Agency: Health Care Authority

Title of rule and other identifying information: (describe subject) 182-550-4650 “Full cost” public hospital certified public expenditure (CPE) payment program.

Purpose of the proposal and its anticipated effects, including any changes in existing rules: Correction of rule cross reference.

Reasons supporting proposal: The agency is making a housekeeping change only. WAC 182-550-4650(6)(a) contains a cross-reference to WAC 182-550-3830(6), which needs to be changed to RCW 74.09.5225.

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:

- Federal Law? ☐ Yes ☒ No
- Federal Court Decision? ☐ Yes ☒ No
- State Court Decision? ☐ Yes ☒ No

If yes, CITATION:

Name of proponent: (person or organization) Health Care Authority ☒ Public ☐ Private ☐ Governmental

Name of agency personnel responsible for:

<table>
<thead>
<tr>
<th>Name</th>
<th>Office Location</th>
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<tbody>
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Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: N/A
**Expedited Adoption - Which of the following criteria was used by the agency to file this notice:**

☐ Relates only to internal governmental operations that are not subject to violation by a person;

☐ Adopts or incorporates by reference without material change federal statutes or regulations, Washington state statutes, rules of other Washington state agencies, shoreline master programs other than those programs governing shorelines of statewide significance, or, as referenced by Washington state law, national consensus codes that generally establish industry standards, if the material adopted or incorporated regulates the same subject matter and conduct as the adopting or incorporating rule;

☒ Corrects typographical errors, make address or name changes, or clarify language of a rule without changing its effect;

☐ Content is explicitly and specifically dictated by statute;

☐ Have been the subject of negotiated rule making, pilot rule making, or some other process that involved substantial participation by interested parties before the development of the proposed rule; or

☐ Is being amended after a review under RCW 34.05.328.

**Expedited Repeal - Which of the following criteria was used by the agency to file notice:**

☐ The statute on which the rule is based has been repealed and has not been replaced by another statute providing statutory authority for the rule;

☐ The statute on which the rule is based has been declared unconstitutional by a court with jurisdiction, there is a final judgment, and no statute has been enacted to replace the unconstitutional statute;

☐ The rule is no longer necessary because of changed circumstances; or

☐ Other rules of the agency or of another agency govern the same activity as the rule, making the rule redundant.

**Explanation of the reason the agency believes the expedited rule-making process is appropriate pursuant to RCW 34.05.353(4):**

**NOTICE**

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO

Name: HCA Rules Coordinator  
Agency: Health Care Authority  
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Other:

AND RECEIVED BY (date) April 19, 2022

**Date:** February 9, 2022  
**Name:** Wendy Barcus  
**Title:** HCA Rules Coordinator

**Signature:**

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WAC 182-550-4650 "Full cost" public hospital certified public expenditure (CPE) payment program. (1) The medicaid agency's "full cost" public hospital certified public expenditure (CPE) inpatient payment program provides payments to participating government-operated hospitals based on the "full cost" of covered medically necessary services and requires the expenditure of local funds in lieu of state funds to qualify for federal matching funds. The agency's inpatient payments to participating hospitals equal the federal matching amount for allowable costs. The agency uses the ratio of costs-to-charges (RCC) method described in WAC 182-550-4500 to determine "full cost."

(2) To be eligible for the "full cost" public hospital CPE payment program, the hospital must be:
   (a) Operated by a public hospital district in the state of Washington, not certified by the department of health (DOH) as a critical access hospital, and has not chosen to opt-out of the CPE payment program as allowed in subsection (6) of this section;
   (b) Harborview Medical Center; or
   (c) University of Washington Medical Center.

(3) Payments made under the inpatient CPE payment program are limited to medically necessary services provided to medical assistance clients eligible for inpatient hospital services.

(4) Each hospital described in subsection (2) of this section is responsible to provide certified public expenditures as the required state match for claiming federal medicaid funds.

(5) The agency determines the initial payment for inpatient hospital services under the CPE payment program by:
   (a) Multiplying the hospital's medicaid RCC by the covered charges (to determine allowable costs), then;
   (b) Subtracting the client's responsibility and any third party liability (TPL) from the amount derived in (a) of this subsection, then;
   (c) Multiplying the state's federal medical assistance percentage (FMAP) by the amount derived in (b) of this subsection.

(6) A hospital may opt-out of the inpatient CPE payment program if the hospital:
   (a) Meets the criteria for the inpatient rate enhancement under ((WAC 182-550-3830(6)) RCW 74.09.5225; or
   (b) Is not eligible for public hospital disproportionate share hospital (PHDSH) payments under WAC 182-550-5400.

(7) To opt-out of the inpatient CPE payment program, the hospital must submit a written request to opt-out to the agency's chief financial officer by July 1st in order to be effective for January 1st of the following year.

(8) Hospitals participating in the inpatient CPE payment program must complete the applicable CPE medicaid cost reports as described in WAC 182-550-5410 for the inpatient fee-for-service cost settlements.