



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

October 31, 2017

Notice Concerning the Safety Net Assessment

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

Explanation

The SNA was created by ESSB 5581, adopted by the Legislature in [2011 1st sp.s. c 7 § 12](#). The bill recognized that it might be necessary to adjust the level of the SNA. 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:

- (1) The department, in cooperation with the office of financial management, shall develop rules for determining the amount to be assessed to individual skilled nursing facilities, notifying individual skilled nursing facilities of the assessed amount, and collecting the amounts due. Such rule making shall specifically include provision for:
 - (c) Adjustment of the assessment amounts as follows:
 - (i) The assessment amounts under RCW [74.48.030](#) may be adjusted as follows:
 - (B) So long as none of the conditions set forth in RCW [74.48.060](#)(2) have occurred, if the department's forecasts indicate that the assessment amounts under RCW [74.48.030](#), 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 RCW [74.48.020](#) and [74.48.030](#), 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.

Under the authority of this section, the Department adopted **WAC 388-96-910 Safety Net Assessment**. Subsection (1) of the rule says:

Chapter 7, Laws of 2011 1st sp. sess. (the act) imposes a safety net assessment (SNA) on nonexempt nursing facilities in Washington. 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. Although subject to change as necessary and as permitted under the act, the expectation is that each year the SNA will be imposed at two different levels: a higher level for most nonexempt facilities, and a significantly lower level for facilities that have either a high medicaid census on the prior year's cost report or a high number of licensed beds. For SFY 2012, those thresholds were thirty-two thousand medicaid resident days, and two hundred and three licensed beds. Those thresholds may change, as necessary and

permitted under the act. Beginning July 1, 2012 the 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 Washington for review and comment at least sixty calendar days prior to implementation of the adjusted assessment amounts. These submissions may be made electronically. If necessary to comply with the sixty-day notice requirement and still make the adjustment effective as of July 1, or another effective date, these notices may be made on a provisional, or potential, basis or bases.

The Department finds it necessary to adjust the amount of the SNA to \$21.50 for the last six months of SFY 2018 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 for SFY 2018. 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 \$21.50 will apply from January 1, 2018 through June 30, 2018. 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 January 1, 2018 so that the add-on to reimburse facilities for the SNA paid in relation to Medicaid residents will reflect the amount of \$21.50. The new rates will be sent out at the end of December 2017.

The SNA payment and report for January 2018 is due to be postmarked no later than February 20, 2018.

If you have any questions, please contact Tiffany Hills at tiffany.hills@dshs.wa.gov or 360-725-2472.

Sincerely,



Peter Graham, Chief
Office of Rates Management

Cc: Bill Moss, Assistant Secretary, AL TSA
Chanh Ly, Director
Eric Mandt, Assistant Director