

## Ferguson budget plan alarms health care providers

By DAVID GUTMAN  
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Groups representing health care providers are protesting obscure cuts within Gov. Bob Ferguson's newly released budget proposal that they say will cost low-income clinics and assisted living facilities hundreds of millions of dollars.

Ferguson's \$79 billion supplemental budget, released Tuesday, attempts to fill a \$2.3 billion shortfall without general tax increases. It does so in large part by tapping into the state's rainy day fund and redirecting hundreds of

millions of dollars that had been dedicated to climate-related projects.

But it would also tweak the state's Medicaid policies in ways that health care providers say would cause significant hardship, especially at a time when the federal government has made major cuts to both Medicaid and Affordable Care Act subsidies.

The Trump administration has made significant changes to both Medicaid and the Affordable Care Act — cutting funding, adding restrictions, letting subsidies

expire — that collectively are estimated to lead to 14 million people losing health insurance over the next decade, according to the Congressional Budget Office.

Brionna Aho, a Ferguson spokesperson, said the governor's proposal is only the first step of the budget process and they welcome ideas from both advocates and the Legislature.

"We are facing a significant shortfall," Aho said in an email. "For people who want more funding for programs they support, we trust they will bring proposals

about what other parts of the state budget they would cut to provide that funding."

One proposed change Ferguson is offering is to a Medicaid program designed to provide affordable prescription drugs to community health centers, which provide care to low-income and uninsured patients.

The program, called the Medicaid 340B Drug Pricing Program, allows community health centers to buy drugs directly from manufacturers at significant discounts. Manufacturers are required to

offer the discounts as a condition of participating in Medicaid.

The community health centers, when they bill insured patients, can charge health insurance companies the insurers' list prices for the drugs, a figure higher than what they pay under 340B. The health centers then use the difference to help fund their operations.

But Ferguson's budget, groups representing the health centers say, would change how the health centers bill for the drugs, negating the income they receive under

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340B.

The change would cost Washington's more than 400 community health center clinics more than \$100 million annually, according to the Community Health Network of Washington and the Washington Association for Community Health, two groups that represent the health centers.

"This would be a devastating impact to community health centers," Alyssa Patrick, director of policy for the Washington Association

for Community Health, said in an interview. "They would be losing access to funding that is really essential to cover uncompensated care and this is coming at a time when health centers are expecting to be seeing more uninsured patients."

Cuts to Medicaid and the Affordable Care Act, included in President Donald Trump's spending and revenue bill, are expected to lead to about 430,000 people in Washington becoming uninsured, according to estimates from the Kaiser Family Foundation.

The change to how the health centers bill, while costing health centers

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*CEO of the Washington Health Care Association*

\$100 million, would save the state only about \$7.5 million, according to the two groups.

Aho, Ferguson's spokesperson, said the change is "designed to be the least impactful on Medicaid patients."

"It keeps people on their coverage, able to see their providers and access the greatest level of care," she wrote.

Community health centers serve about 1.3 million Washington residents and provide care — primary care, dental care, behavioral health care — to anyone, regardless of ability to pay.

Another proposed change to Medicaid in Ferguson's budget would reduce funding for skilled nursing and assisted living facilities, according to the Washington Health Care Association

tion, a trade group that represents the facilities.

In last spring's budget, the Legislature updated how assisted living facilities are reimbursed through Medicaid, to reflect 2024 costs. Previously, reimbursement rates had been based on 2022 costs.

Ferguson's new proposal would temporarily shift reimbursement rates back to 2022 levels, lower rates that don't reflect inflation and wage increases, the Health Care Association said.

When lost federal matching dollars are taken into account, the Health Care Association said, the change

would cost long-term care facilities nearly \$148 million.

"If we cut funding for assisted living and skilled nursing, we undermine the entire spectrum of health care services in our state as people get stuck in hospitals and overload our emergency services," Carma Matti-Jackson, CEO of the Washington Health Care Association, said in a statement.

Aho said delaying the reimbursement rate increases from 2026 to 2027 saves the state \$70 million "and avoids cutting people off from care."

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