

**RCW 74.60.020 Hospital safety net assessment fund. (Contingent expiration date.)** (1) A dedicated fund is hereby established within the state treasury to be known as the hospital safety net assessment fund. The purpose and use of the fund shall be to receive and disburse funds, together with accrued interest, in accordance with this chapter. Moneys in the fund, including interest earned, shall not be used or disbursed for any purposes other than those specified in this chapter. Any amounts expended from the fund that are later recouped by the authority on audit or otherwise shall be returned to the fund.

(a) Any unexpended balance in the fund at the end of a fiscal year shall carry over into the following fiscal year or that fiscal year and the following fiscal year and shall be applied to reduce the amount of the assessment under RCW 74.60.050(1)(c).

(b) Any amounts remaining in the fund after July 1, 2025, shall be refunded to hospitals, pro rata according to the amount paid by the hospital since July 1, 2013, subject to the limitations of federal law.

(2) All assessments, interest, and penalties collected by the authority under RCW 74.60.030 and 74.60.050 shall be deposited into the fund.

(3) Disbursements from the fund are conditioned upon appropriation and the continued availability of other funds sufficient to maintain aggregate payment levels to hospitals for inpatient and outpatient services covered by medicaid, including fee-for-service and managed care, at least at the levels the state paid for those services on July 1, 2015, as adjusted for current enrollment and utilization.

(4) Disbursements from the fund may be made only:

(a) To make payments to hospitals and managed care plans as specified in this chapter;

(b) To refund erroneous or excessive payments made by hospitals pursuant to this chapter;

(c) For one million dollars per biennium for payment of administrative expenses incurred by the authority in performing the activities authorized by this chapter;

(d) For two hundred ninety-two million dollars per biennium, to be used in lieu of state general fund payments for medicaid hospital services, provided that if the full amount of the payments required under RCW 74.60.120 and 74.60.130 cannot be distributed in a given fiscal year, this amount must be reduced proportionately;

(e) To repay the federal government for any excess payments made to hospitals from the fund if the assessments or payment increases set forth in this chapter are deemed out of compliance with federal statutes and regulations in a final determination by a court of competent jurisdiction with all appeals exhausted. In such a case, the authority may require hospitals receiving excess payments to refund the payments in question to the fund. The state in turn shall return funds to the federal government in the same proportion as the original financing. If a hospital is unable to refund payments, the state shall develop either a payment plan, or deduct moneys from future medicaid payments, or both;

(f) To pay an amount sufficient, when combined with the maximum available amount of federal funds necessary to provide a one percent increase in medicaid hospital inpatient rates to hospitals eligible for quality improvement incentives under RCW 74.09.611. By May 16, 2018, and by each May 16 thereafter, the authority, in cooperation with the department of health, must verify that each hospital eligible to receive quality improvement incentives under the terms of this

chapter is in substantial compliance with the reporting requirements in RCW 43.70.052 and 70.01.040 for the prior period. For the purposes of this subsection, "substantial compliance" means, in the prior period, the hospital has submitted at least nine of the twelve monthly reports by the due date. The authority must distribute quality improvement incentives to hospitals that have met these requirements beginning July 1 of 2018 and each July 1 thereafter; and

(g) For each state fiscal year 2022 through 2025 to generate:

(i) Two million dollars for integrated evidence-based psychiatry residency program slots that did not receive state funding prior to 2016 at the integrated psychiatry residency program at the University of Washington; and

(ii) Four million one hundred thousand dollars for family medicine residency program slots that did not receive state funding prior to 2016, as directed through the family medicine residency network at the University of Washington, for slots where residents are employed by hospitals. [2021 c 255 § 2; 2019 c 318 § 3; 2017 c 228 § 3; 2015 2nd sp.s. c 5 § 2; 2013 2nd sp.s. c 17 § 3; 2011 1st sp.s. c 35 § 1; 2010 1st sp.s. c 30 § 3.]

**Effective date—2019 c 318:** See note following RCW 74.60.005.

**Effective date—2017 c 228:** See note following RCW 74.60.005.

**Effective date—2015 2nd sp.s. c 5:** See note following RCW 74.60.005.

**Effective date—2013 2nd sp.s. c 17:** See note following RCW 74.60.005.

**Effective date—2011 1st sp.s. c 35:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2011." [2011 1st sp.s. c 35 § 4.]

