Washington State Hospital Association

2025 Legislative Budget Comparison – April 29, 2025

On April 27, 2025, the Washington State Legislature passed their final 2025-2027 biennial budget.

The charts below highlight WSHA's budget priorities, as well as other items of interest to hospitals and health systems. The chart below lists state funds and total funds, which includes a sum of general funds from the state (listed as "GFS" below) and other funds, such as federal funds or funds derived from fees or local intergovernmental transfers.

Budget Item Description	Agency	House Budget	Senate Budget	Final Budget	WSHA Position
Significant Impact to Hospitals					
PEBB/SEBB Hospital Participation: Funding is decreased to reflect reductions due to mandated caps (200% of Medicare for most hospitals) on hospital inpatient and outpatient reimbursement coupled with mandatory participation. These figures only reflect the last 6 months of the biennium (Jan-Jun 2027). *House and Senate numbers from SB 5083 fiscal note.*	HCA *Hospital Impact*	($56.2 M – Total)	($56.2 M – Total)	($50 M – Total) *$100 M/year impact to hospitals fully implemented*	Strongly Oppose
Ancillary Hospital Services: Eliminates reimbursement for hospital ancillary services (labs, therapy, etc.) for patients on administrative day stays.	HCA	($1.5 M – GFS) ($5.0 M – Total)	Not included	($1.6 M – GFS) ($4.7 M – Total)	Strongly Oppose
Medicaid Access Program: Provides funding for implementation of directed payment program to increase professional payment rates to the equivalent Medicare rates level. Assessments are levied on MCOs and commercial carriers.	HCA	$111,000 – GFS $36.7 M – Total	Not included	$111,000 – GFS $98.5 M – Total	Strongly Support

Children in Crisis: Funding for implementation of SHB 1272 (Children in Crisis program), which extends the 1580 care team for children stuck/abandoned in hospitals.	Gov's Office Agencies (DCYF/ DSHS/ DDA)	$2.6 M – GFS/Total	$5.3 M – GFS/Total	$2.4 M – GFS/Total $950,000 GFS/ $1.6M Total	Support
Children's Long-Term Inpatient Beds: Reduces funding intended to increase the number of and payment rate for CLIP beds.	HCA	($4.7 M – GFS) ($9.3 M – Total)	($3.9 M – GFS) ($7.9 M – Total)	($4.7 M – GFS) ($9.3 M – Total)	Oppose
WA Health: Maintains staffing and software licenses for the WA Health bed tracking system.	DOH	$1.8 M – GFS/Total	$1.8M – GFS/Total	$1.8 M – GFS/Total	
Rural Nursing Education: Continues the rural nursing education program for a cohort of eight students.	DOH (HSQA)	$84,000 – GFS/Total		$84,000 – GFS/Total	Support
Sexual Assault Nurse Examiners: Establishes a stipend program for registered nurses who undertake training to become sexual assault nurse examiners.	DOH			$1.8 M – GFS/Total	Support

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Significant Impact to Health Care					
Apple Health Expansion: Continues funding at current level through the 2025-2027 biennium for a Medicaid-like program for enrollees that do not qualify for Medicaid or exchange subsidies but meet income requirements	HCA			$142.3 M – GFS	Strongly Support

