



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
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 \$14.00 to \$21.00. This change will be effective July 1, 2014. 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, 2011 Laws, 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 \$21.00 beginning July 1, 2014 because earlier this year the Legislature adopted a supplemental operating budget that was premised on such an increase. See ESSB 6002, which was adopted as c. 221, 2014 Laws. Sec. 206 of the budget included several add-ons to Medicaid rates beginning July 1, 2014:

- a second, **supplemental low-wage worker add-on** that is estimated to add \$2.53 to the daily rate of facilities accepting it (\$2.44 on an industry weighted average basis)
- a **direct care rate add-on** of \$3.63 per resident day
- a **support services rate add-on** of \$1.12 per resident day, and
- a **therapy care rate add-on** of \$0.05 per patient day.

These add-ons, **which are currently provided only for SFY 2015 (from July 1, 2014 through June 30, 2015)**, are all to be funded from the additional revenue received by this increase in the SNA. Because of these add-ons, the statewide weighted average daily rate for SFY 2015 is now set at \$178.82, up from \$171.58 set last year in the original operating budget. 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.

In addition to the Legislature's direction to increase the SNA, the amount of \$21.00 for the higher SNA level is also the result of a small surplus in SNA collections from SFY 2014. 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 surplus was applied to the calculation of the SNA necessary to fulfill the Legislature's directions. The SNA is slightly lower than it would have been otherwise.

The Department currently projects that this change in the upper level of the SNA to \$21.00 will apply from July 1, 2014 through June 30, 2015. 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 July 1, 2014 so that the add-on to reimburse facilities for the SNA paid in relation to Medicaid residents will reflect the amount of \$21.00. The new rates will be sent out at the end of June 2014.

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

If you have any questions, please contact the analyst assigned to your facility.

Ken Callaghan, Chief
Office of Rates Management

Ed Southon, Manager
Nursing Home Rates

cc: Jane Beyer, Assistant Secretary, BHSIA
Bill Moss, Assistant Secretary, ALTSA