Washington State Hospital Association

2025 Legislative Budget Comparison – March 24, 2025

On March 24, the Washington State House and Senate released their proposed budgets.

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	Governor's Budget	House Budget	Senate Budget	WSHA Position
Hospital Specific					
PEBB/SEBB Hospital Participation: Funding is decreased to reflect reductions due to mandated caps (initially 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). The cuts grow significantly beginning Jan 1, 2029. *House and Senate numbers from SB 5083 fiscal note.*	HCA	($44.2 M – Total) Grows to >$341 M cut to hospitals in the 2029-2031 biennium and beyond.	($56.2 M – Total)	($56.2 M – Total)	Strongly Oppose
Hospital Safety Net Assessment: Raids funds from the Hospital Safety Net Assessment Program (SNAP) to the state general fund. Reduction in payment to hospitals is magnified due to loss of federal match. WSHA strongly opposes this cut after significant negotiation with the legislature in 2023.	HCA	($75 M – GFS) ($379.9 M – Total)	Not funded	Not funded	Strongly Oppose
Site Neutral Payments (*Ferguson Cuts*):	HCA	($34 M – GFS) ($116 M – Total)	Not funded	Not funded	Strongly Oppose

Reduces outpatient facility charges at off-campus hospital-based clinics.					
Ancillary Hospital Services (*Ferguson Cuts*): Eliminates reimbursement for hospital ancillary services (labs, therapy, etc.) for patients on administrative day stays.	HCA	($1.2 M – GFS) ($4.6 M – Total)	($1.5 M – GFS) ($5.0 M – Total)	Not funded	Strongly Oppose
Pharmacy Carve Out (340b) (*Ferguson Cuts*): Changes payment for managed care retail pharmacy services from being paid by the managed care plan to being paid by the state.	HCA	($12 M – GFS) ($61.5 M – Total)	Not funded	Not funded	
Professional Service Rate Reduction (*Ferguson Cuts*): Reduces professional service rates by ending the enhanced rates for certain CPT codes under Medicaid. Most impactful to hospitals are certain neonatal and obstetrical codes.	HCA	($53.3 M – GFS) ($153.8 M – Total)	Not funded	Not funded	
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	$758,000 – Total	$188,000 – GFS $758,000 –Total	$758,000 – GFS/Total	
WA Health: Maintains staffing and software licenses for the WA Health bed tracking system.	DOH	$2 M – GFS/Total	$1.8 M – GFS/Total	$1.8M – GFS/Total	

Budget Item Description	Agency	Governor's Budget	House Budget	Senate Budget	WSHA Position
Other Health Care Items					
Cascade Care Subsidy: Continues the Cascade Care premium payment subsidy program through CY 2026	HCA	$30 M – Total	$30 M – Total	$30 M – Total	

for individuals enrolled in the Health Benefits Exchange.	HCA, HBE				
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	Not funded	($10.4 M – GFS $33.5 M – Total)	($10.4 M – GFS $33.5 M – Total)	
MCO Physical Health Capitation Rates: Reduces the Medicaid managed care organization capitation rates for physical health services by 1% effective July 1, 2025 (Senate) and October 1, 2025 (House).	HCA	Not funded	($37.5 M – GFS $124 M – Total)	($29.7 M GFS ($115.5 M - Total)	
Adult Dental Services: Reduces medical assistance adult dental rates effective July 1, 2025.	HCA	Not funded	($10.7 M – GFS $38 M – Total)	Not funded	
Children Dental Services: Reduces medical assistance children's dental service rates effective July 1, 2025.	HCA	Not funded	($22.7 M – GFS $46 M – Total)	Not funded	

Budget Item Description	Agency	Governor's Budget	House Budget	Senate Budget	WSHA Position
Behavioral Health					
UW adjusted 90/180 Beds: Funding is for civil commitment beds at the University of Washington Behavioral Health Hospital.	HCA	$18.5 M – 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. **(*Ferguson Cuts*)**	HCA	($5.4 M – GFS) ($2.3 M – Total) ($20.4 M – GFS) ($41.8 M – Total)	($33.4 M – GFS) ($33.5 M – Total)	($42.6 M – GFS) ($47.4 M – Total)	

