



# RULE-MAKING ORDER PERMANENT RULE ONLY

## CR-103P (December 2017) (Implements RCW 34.05.360)

CODE REVISER USE ONLY

OFFICE OF THE CODE REVISER  
STATE OF WASHINGTON  
FILED

DATE: March 12, 2025

TIME: 2:00 PM

WSR 25-07-051

**Agency:** Department of Health

**Effective date of rule:**

**Permanent Rules**

31 days after filing.

Other (specify) \_\_\_\_\_ (If less than 31 days after filing, a specific finding under RCW 34.05.380(3) is required and should be stated below)

**Any other findings required by other provisions of law as precondition to adoption or effectiveness of rule?**

Yes  No If Yes, explain:

**Purpose:** Hospital Financial Data Reporting – reviewing the Accounting and Reporting Manual requirements for the uniform, hospital, financial reporting system. In response to Engrossed Second Substitute House Bill (E2SHB) 1272 (chapter 162, Laws of 2021), the Department of Health (department) is adopting amendments to simplify existing rules regarding the uniform system for hospitals for accounting, financial reporting, budgeting, and cost allocation. Additionally, adopted amendments update outdated language within chapter 246-454 WAC, and two sections of Hospitals-Assessments and Related Reports, WAC 246-451-010 and 246-451-050.

Instructions for the uniform system for hospital financial reporting are provided to hospitals within the Washington State Department of Health Accounting and Reporting Manual for Hospitals (Accounting Manual). Both the Accounting Manual and requirements in WAC 246-454-020, 246-454-090, and 246-454-110 contain separate, and competing update and distribution processes. To eliminate confusion for hospitals required to report financial data, the department has removed references to the Accounting Manual from rules and repealed WAC 246-454-020, 246-454-090, and 246-454-110 to eliminate the outdated processes in favor of maintaining the updated, current practice described in the Accounting Manual.

Additional amendments to WAC 246-451-010, 246-451-050, and chapter 246-454 WAC modernize rules by updating or eliminating RCW and WAC references that have been repealed and bring rules up to date with best practice and current practice.

The adopted rules eliminate competing processes, update references, and reduce confusion surrounding reporting requirements for hospital financial data reporters.

**Citation of rules affected by this order:**

New: None

Repealed: WAC 246-454-020, 246-454-090, 246-454-110, and 246-454-120.

Amended: WAC 246-451-010, 246-451-050, 246-454-001, 246-454-010, 246-454-050, 246-454-070, and 246-454-080.

Suspended: None

**Statutory authority for adoption:** RCW 43.70.052 and Engrossed Second Substitute House Bill (E2SHB) 1272 (chapter 162, Laws of 2021)

**Other authority:** None

**PERMANENT RULE (Including Expedited Rule Making)**

Adopted under notice filed as WSR 25-04-090 on February 3, 2025 (date).

Describe any changes other than editing from proposed to adopted version: None.

If a preliminary cost-benefit analysis was prepared under RCW 34.05.328, a final cost-benefit analysis is available by contacting: N/A

Name:

Address:  
Phone:  
Fax:  
TTY:  
Email:  
Web site:  
Other:

**Note: If any category is left blank, it will be calculated as zero.  
No descriptive text.**

**Count by whole WAC sections only, from the WAC number through the history note.  
A section may be counted in more than one category.**

**The number of sections adopted in order to comply with:**

Federal statute:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Federal rules or standards:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Recently enacted state statutes:	New	<u>0</u>	Amended	<u>7</u>	Repealed	<u>4</u>

**The number of sections adopted at the request of a nongovernmental entity:**

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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**The number of sections adopted on the agency's own initiative:**

New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
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**The number of sections adopted in order to clarify, streamline, or reform agency procedures:**

New	<u>0</u>	Amended	<u>7</u>	Repealed	<u>4</u>
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**The number of sections adopted using:**

Negotiated rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Pilot rule making:	New	<u>0</u>	Amended	<u>0</u>	Repealed	<u>0</u>
Other alternative rule making:	New	<u>0</u>	Amended	<u>7</u>	Repealed	<u>4</u>

**Date Adopted:** March 12, 2025

**Name:** Kristin Peterson, JD for Jessica Todorovich, MS

**Title:** Chief of Policy for Acting Secretary of Health

**Signature:**



AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-451-010 Definitions.** As used in this chapter, unless the context requires otherwise,

(1) "Department" shall mean the Washington state department of health created by chapter 43.70 RCW.

(2) "Hospital" shall mean any health care institution which is required to qualify for a license under (~~RCW 70.41.020(2)~~) chapter 70.41 RCW; or as a (~~psychiatric~~) behavioral health hospital under chapter 71.12 RCW.