Apple Health Expansion Transition to MCOs: Provides funding to move services from fee-for-service to a managed care delivery model	HCA	Not funded	$3 M – GFS $6 M – Total	$11.9 M – GFS $23.9 M – Total	
Cascade Care Subsidy: Continues the Cascade Care premium payment subsidy program through CY 2026 for individuals enrolled in the Health Benefits Exchange.	HCA	$30 M – GFS/Total	$30 M – GFS/Total	$30 M – GFS/Total	Strongly Support
MCO Physical Health Capitation Rates: Reduces the Medicaid managed care organization capitation rates for physical health services by 1% effective Jan. 1, 2026.	HCA	($37.5 M – GFS $124 M – Total)	($29.7 M – GFS ($115.5 M – Total)	($32.1 M – GFS $106.2 M – Total)	
MCO Behavioral Health Rates: Behavioral health capitation rates for Medicaid Managed Care Organizations (MCOs) are reduced by 1%.	HCA	($10.7 M – GFS) ($32.3 M – Total)	($12.1 M – GFS) ($36.5 M – Total)	($9.2 M—GFS ($27.7 M – Total)	
Laboratory Rates: Reduces Medicaid laboratory fee schedule rates for fee-for service-and managed care to 80% of Medicare fee schedule from the current 89%.	HCA	($10.4 M – GFS $33.5 M – Total)	($10.4 M – GFS $33.5 M – Total)	($10.4 M – GFS $33.5 M – Total)	
Adult Dental Services: Reduces medical assistance adult dental rates effective July 1, 2025.	HCA	($10.7 M – GFS $38 M – Total)	Not included	($10.7 M – GFS $38 M – Total)	
Children Dental Services: Reduces medical assistance children's dental service rates.	HCA	($22.7 M – GFS $46 M – Total)	Not included	($13.6 M – GFS $27.9 M – Total)	
Postpartum Coverage: Reduces postpartum coverage from 12 to 6 months beginning January 1, 2026	HCA	($5.6 M – GFS $11.4 M – Total)	Not included	($3.9 M – GFS $7.4 M – Total)	
Unemployment Insurance Strikes and Lockouts: Funding and FTE are provided to implement ESSB 5041 which allows eligible individuals unemployed due to a strike to receive UI.	ESD	Not funded	$852,000 – GFS/Total	$852,000 – Total	

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Behavioral Health					
UW adjusted 90/180 Beds: Funding is for civil commitment beds at the University of Washington Behavioral Health Hospital.	HCA	$3.5 M –GFS/Total	$3.5 M – GFS/Total	$3.5 M – GFS/Total	
Long Term Civil Commitment Beds: Funding is reduced for individuals on 90-day to 180-day civil commitment orders who are served in community settings.	HCA	($33.4 M – GFS) ($32.5 M – Total)	($42.6 M – GFS) ($47.4 M – Total)	($33.4 M – GFS) ($32.5 M – Total)	
Behavioral Health Teaching Facility: Support for the UW Behavioral Health Teaching Facility, which will operate 75 long-term beds.	UW	$10 M – GFS/Total	$40 M – GFS/Total	$15 M – GFS/Total	
Behavioral Health Institute: Funding is provided to continue behavioral health education and training opportunities.	UW			$1.5 M – GFS/Total	
Community Behavioral Health: Funding is provided for increased costs related to the Community Behavioral Health Supports program.	HCA	$72.4 M – GFS $143.3 M – Total	$72.5 M – GFS $143.3 M – Total	$72.4 M – GFS $143.3 M – Total	
Crisis Relief Centers (23-hour facilities): Funding for startup costs, operational subsidies and rates for non-Medicaid enrollees for three Crisis Relief Centers.	HCA	$1M – GFS/Total	$15.4 M – GFS/Total	$15.4 M – GFS/Total	
988 Call Centers: Increased for call center staffing. Funding for planning for a technology platform. Funding to develop a behavioral health integrated client referral system to comply with the 988 crisis response legislation.	DOH DOH HCA	$18.9 M – Total $7.8 M –Total	$17.6 M – Total $214,000 –Total Not Funded	$9.9 M--GFS $18.8 M – Total $1 M – Total Not Funded	

