

SENATE BILL REPORT

SB 5827

AS PASSED SENATE, APRIL 17, 1991

Brief Description: Revising provisions for the regulation of nursing homes.

SPONSORS: Senators West, McDonald and Niemi; by request of Office of Financial Management and Dept. of Social & Health Services.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass.

Signed by Senators West, Chairman; L. Smith, Vice Chairman; Amondson, and Johnson.

Minority Report: Do not pass.

Signed by Senators L. Kreidler, Niemi, and Wojahn.

Staff: Don Sloma (786-7414)

Hearing Dates: April 15, 1991

BACKGROUND:

The Governor's proposed 1991-93 biennial budget and the Senate's biennial budget proposal identify community program expansions as necessary to maintain the present lid on approval of new nursing home beds at 45 beds per 1,000 persons aged 65+.

To accommodate community program expansions within available funds, the budgets propose several reductions in the rate of increase of nursing home reimbursement. Many of these reductions require changes in state nursing home reimbursement statutes.

SUMMARY:

Statutory provisions regulating the cost and frequency of certain nursing home surveys are replaced with authority for the Department of Social and Health Services (DSHS) to establish fees for any licensing activities it may wish to pursue.

Any nursing home participating in medicaid must be certified to provide services under the Medicare program for no less than 15 percent of their licensed beds.

If a nursing home sells at a price higher than its depreciated value, DSHS must recover any funds it may have paid for depreciation in excess of that depreciated value. If the

home's purchaser has a Medicaid contract, they are obligated to reimburse DSHS. If not, the seller must.

Medicaid is prohibited from reimbursing a nursing home for any purchased direct nursing service in excess of the 50th percentile of usage by all Washington nursing homes.

The financing allowance paid in the Medicaid program for nursing homes is reduced from 11 percent to 10 percent.

The "variable return rate" paid as an efficiency incentive to nursing homes under Medicaid is reduced from 1 to 4 percent of the total rate to 0 to 3 percent.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

This bill was requested by the Governor and the Department of Social and Health Services (DSHS) as good public policy even if surplus funds are available.

TESTIMONY AGAINST:

Additional savings were identified in nursing home expenditures since this bill was introduced. The limitations on nursing services will be devastating. Other cuts will damage care and reduce interest in operating nursing homes. Operators now see only 95 percent of their costs in state rates. This will reduce that.

TESTIFIED: Scott Sigmon, WHCA (con); Senator James West (pro)

HOUSE AMENDMENT(S):

Authority for DSHS to recover certain funds paid for depreciation at the time of a nursing home sale is deleted.

The Senate bill's exceptions from reimbursement for purchased nursing care services are replaced with an exception from reimbursement for nursing care costs in excess of those paid for in-house nursing staff.

Nursing homes' costs associated with an increase in land value associated with a change of land ownership between July 17, 1984 and July 1, 1993 are excluded from reimbursement. After July 1, 1993, the valuation of capital assets for determining reimbursement shall be no more than an amount equal one half of the increase in one of two inflationary indexes applied to the value of the homes which change hands during each year.

The existing statutory cost lid on the nursing services cost center is eliminated for fiscal year 1992.

The Senate bill's reduction in the variable return allowance is delayed one year until July 1, 1992.

Current statutes regulating the handling of personal nursing home resident funds are repealed and replaced with the requirement that DSHS regulate the handling of these funds in a manner that meets federal requirements.