(3) "Gross operating costs" shall mean the sum of direct operating expenses required to be reported in (~~cost centers 6000-8999, as specified in the manual adopted under WAC 246-454-020~~) the year-end report submitted pursuant to WAC 246-454-050 or, if the year-end report was not submitted, the quarterly report submitted pursuant to WAC 246-454-070 for the same period of time.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-451-050 Reporting of information.** For the purpose of calculating the assessment, the department will use the most recent year-end report submitted pursuant to WAC 246-454-050 or, if the year-end report was not submitted, the quarterly report submitted pursuant to WAC 246-454-070 for the same period of time.

**Chapter 246-454 WAC**  
**HOSPITALS— ((SYSTEM OF ACCOUNTING,)) FINANCIAL REPORTING ((, BUDGETING,**  
**COST ALLOCATION))**

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-001 Purpose.** This chapter is adopted by the Washington state department of health pursuant to ((implement the provisions of RCW 70.170.100 and 43.70.050 regarding the establishment of a uniform system of accounting, financial reporting, budgeting and cost allocation for hospitals in Washington state. This system shall be utilized by each hospital to record and report to the department its revenues, expenses, other income, other outlays, assets and liabilities, and units of service and to submit information, as may be required by the department, pertaining to the total financial needs of the hospital and the resources available or expected to become available to meet such needs)) RCW 43.70.052 and 43.70.053 relating to uniform reporting of data elements identifying each hospital's revenues, expenses, contractual allowances, charity care, bad debt, other income, total units of inpatient and outpatient services, and other financial and employee compensation information.

AMENDATORY SECTION (Amending WSR 19-01-108, filed 12/18/18, effective 1/18/19)

**WAC 246-454-010 Definitions.** The definitions in this section apply throughout the chapter unless the context clearly requires otherwise.

(1) "Department" means the Washington state department of health created by chapter 43.70 RCW.

(2) "Hospital" means any health care institution which is required to qualify for a license under chapter 70.41 RCW; or as a ((psychiatric)) behavioral health hospital under chapter 71.12 RCW.

((3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals*, third edition adopted under WAC 246-454-020.

(4) "System of accounts" means the list of accounts, code numbers, definitions, units of measure, and principles and concepts included in the manual.))

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-050 Submission of year-end report.** (1) Each hospital annually shall file its year-end report with the department within

~~((one hundred twenty))~~ 120 days after the close of its fiscal year in the form and manner specified ~~((in the manual: Provided, however,))~~ by the department. The ~~((one hundred twenty))~~ 120-day period may be extended up to and including an additional ~~((sixty))~~ 60 days upon submission of adequate justification to the department. If more than one hospital is operated by the reporting organization, the information required by this section shall be reported for each hospital separately.

(2) Information submitted pursuant to this section shall be certified by the hospital's administrative and financial officers, that such reports, to the best of their knowledge and belief, have been prepared in accordance with the ~~((prescribed system of accounting and reporting))~~ form and manner specified by the department, and fairly state the financial position of the hospital as of the specified date. The department also may require attestation as to such statements from responsible officials of the hospital so designated by the governing body, if any, of the hospital.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-070 Submission of quarterly reports.** Each hospital shall submit a quarterly summary utilization and financial report within ~~((forty-five))~~ 45 days after the end of each calendar quarter. The quarterly report shall contain that information specified by the department and shall be submitted in the form and manner specified by the department.

AMENDATORY SECTION (Amending WSR 94-12-089, filed 6/1/94, effective 7/2/94)

**WAC 246-454-080 Alternative system of financial reporting.** Upon receipt of a request in detail to the satisfaction of the department, the department in its discretion may approve an alternative system for reporting of information under WAC ~~((246-454-030 or))~~ 246-454-050 or 246-454-070 by a hospital for such period(s) or portion thereof as the department shall specify, if:

(1) The hospital charges no fee to users of its services, presents no billing, either direct or indirect, to users of its services, and presents no billing and accepts no payment for services from private or public insurers.

(2) The hospital is significantly different from other hospitals in one or more of the following respects: Size; financial structure; methods of payment for services; or scope, type, and method of providing services.

(3) The hospital has other pertinent distinguishing characteristics.

(4) Such alternative system will avoid otherwise unduly burdensome costs in meeting the requirements ~~((of the uniform reporting system established))~~ specified by the department.

REPEALER

The following sections of the Washington Administrative Code are repealed:

WAC 246-454-020	Adoption and establishment of uniform system.
WAC 246-454-090	Modifications of uniform system.
WAC 246-454-110	Uniformly applicable interpretive rulings and minor manual modifications.
WAC 246-454-120	Penalties for violation.