Behavioral Health Teaching Facility: Support for the UW Behavioral Health Teaching Facility, which will operate 75 long-term beds.	UW	$40 M – GFS/Total	$10 M – GFS/Total	$40 M – GFS/Total	
Opioid Use Disorder Intervention Contract: Funding continues a contract with Seattle Children's Hospital as part of National Institute of Health study.	DCYF	$2.1 M – Total	Not funded	Not funded	
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.	Governor's Office	Not funded	$2.6 M - GFS/Total	$5.3 M GFS/Total	
Young Adult Discharge Program: Funding to implement 2SHB 1929 (2024), a post-behavioral health inpatient housing program for young adults. **(*Ferguson Cuts*)**: The Inslee expansion of this program is eliminated.	HCA	$6 M – GFS/Total ($6 M – GFS/Total)	Not funded	Not funded	
Community Behavioral Health: Funding is provided for increased costs related to the Community Behavioral Health Supports program.	HCA	$54.3 M – GFS $106.4 M – Total	$72.4 M – GFS $143.3 M – Total	$72.5 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	Not funded	$12.7 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	$35.7 M – Total $41 M - Total	$18.9 M – Total $7.8 M –Total	$17.6 M – Total $214,000 –Total Not Funded	
Tribal Opioid Prevention: Funding is provided for tribal opioid treatment.	HCA	$16.4 M – GFS/Total	$68.3 M – GFS/Total	$1.2 M – GFS/Total	
Trueblood: Funding is provided to implement phase 4 of the Trueblood settlement agreement.	HCA DSHS	$59.1 M – GFS/Total $1.1 M – GFS/Total	$32.2 M – GFS/Total	$6.3 M – 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	Not funded	($16 M – GFS/Total)	
Tele-buprenorphine Hotline: Launches hotline to facility access to medications for opioid use disorder treatment.	DOH	$3.2 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. **(*Ferguson Cuts*)**: Eliminate funding for program.	HCA	$2.3 M – GFS/Total ($4.4 M – GFS/Total)	($3.9 M – GFS/Total)	($4.5 M – GFS/Total)	

Children's Long-Term Inpatient Beds: Reduces funding intended to increase the number and payment rate of CLIP beds.	HCA	Not funded	($4.7 M – GFS) ($9.3 M – Total)	($3.9 M – GFS) ($7.9 M – 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	($11.4 M – GFS) ($8.5 M – Total)	($16.1 M – GFS) ($12.6 M – Total)	($13.3 M –GFS) ($8.3 M –Total)	
MCO Behavioral Health Rates: Behavioral health capitation rates for Medicaid Managed Care Organizations (MCOs) are reduced by 1 percent.	HCA	Not funded	($10.7 M – GFS) ($32.3 M – Total)	($12.1 M – GFS) ($36.5 M – Total)	
Behavioral Health Housing: Reduces short-term housing subsidies and supports for individuals.	HCA	Not funded	($5.3 M – GFS/Total)	Not funded	

Budget Item Description	Agency	Governor's Budget	House Budget	Senate Budget	WSHA Position
Complex Discharge					
DSHS Caseload Ratio Increase: Increases case management ratios for hospital discharge, residential and residential service waiver caseloads.	DSHS	Not funded	($5.3 M – GFS) ($10.6 M – Total)	Not funded	Strongly Oppose
Transitional Care Center of Seattle: Funding to maintain operations of nursing facility services. **(*Ferguson Cuts*)**: Reduce nursing facility capacity to 60 beds.	DSHS	$24.6 M – GFS $49.2 M – Total ($2.9 M – GFS) ($5.7 M – Total)	$21.7 M – GFS $43.5 M – Total *(60 beds)*	$30.5 M – GFS $60.8 M – Total *(84 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.	DSHS	$12.9 M – GFS $20.2 M – Total	$6.6 M – GFS $13.9 M – Total (*assumes 200 clients*)	$6.5 M – GFS $13.6 M – Total (*assumes 200 clients*)	

