) 182-550-4300, Hospitals and units exempt from the DRG payment method

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### Hearing location(s):

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Location: (be specific)</th>
<th>Comment</th>
</tr>
</thead>
</table>
| January 4, 2022 | 10:00 AM | The Health Care Authority (HCA) remains closed in response to the coronavirus disease 2019 (COVID-19) public health emergency. Until further notice, HCA continues to hold public hearings virtually without a physical meeting place. This promotes social distancing and the safety of Washington State residents. | To attend the virtual public hearing, you must register in advance:  
[https://zoom.us/webinar/register/WN_E0r4q2sQmeswJiqMwS3Rw](https://zoom.us/webinar/register/WN_E0r4q2sQmeswJiqMwS3Rw)  
After registering, you will receive a confirmation email containing information about joining the public hearing |

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### Date of intended adoption:
**Not sooner than January 5, 2022**  
(Note: This is **NOT** the effective date)

### Submit written comments to:

- Name: HCA Rules Coordinator  
- Address: PO Box 42716, Olympia WA 98504-2716  
- Email: arc@hca.wa.gov  
- Fax: (360) 586-9727  
- Other:  
- By (date) **January 4, 2022**

### Assistance for persons with disabilities:

- Contact HCA Rules Coordinator  
- Phone: (360) 725-1306  
- Fax: (360) 586-9727  
- TTY: Telecommunication Relay Services (TRS): 711  
- Email: arc@hca.wa.gov  
- Other:  
- By (date) **December 23, 2021**
Purpose of the proposal and its anticipated effects, including any changes in existing rules: The agency is amending WAC 182-550-4300 to align the rule with the Medicaid State Plan, which does not have specific time limitations on inpatient withdrawal management services.

Reasons supporting proposal: See Purpose

Statutory authority for adoption: RCW 41.05.021, 41.05.160

Statute being implemented: RCW 41.05.021, 41.05.160

Is rule necessary because of a:

☐ Yes  ☒ No
Federal Law?

☐ Yes  ☒ No
Federal Court Decision?

☐ Yes  ☒ No
State Court Decision?

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: N/A

Is a school district fiscal impact statement required under RCW 28A.305.135?  ☒ Yes  ☐ No
If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes  ☐ No

A preliminary cost-benefit analysis may be obtained by contacting:

Name:
Address:
Phone:
Fax:
RCW 34.05.328 does not apply to Health Care Authority rules unless requested by the Joint Administrative Rules Review Committee or applied voluntarily.

**Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:**

This rule proposal, or portions of the proposal, may be exempt from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

- [ ] This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

- [ ] This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

- [ ] This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

- [ ] This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:
  - [ ] RCW 34.05.310 (4)(b) (Internal government operations)
  - [ ] RCW 34.05.310 (4)(e) (Dictated by statute)
  - [ ] RCW 34.05.310 (4)(c) (Incorporation by reference)
  - [ ] RCW 34.05.310 (4)(f) (Set or adjust fees)
  - [ ] RCW 34.05.310 (4)(d) (Correct or clarify language)
  - [ ] RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

- [ ] This rule proposal, or portions of the proposal, is exempt under RCW ______.

Explanation of exemptions, if necessary:

**COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES**

If the proposed rule is not exempt, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

- [ ] No Briefly summarize the agency’s analysis showing how costs were calculated. The proposed rule removes limitations on a client medical benefit and does not impose costs on small businesses.

- [ ] Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

- Name:
- Address:
- Phone:
- Fax:
- TTY:
- Email:
- Other:

**Date:** November 19, 2021

**Name:** Wendy Barcus

**Title:** HCA Rules Coordinator

**Signature:**

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**TTY:**
**Email:**
**Other:**

☒ No
WAC 182-550-4300 Hospitals and units exempt from the DRG payment method. (1) Except when otherwise specified, inpatient services provided by hospitals and units that are exempt from the diagnosis-related group (DRG) payment method are paid under the ratio of costs-to-charges (RCC) payment method described in WAC 182-550-3000, the per diem payment method described in WAC 182-550-3000, the per case rate payment method described in WAC 182-550-3000, or other payment methods identified in this chapter (e.g., long term acute care (LTAC), certified public expenditure (CPE), critical access hospital (CAH), etc.). Inpatient services provided by hospitals and units are exempt from the DRG payment method only if they qualify for payment methods specifically mentioned in other sections of this chapter or in this section.

(2) The agency exempts the following hospitals, units, and services from the DRG payment method for inpatient services provided to clients eligible for Washington apple health:
(a) Hospitals participating in the agency's certified public expenditure (CPE) payment program (see WAC 182-550-4650);
(b) Hospitals participating in the agency's critical access hospital program (see WAC 182-550-2598);
(c) Rehabilitation services. All rehabilitation services are paid through the per diem payment method except as indicated in (a), (b), and (d) of this subsection (see WAC 182-550-3000);
(d) Military hospitals when no other specific arrangements have been made with the agency. The agency, or the military hospital, may elect or arrange for one of the following payment methods in lieu of the RCC payment method:
(1) Per diem payment method; or
(2) DRG payment method; and
(e) Psychiatric services. All psychiatric services are paid through the per diem payment method except as indicated in (a), (b), and (d) of this subsection (see WAC 182-550-3000). An agency designee that arranges to directly pay a hospital and/or a designated distinct psychiatric unit of a hospital may use the agency's payment methods or contract with the hospital to pay using different methods.

(3) Inpatient psychiatric services, Involuntary Treatment Act services, and withdrawal management services provided in out-of-state hospitals are not covered or paid by the agency or the agency's designee. The agency does not cover or pay for other hospital services provided to clients eligible for those services in the following programs, when the services are provided in out-of-state hospitals that are not in designated bordering cities:
(a) Medical care services; and
(b) Other state-administered programs.

(4) The agency has established an average length of stay (ALOS) for each DRG classification and publishes it on the agency's website. The agency uses the DRG ALOS as a benchmark to authorize and pay inpatient hospital stays exempt from the DRG payment method. When an inpatient hospital stay exceeds the agency's DRG ALOS benchmark or prior authorized LOS:
(a) For a psychiatric inpatient stay, the hospital must obtain approval for additional days beyond the prior authorized days from the agency or the agency's designee who prior authorized the admission. See WAC 182-550-2600;
(b) For an acute physical medicine and rehabilitation (PM&R) or a long term acute care (LTAC) stay, the hospital must obtain approval for additional days beyond the prior authorized days from the agency unit that prior authorized the admission. See WAC 182-550-2561 and 182-550-2590;

(c) For an inpatient hospital stay for withdrawal management for a chemical using pregnant (CUP) client, see WAC 182-550-1100;

(d) For other medical inpatient stays for withdrawal management, see WAC 182-550-1100 ((and subsection (5) of this section));

(e) For an inpatient stay in a certified public expenditure (CPE) hospital, see WAC 182-550-4690; and

(f) For an inpatient hospital stay not identified in (a) through (e) of this subsection, the agency may perform retrospective utilization review to determine if the LOS was medically necessary and at the appropriate level of care.

((5) If subsection (4)(d) of this section applies to an eligible client, the agency will:

(a) Pay for three-day withdrawal management services for an acute alcoholic condition; or

(b) Pay for five-day withdrawal management services for acute drug addiction when the services are directly related to withdrawal management; and

(c) If WAC 182-550-1100 (5)(b) applies, extend the three- and five-day limitations when the following are true:

(i) The days are billed as covered;

(ii) A medical record is submitted with the claim;

(iii) The medical record clearly documents that the days are medically necessary; and

(iv) The level of care is appropriate according to WAC 182-550-2900.))