



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 decrease from \$21.00 to \$18.00. This change will be effective February 1, 2015. 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 lower 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.

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.... (emphasis added)

The Department finds it proper to adjust the amount of the SNA to \$18.00 beginning February 1, 2015 because revenue from the SNA has somewhat exceeded projections so far in SFY 2015. The primary cause of this has been that facilities have reported a higher number of resident days subject to the SNA than expected.

The Department could have elected to keep the SNA at \$21.00 and just let the surplus roll over into the next 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.

However, with this much time left in the fiscal year, the Department believes that the better practice is to lower the SNA.

The Department currently projects that this change in the upper level of the SNA to \$18.00 will apply from February 1, 2015 through June 30, 2015. However, it is still 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 February 1, 2015 so that the add-on to reimburse facilities for the SNA paid in relation to Medicaid residents will reflect the amount of \$18.00. The new rates will be sent out at the end of January 2015.

If you have any questions, please contact Ed Southon (edward.southon@dshs.wa.gov or 360.725.2469) or Tiffany Hills (tiffany.hills@dshs.wa.gov or 360.725.2472).

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