**RCW 74.60.020 Hospital safety net assessment fund. (Contingent effective date.)** (1) A dedicated fund is hereby established within the state treasury to be known as the hospital safety net assessment fund. The purpose and use of the fund shall be to receive and disburse funds, together with accrued interest, in accordance with this chapter. Moneys in the fund, including interest earned, shall not be used or disbursed for any purposes other than those specified in this chapter. Any amounts expended from the fund that are later recouped by the authority on audit or otherwise shall be returned to the fund.

(a) Any unexpended balance in the fund at the end of a fiscal year shall carry over into the following fiscal year or that fiscal year and the following fiscal year and shall be applied to reduce the amount of the assessment under RCW 74.60.050(1)(c).

(b) If the program is discontinued, any amounts remaining in the fund shall be refunded to hospitals, pro rata according to the amount paid by the hospital since July 1, 2018, subject to the limitations of federal law.

(2) All assessments, interest, and penalties collected by the authority under RCW 74.60.030 and 74.60.050 shall be deposited into the fund.

(3) Disbursements from the fund are conditioned upon appropriation and the continued availability of other funds sufficient to maintain aggregate payment levels to hospitals for inpatient and outpatient services covered by medicaid, including fee-for-service and managed care, at least at the levels the state paid for those services on July 1, 2022, as adjusted for current enrollment and utilization.

(4) Disbursements from the fund may be made only:

(a) To make payments to hospitals and managed care organizations as specified in this chapter;

(b) To refund erroneous or excessive payments made by hospitals pursuant to this chapter;

(c) For up to \$2,000,000 per biennium for payment of administrative expenses incurred by the authority in performing the activities authorized by this chapter;

(d) For \$452,000,000 per biennium, to be used in lieu of state general fund payments for medicaid hospital services of which \$160,000,000 per biennium shall be used for appropriation by the legislature for postacute hospital transitions, provided that if the full amount of the payments required under RCW 74.60.120 and 74.60.130 cannot be distributed in a given fiscal year, this total amount must be reduced proportionately;

(e) To repay the federal government for any excess payments made to hospitals from the fund if the assessments or payment increases set forth in this chapter are deemed out of compliance with federal statutes and regulations in a final determination by a court of competent jurisdiction with all appeals exhausted. In such a case, the authority may require hospitals receiving excess payments to refund the payments in question to the fund. The state in turn shall return funds to the federal government in the same proportion as the original financing. If a hospital is unable to refund payments, the state shall develop either a payment plan, or deduct moneys from future medicaid payments, or both;

(f) To pay an amount sufficient, when combined with the maximum available amount of federal funds necessary to provide a one percent increase in medicaid hospital inpatient rates for medicaid prospective payment system hospitals and designated public hospitals that are eligible for quality improvement incentives under RCW 74.09.611. Only funds collected under RCW 74.60.030 shall be used to generate payments to medicaid prospective payment hospitals. Only funds received under RCW 74.60.090 shall be used to generate payments to designated public hospitals. By May 16, 2018, and by each May 16th thereafter, the authority, in cooperation with the department of health, must verify that all medicaid prospective payment system hospitals and all designated public hospitals are in substantial compliance with the reporting requirements in RCW 43.70.052 and 70.01.040 for the prior period. Safety net assessment funds shall not be used to pay quality improvement incentives to any other hospitals. For the purposes of this subsection, "substantial compliance" means, in the prior period, the hospital has submitted at least 75 percent of the required reports by the due date. The authority shall distribute quality improvement incentives to hospitals that have met these requirements beginning upon implementation of the programs authorized in chapter 430, Laws of 2023 and each January 1st thereafter; and

(g) For each state fiscal year to pay:

(i) Two million dollars for integrated evidence-based psychiatry residency program slots that did not receive state funding prior to

2016 at the integrated psychiatry residency program at the University of Washington; and

(ii) Four million one hundred thousand dollars for family medicine residency program slots that did not receive state funding prior to 2016, as directed through the family medicine residency network at the University of Washington, for slots where residents are employed by hospitals. [2023 c 430 § 3; 2021 c 255 § 2; 2019 c 318 § 3; 2017 c 228 § 3; 2015 2nd sp.s. c 5 § 2; 2013 2nd sp.s. c 17 § 3; 2011 1st sp.s. c 35 § 1; 2010 1st sp.s. c 30 § 3.]

**Contingent effective date—2023 c 430:** See note following RCW 74.60.005.

**Effective date—2019 c 318:** See note following RCW 74.60.005.

**Effective date—2017 c 228:** See note following RCW 74.60.005.

**Effective date—2015 2nd sp.s. c 5:** See note following RCW 74.60.005.

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