

# HOUSE BILL REPORT

## HB 1688

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### As Reported by House Committee On:

Health Care  
Appropriations

**Title:** An act relating to creating a task force to review health care facilities and services supply issues.

**Brief Description:** Creating a task force to review the certificate of need program and the health care facilities bonding program.

**Sponsors:** Representatives Cody, Clibborn, Moeller, Sommers, Kenney and Schual-Berke.

### Brief History:

#### Committee Activity:

Health Care: 2/24/05, 2/28/05 [DPS];

Appropriations: 3/5/05 [DP2S(w/o sub HC)].

#### Brief Summary of Second Substitute Bill

- Establishes a task force to make recommendations regarding the coverage of facilities and services under the certificate of need program and the criteria used to review those applications.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Cody, Chair; Campbell, Vice Chair; Morrell, Vice Chair; Bailey, Ranking Minority Member; Curtis, Assistant Ranking Minority Member; Appleton, Clibborn, Green, Lantz, Moeller, Schual-Berke and Skinner.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Alexander, Condotta and Hinkle.

**Staff:** Chris Blake (786-7392).

### Background:

A certificate of need from the Department of Health (Department) is required prior to the construction, renovation, or sale of a health care facility; changes in bed capacity at certain health care facilities; an increase in the number of dialysis stations at a kidney disease center; or the addition of specialized health services. The Department must consider specific criteria when determining whether or not to issue a certificate of need including: (1) the population's

need for the service; (2) the availability of less costly or more effective alternative methods of providing the service; (3) the financial feasibility and probable impact of the proposal on the cost of health care in the community; (4) the need and availability of services and facilities for physicians and their patients in the community; (5) the efficiency and appropriateness of the use of existing services and facilities similar to those proposed; and (6) improvements in the financing and delivery of health services that contain costs and promote quality assurance.

The Health Care Facilities Authority is authorized to issue bonds to finance projects by health care facilities, including the purchase, construction, or renovation of a facility. If the project requires that a certificate of need review be obtained, then the certificate must be issued before a financing plan may be adopted.

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### **Summary of Substitute Bill:**

A task force is established to make recommendations to the Governor and the Legislature related to improving and updating the certificate of need program. The task force is composed of four members of the Legislature, the Secretary of Health, the Administrator of the Health Care Authority, a representative of the Department of Social and Health Services, a health economist, and representatives of private employer-sponsored health benefits purchasers, labor organizations, health carriers, and health care consumers. The task force shall consult with an advisory committee that consists of representatives of health care providers and facilities.

The task force must consider several guiding principles when developing its recommendations. These principles provide that:

- The supply of health services impacts the utilization of those services independent of the need for the services.
- Consideration must be given to the impact of new health services or facilities on overall health expenditures.
- Consideration must be given to the likelihood that a new health facility, service, or equipment will improve health care quality or outcomes.

The task force must make recommendations by October 1, 2006, related to the scope of facilities, services and capital expenditures that should be subject to certificate of need reviews; the criteria for reviewing certificate of need applications; the need for a new and updated state health plan; the purpose of the certificate of need program; the timeliness and consistency of certificate of need decisions; and mechanisms to monitor commitments made by health care facilities.

### **Substitute Bill Compared to Original Bill:**

The proposed substitute removes the health care facilities bonding program from the study. The Secretary of Health is removed as the chair of the task force and the chair position is to be determined by an election of the task force. The guiding principle related to evidence-based

medicine's role in the certificate of need process is removed. Three new topics are added to the task force's review including an updated state health plan, a review of the certificate of need program's purpose, and consideration of the timeliness and consistency of certificate of need decisions. The moratoria on the issuance of health care facility bonds and certificates of need are eliminated.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** (In support with amendment) There has been frustration with the current certificate of need program and the fairness, timeliness, and consistency of its administration. The moratorium provision should be removed. The underlying policy of the program needs to be reviewed.

(With concerns) Health care financing has changed since the certificate of need program was first established, so the whole process should be completely reassessed. The moratorium could cause difficulties in some communities. The construction review process should also be reviewed.

**Testimony Against:** There are applications in the process that would be stalled if the moratorium took effect. The task force should also examine whether the certificate of need program should be repealed because it impedes the cost-effective delivery of services.

**Persons Testifying:** (In support with amendment) Bill Wolverton, Renal Care Group; Jody Carona, Health Facilities Planning and Development; Linda Hull, Northwest Kidney Centers and Providence Health Systems; and Laurie Jenkins, Department of Health.

(With concerns) Rob Manual, Washington State Hospital Association; Deb Murphy, Washington Association of Housing and Services for the Aging; and Robin Appleford, Da Vita Incorporated.

(Opposed) Cliff Webster, Washington State Medical Association and the Washington Academy of Eye Physicians and Surgeons.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 19 members: Representatives Sommers, Chair; Fromhold, Vice Chair; McDonald, Assistant

Ranking Minority Member; Bailey, Cody, Conway, Darneille, Dunshee, Grant, Haigh, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, Miloscia, Schual-Berke and Walsh.

**Minority Report:** Do not pass. Signed by 9 members: Representatives Alexander, Ranking Minority Member; Anderson, Assistant Ranking Minority Member; Armstrong, Buri, Clements, Hinkle, Pearson, Priest and Talcott.

**Staff:** Amy Hanson (786-7118).

**Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care:**

A null and void clause was added, making the bill null and void unless funding is provided in the budget.

**Appropriation:** None.

**Fiscal Note:** Available on the substitute bill.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funded in the budget.

**Testimony For:** None.

**Testimony Against:** None.

**Persons Testifying:** None.

**Persons Signed In To Testify But Not Testifying:** None.