



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Aging and Long Term-Support Administration
Management Services Division
PO Box 45600, Olympia, WA 98504-5600

Notice Concerning the Safety Net Assessment

The Department of Social and Health Services hereby informs you of a change concerning the Safety Net Assessment (SNA) imposed on licensed nursing facilities under Ch. 74.48 RCW:

The upper level of the SNA will increase from \$21.00 to \$23.00. This change will be effective April 1, 2016. The lower level of \$1.00 will not change. The exemption categories, defining which facilities pay and whether they pay at the higher or lower level, will not change. Medicaid payment rates will be adjusted to reflect the higher SNA amount.

Explanation

The SNA was created by ESSB 5581, adopted by the Legislature in 2011 as c. 7, Laws of 2011, 1st sp. sess. The bill recognized that it might sometimes be necessary to adjust the level of the SNA. **Section 16, Administration and Collection**, of the bill (now codified as RCW 74.48.040) directs the Department to adopt rules concerning the SNA, including rules for either a decrease or increase in the SNA amount. In relation to an increase, it says in part:

- (1)...Such rule making shall specifically include provision for:
 - (c) Adjustment of the assessment amounts as follows:
 - (i) The assessment amounts under section 15 of this act may be adjusted as follows:
 - (B) So long as none of the conditions set forth in section 18 (2) of this act have occurred [*relating to possible changes in the design of the SNA, which did not happen*], if the department's forecasts indicate that the assessment amounts under section 15 of this act, together with all other appropriated funds, are not sufficient to support the skilled nursing facility reimbursement rates authorized in the biennial appropriations act and other uses and payments authorized under sections 14 and 15 of this act, the department shall increase the assessment rates to the amount necessary to support those reimbursement rates and other payments to the maximum amount allowable under federal law. (emphasis added)

Under the authority of this section, the Department adopted **WAC 388-96-910 Safety net assessment**. Subsection (1) of that rule says in part:

Each year, under section 16 of the act, the department of social and health services (the department) may adjust the amount(s) of the SNA to be paid for the next state fiscal year (SFY), beginning July 1. If necessary, the department may further adjust the amount(s) of the SNA at other times during the SFY...[T]he department will submit any adjustments to the SNA amount(s), along with the data supporting the adjustments, to the Washington health care association and the

aging services of Washington¹ for review and comment at least sixty calendar days prior to implementation of the adjusted assessment amounts. These submissions may be made electronically....

The Department finds it necessary to adjust the amount of the SNA to \$23.00 for the last three months of SFY 2016 because, at the level of \$21.00, the SNA has not generated as much revenue as projected in the state budget process. The Legislature directed the Department to ensure that the SNA generates \$66.7 million in SFY 2016. Under the section of the statute cited above, the Department is required to increase the SNA to assure that the reimbursement rates provided in the biennial operating budget can be paid.

It is possible that the adjustment to the upper level of the SNA may result in the collection of a small amount in excess of \$66.7 million for SFY 2016. Factors such as fluctuation in the number of Medicaid residents and the closing of facilities make absolute precision impossible. However, if there is an excess in the SNA fund at the end of the fiscal year, it will be used to reduce the level of the SNA in the following fiscal year. As stated in RCW 74.48.040:

(1)(C) Any positive balance remaining in the fund at the end of the fiscal year shall be applied to reduce the assessment amount for the subsequent fiscal year.

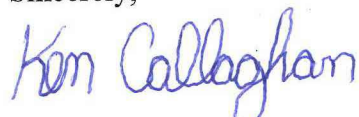
The Department currently projects that this change in the SNA to \$23.00 will apply from April 1 through June 30 2016. However, it is possible that, due to results experienced as the year progresses, the level of the SNA may need to be adjusted again in compliance with the statute cited above. If that is necessary, the Department will issue another notice.

Please note that Medicaid payment rates to nursing facilities will be adjusted as of April 1, 2016 so that the add-on to reimburse facilities for the SNA paid in relation to Medicaid residents will reflect the amount of \$23.00. The new rates will be sent out at the end of March 2016.

The SNA payment and report for April 2016 is due to be postmarked no later than May 20, 2016.

If you have any questions, please contact Tiffany Hills (tiffany.hills@dshs.wa.gov or 360-725-2472) or Katy Hartman (katy.hartman@dshs.wa.gov or 360-725-2475).

Sincerely,



Ken Callaghan, Chief
Office of Rates Management

Cc: Bill Moss, Assistant Secretary, ALTSA

¹ Aging Services of Washington has since been renamed LeadingAge Washington.