Tribal Opioid Prevention: Funding is provided for tribal opioid treatment.	HCA	$68.3 M – GFS/Total	$1.2 M – GFS/Total	$1.2 M – GFS/Total	
Trueblood: Funding is provided to implement phase 4 of the Trueblood settlement agreement. Funding for short-term transition and stabilization support for individuals incompetent to stand trial due to intellectual or developmental disability.	HCA UW	$32.2 M – GFS/Total	$6.3 M – GFS/Total	$28.7 M – GFS/Total $650,000 – GFS/Total	
Trueblood Diversion Programs: Eliminates assessments, mental health and substance abuse treatment, case management, employment assistance, and social services to reduce recidivism.	HCA	Not funded	($1.6 M – GFS/Total)	($1.6 M – GFS/Total)	
Tele-Buprenorphine Hotline: Launches hotline to facility access to medications for opioid use disorder treatment.	DOH	$2.6 M – Total	$2.6 M – Total	$2.6 M – Total	
BH Homeless Respite Care: Eliminates funds for a behavioral health homeless respite care program funded in the 2022 supplemental budget.	HCA	($3.9 M – GFS/Total)	($4.5 M – GFS/Total)	($4.5 M – GFS/Total)	
Community Beds at Olympic Heritage BH Hospital: Funding is reduced related to contracts for 40 community-operated beds at Olympic Heritage Behavior Health.	HCA	($16.1 M – GFS) ($12.6 M – Total)	($13.3 M – GFS) ($8.3 M – Total)	($16.3 M –GFS) ($12.8 M –Total)	
Behavioral Health Housing: Reduces short-term housing subsidies and supports for individuals.	HCA	($5.3 M – GFS/Total)	Not funded	($5.3 M – GFS/Total)	
ED Medications for Opioid Use Disorder: Funding is provided for a program that provides all Washington State emergency departments with real-time Medications for Opioid Use Disorder (MOUD) clinical guidance and 24/7 follow-up appointment scheduling.	HCA	$188,000 – GFS $758,000 –Total	$758,000 – GFS/Total	$188,000 – GFS $758,000 –Total	

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Complex Discharge					
DSHS Case Management Ratio Increase: Increases case management ratios for hospital discharge, residential and residential service waiver caseloads.	DSHS	($5.3 M – GFS) ($10.6 M – Total)	Not funded	($5.3 M – GFS) ($10.6 M – Total)	Strongly Oppose
Transitional Care Center of Seattle: Funding to maintain operations of nursing facility services.	DSHS	$21.7 M – GFS $43.5 M – Total *(60 beds)*	$30.5 M – GFS $60.8 M – Total *(84 beds)*	$39 M – GFS $57.9 M – Total *(80 beds)*	
Nursing Home to Community Support: Rental subsidies to expand in-home options to transition individuals with lower acuity currently residing in nursing facilities out of these acute care settings. Nursing home caseload reduction.	DSHS	$6.6 M – GFS $13.9 M – Total (*assumes 200 clients*) ($12.3 M – GFS) ($25 M – Total)	$6.5 M – GFS $13.6 M – Total (*assumes 200 clients*) ($12.3 M – GFS) ($25.8 M – Total)	$6.5 M – GFS $13.6 M – Total (*assumes 200 clients*) ($12.3 M – GFS) ($25.8 M – Total)	
Nursing Home Rate: Maintain the statewide average nursing home rate in FY 2026 with the statewide average rate paid in FY 2025. **Forecast Cost/Utilization NH Rebase**: Delay rebase of nursing home payment	DSHS	$72.8 M – GFS $152.9 M - Total ($48.6 M – GFS) ($102.2 M – Total)	$35.4 M – GFS $74.5 M – Total	$35.4 M – GFS $74.5 M – Total	

Assisted Living Facilities: Rate increase to support assisted living providers. Eliminate ALF rate increase. Limited rate daily add-on (bridge rate) for ALFs with 75% or greater Medicaid occupancy.	DSHS DSHS DSHS	 ($21 M – GFS) ($45 M – Total) $17.5 M – GFS $37.4 M – Total	$24.6 M – GFS $52.7 M – Total $6.3 M – GFS $13.5 M – Total	 $17.5 M – GFS $37.4 M – Total	
Enhanced Service Facilities: Savings to reflect anticipated underutilized beds.	DSHS	($4.8 M – GFS) ($9.6 M – Total)	Not funded	($3 M – GFS) ($6 M – Total)	
AAA Care Transitions: Reduce AAA assistance in transitioning patients from hospitals and other high acuity settings and increase case load. **AAA Case Management:** Reduce funding. **AAA Nursing Contract:** Eliminate nursing services and absorb function into agency.	DSHS	($502,000 – GFS) ($1.0 M – Total) ($3.4 M – GFS) ($6.7M – Total)	 ($200,000 – GFS) ($400,000 – Total)	 ($3.4 M – GFS) ($6.7M – Total) ($200,000 – GFS) ($400,000 – Total)	
Asset Verification System: Improve Medicaid eligibility determination process.	DSHS	$1.1 M – GFS $2.3 M – Total	$1.1 M – GFS $2.3 M – Total	$1.1 M – GFS $2.3 M – Total	
Increased Licensing Fees: Double annual licensing fees for nursing facilities, adult family homes and assisted living facilities. **Assisted Living Facility Licensing Fees**: Increase per bed license fee from $116 to $383 in FY 2026 and to $381 in FY 2027. **Adult Family Home Licensing Fees**: Double annual license renewal fees (Final). Increase per bed fee	DSHS DDA DSHS	 ($21.8 M – GFS) ($23.1 M – GFS)	($2.2 M – GFS) ($39.2 M – GFS)	 ($21.8 M – GFS) ($18.6 M – GFS)	

