

SENATE BILL REPORT

SB 5588

AS OF FEBRUARY 22, 1991

Brief Description: Placing a moratorium on the imposition of the cost index lid for nursing homes.

SPONSORS: Senators West, Johnson and L. Kreidler.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Staff: Scott Plack (786-7409)

Hearing Dates: February 27, 1991

BACKGROUND:

The Department of Social and Health Services (DSHS) administers the state Medicaid nursing home program. The state currently utilizes a prospective reimbursement system to reimburse nursing homes for the care under the program. The formula for determining reimbursement is established in statute (Chapter 70.46 RCW). It includes five reimbursable components or cost centers: nursing services, food, administration and operations, property and return on investment.

The nursing cost center includes all costs related to the direct provision of nursing and related care including fringe benefits for the nursing and related care personnel. The statutes describe the method for determining reimbursement to nursing homes for nursing services. The statutes also direct the department to utilize a statistical method to establish reasonable limits on nursing staff. DSHS is further directed in statute to select an index to determine nursing services cost increases. The statutes also provide for methods to making periodic adjustments in reimbursement for inflation and other factors that affect staffing levels such as changes in patient case mixes and additional DSHS requirements. These provisions serve to assure reimbursement at a level that reflects reasonable costs and to control cost increases in the Medicaid nursing home program.

SUMMARY:

For state fiscal years 1992 and 1993, prospective rates of reimbursement for nursing services are exempt from statutory provisions which provide limits on the nursing staff and require cost increases to be based upon an index. The total of all rate increases permitted during this exemption period shall not exceed 50 percent of the average rate paid during state fiscal year 1991 for the nursing home cost center. In this average is included any adjustments made based upon inflation or for other factors including changes in case mix.

It does not include, however, cost increases resulting from new federal regulatory requirements.

Appropriation: none

Revenue: none

Fiscal Note: available

Effective Date: July 1, 1991