Nursing home caseload reduction.		($12.4 M – GFS) ($14.9 M – Total)	($12.3 M – GFS) ($25 M – Total)	($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	$35.6 M – GFS $74.5 M – Total	$72.8 M – GFS $152.9 M - Total ($48.6 M – GFS) ($102.2 M – Total)	$35.4 M – GFS $74.5 M – Total	
Assisted Living Facilities: Rate increase to support assisted living providers. **(*Ferguson Cuts*)**: Eliminate rate increase Limited rate daily add-on (bridge rate) for ALFs with 70% or greater Medicaid occupancy.	DSHS DSHS DSHS	$46.3 M – GFS $99.1 M – Total ($46.3 M – GFS) ($99.1 M – Total)	 ($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	
Enhanced Service Facilities: Savings to reflect anticipated underutilized beds.	DSHS	Not funded	($4.8 M – GFS) ($9.6 M – Total)	Not funded	
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	Not funded	($502,000 – GFS) ($1.0 M – 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**: Increase per bed fee from $225 to $502 in FY 2026 and to $454 in FY 2027. **SNF Facility Licensing Fees**: Increase per bed fee from $225 to $502 in FY 2026 and to $454 in FY 2027.	DSHS DDA DSHS	Not funded	($21.8 M – GFS) ($23.1 M – GFS) ($16.7 M – GFS)	($2.2 M – GFS) ($39.2 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)	
Residential Habilitation Centers: Closure of Yakima and Rainier schools serving individuals with developmental disabilities. Support for clients transitioning to community settings.	DSHS DDA	($18.7 M – GFS) ($39.7 M – Total) $12.5 M – GFS $24.1 M – Total	($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	
Professional Guardians (*Ferguson Cuts*): 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	Not funded	($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 January 1, 2026	HCA	Not funded	Not funded	($118.25 M – GFS) ($225.64 M-Total)	

Budget Item Description	Agency	Governor's Budget	House Budget	Senate Budget	WSHA Position
Non-Hospital Specific					
Apple Health Expansion Service Delivery Change Cost: Funding for the Apple Health Expansion program is reduced to reflect the transition from managed care service delivery to fee for service.	HCA	($20.2 M – GFS) ($28.9 M – Total)	Not funded	($10.3 M – GFS/Total)	
Health Homes: Health Homes program high-risk, high-cost adults and children, including clients that are dually eligible for Medicare and Medicaid. (***Ferguson Cuts***): End program	HCA	($19.9 M – GFS) ($54.5 M – Total)	Not funded	$22.7 M – GFS $62.6 M – Total	
Modern Cloud Environment: Funding to maintain critical systems and cloud computing storage for public health systems.	DOH	$8.6 M – GFS/Total	$7.5 M – GFS/Total	$10.4 M – GFS/Total	
Reproductive Health Services Workforce: Funding for workforce retention incentives for those providing reproductive health services is removed.	DOH	Not funded	Not funded	($8.5 M – Total)	
Crime Victims Support: To supplement federal funds for crime victims to receive services including forensic exams and interviews.	Commerce	$20 M – GFS/Total	$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	

Medicaid Access Program: Provides funding for implementation of covered lives assessment on Medicaid MCOs and health carriers to increase Medicaid professional payment rates to the equivalent Medicare rates level.	HCA	Not funded	$111,000 – GFS $36.7 M – Total	Not funded	
Alien Emergent Medical: Provides funding to move services from fee-for-service to a managed care delivery model	HCA	Not funded	Not funded	$3 M – GFS $6 M – Total	
Postpartum Coverage: Reduces postpartum coverage from 12 to 6 months beginning January 1, 2026	HCA	Not funded	($5.6 M – GFS $11.4 M – Total)	Not funded	