from $225 to $502 in FY 2026 and to $454 in FY 2027 (House). **SNF Facility Licensing Fees**: Increase per bed fee from $359 to $814 in FY 2026 and to $835 in FY 2027		($16.7 M – GFS)		($16.7 M – GFS)	
Specialized Behavior Supports: Transition clients from specialized behavioral supports in adult family homes to behavioral health personal care.	DSHS	($10 M – GFS) ($20.1 M – Total)	($10 M – GFS) ($20.1 M – Total)	($10 M – GFS) ($20.1 M – Total)	
Residential Habilitation Centers: Closure of Yakima and Rainier schools serving individuals with developmental disabilities. Support for clients transitioning to community settings.	DSHS DDA	($14.2 M – GFS) ($30.1 M – Total) $6.8 M – GFS $13.5 M – Total	($7.1 M – GFS) ($15.2 M – Total) *(only Rainier)* $6.3 M – GFS $15.2 M – Total	($7.2 M – GFS) ($15.2 M – Total) *(only Rainier)* $6.3 M – GFS $15.2 M – Total	
Professional Guardians: Remove funding for professional guardianship fees for individuals with developmental disabilities transitioning from Residential Habilitation Centers.	DSHS DDA	($350,000 – GFS) ($700,000 – Total)	($350,000 – GFS) ($700,000 – Total)	($350,000 – GFS) ($700,000 – Total)	

No Paid Service Caseload Management: Remove case management for inactive cases, increase caseload ratio and remove indirect staff position.	DSHS DDA	($9.9 M – GFS) ($17.6 M – Total)	($9.9 M – GFS) ($17.6 M – Total)	($9.9 M – GFS) ($17.6 M – Total)	
Aged, Blind, Disabled Service Delivery: Funding is reduced to reflect move from managed care to a fee-for-service delivery model effective Jan. 1, 2026	HCA	Not included	($118.25 M – GFS) ($225.64 M-Total)	Not included	
Health Homes: Continue Health Homes program high-risk, high-cost adults and children, including clients that are dually eligible for Medicare and Medicaid for 2026.	HCA	Not included	$22.7 M – GFS $62.6 M – Total	$15 M – GFS $41.5 M – Total	
Complex Discharge Task Force: $600,000 to continue the complex discharge task force in order to conclude the work of the task force and the complex discharge pilot program based on Harborview's bed readiness program.	UW			$600,000 GFS/Total	

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Non-Hospital Specific					
Modern Cloud Environment: Funding to maintain critical systems and cloud computing storage for public health systems.	DOH	$7.5 M – GFS/Total	$10.4 M – GFS/Total	$7.4 M – GFS/Total	
Reproductive Health Services Workforce: Funding for workforce retention incentives for those providing reproductive health services is removed.	DOH	Not funded	($8.5 M – Total)	($8.5 M – State/Total)	
Crime Victims Support: To supplement federal funds for crime victims to receive services, including forensic exams and interviews.	Commerce	$20 M – GFS/Total	$25 M – GFS/Total		
Crime Victims Compensation: To address increased demand and federal funding projections.	L&I	$9.7 M – GFS $9.6 M – Total	$9.7 M – GFS $9.6 M – Total	$9.7 M – GFS $9.6 M – Total	

PFML Job Protections: Funding for E2SHB 1213, which expands job protections for individuals contributing to the PFML program and decreases the amount of time someone must work for their current employer from 1 year to 6 months to receive PFML.	ESD	$29,000 – Total	Not funded	$4.9 M – Total	