
SUBSTITUTE HOUSE BILL 1890

State of Washington

52nd Legislature

1991 Regular Session

By House Committee on Health Care (originally sponsored by Representative Braddock; by request of Office of Financial Management and Dept. of Social and Health Services).

Read first time March 6, 1991.

1 AN ACT Relating to regulation of nursing homes; and amending RCW
2 74.46.481.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 74.46.481 and 1990 c 207 s 1 are each amended to read
5 as follows:

6 (1) The nursing services cost center shall include all costs
7 related to the direct provision of nursing and related care, including
8 fringe benefits and payroll taxes for the nursing and related care
9 personnel. For rates effective for state fiscal year 1984, the
10 department shall adopt by administrative rule a definition of "related
11 care" which shall incorporate, but not exceed services reimbursable as
12 of June 30, 1983. For rates effective for state fiscal year 1985, the
13 definition of related care shall include ancillary care.

1 (2) The department shall adopt by administrative rules a method for
2 establishing a nursing services cost center rate consistent with the
3 principles stated in this section.

4 (3) Utilizing regression or other statistical technique, the
5 department shall determine a reasonable limit on facility nursing staff
6 taking into account facility patient characteristics. For purposes of
7 this section, facility nursing staff refers to registered nurses,
8 licensed practical nurses and nursing assistants employed by the
9 facility or obtained through temporary labor contract arrangements.
10 Effective January 1, 1988, the hours associated with the training of
11 nursing assistants and the supervision of that training for nursing
12 assistants shall not be included in the calculation of facility nursing
13 staff. In selecting a measure of patient characteristics, the
14 department shall take into account:

15 (a) The correlation between alternative measures and facility
16 nursing staff; and

17 (b) The cost of collecting information for and computation of a
18 measure.

19 If regression is used, the limit shall be set at predicted nursing
20 staff plus 1.75 regression standard errors. If another statistical
21 method is utilized, the limit shall be set at a level corresponding to
22 1.75 standard errors above predicted staffing computed according to a
23 regression procedure.

24 (4) No facility shall receive reimbursement for nursing staff
25 levels in excess of the limit, except that, if a facility was
26 reimbursed for a nursing staff level in excess of the limit as of June
27 30, 1983, the facility may chose to continue to receive its June, 1983
28 nursing services rate plus any adjustments in rates, such as
29 adjustments for economic trends, made available to all facilities.
30 However, nursing staff levels established under subsection (3) of this

1 section shall not apply to the nursing services cost center
2 reimbursement rate for the pilot facility especially designed to meet
3 the needs of persons living with AIDS as defined by RCW 70.24.017 and
4 specifically authorized for this purpose under the 1989 amendment to
5 the Washington state health plan [1989 1st ex.s. c 9]. The
6 reasonableness limit established pursuant to this subsection shall
7 remain in effect for the period July 1, 1983 through June 30, 1985. At
8 that time the department may revise the measure of patient
9 characteristics or method used to establish the limit.

10 (5) The department shall select an index of cost increase relevant
11 to the nursing and related services cost area. In the absence of a
12 more representative index, the department shall use the medical care
13 component index as maintained by the United States bureau of labor
14 statistics.

15 (6) If a facility's nursing staff level is below the limit
16 specified in subsection (3) of this section, the department shall
17 determine the percentage increase for all items included in the nursing
18 services cost center between the facility's most recent cost reporting
19 period and the next prior cost reporting period.

20 (a) If the percentage cost increase for a facility is below the
21 increase in the selected index for the same time period, the facility's
22 reimbursement rate in the nursing services cost center shall equal the
23 facility's cost from the most recent cost reporting period plus any
24 allowance for inflation provided by legislative appropriation.

25 (b) If the percentage cost increase for a facility exceeds the
26 increase in the selected index, the department shall limit the cost
27 used for setting the facility's rate in the nursing services cost area
28 to a level reflecting the increase in the selected index.

29 (7) If the facility's nursing staff level exceeds the
30 reasonableness limit established in subsection (3) of this section, the

1 department shall determine the increase for all items included in the
2 nursing services cost center between the facility's most recent cost
3 reporting period and the next prior cost reporting period.

4 (a) If the percentage cost increase for a facility is below the
5 increase in the index selected pursuant to subsection (5) of this
6 section, the facility's reimbursement rate in the nursing cost center
7 shall equal the facility's cost from the most recent cost reporting
8 period adjusted downward to reflect the limit on nursing staff, plus
9 any allowance for inflation provided by legislative appropriation
10 subject to the provisions of subsection (4) of this section.

11 (b) If the percentage cost increase for a facility exceeds the
12 increase in the selected index, the department shall limit the cost
13 used for setting the facility's rate in the nursing services cost
14 center to a level reflecting the nursing staff limit and the cost
15 increase limit, subject to the provisions of subsection (4) of this
16 section, plus any allowance for inflation provided by legislative
17 appropriation.

18 (8) Prospective rates for the nursing services cost center for
19 state fiscal years 1992 and 1993 shall not be subject to the cost index
20 lid in subsections (5), (6), and (7) of this section. The total of all
21 rate increases of the nursing services cost center for any nursing
22 home, including prospective rate increases authorized pursuant to RCW
23 74.46.495 and 74.46.460 but excluding costs associated with new federal
24 regulatory requirements, during this period shall not exceed fifty
25 percent of the average rate paid during state fiscal year 1991 for the
26 nursing services cost center for that nursing home.

27 (9) The department is authorized to determine on a systematic basis
28 facilities with unmet patient care service needs. The department may
29 increase the nursing services cost center prospective rate for a
30 facility beyond the level determined in accordance with subsection (6)

1 of this section if the facility's actual and reported nursing staffing
2 is one standard error or more below predicted staffing as determined
3 according to the method selected pursuant to subsection (3) of this
4 section and the facility has unmet patient care service needs:
5 PROVIDED, That prospective rate increases authorized by this subsection
6 shall be funded only from legislative appropriations made for this
7 purpose and the increases shall be conditioned on specified
8 improvements in patient care at such facilities.

9 ~~((9))~~ (10) The department shall establish a method for
10 identifying patients with exceptional care requirements and a method
11 for establishing or negotiating on a consistent basis rates for such
12 patients.

13 ~~((10))~~ (11) The department, in consultation with interested
14 parties, shall adopt rules to establish the criteria the department
15 will use in reviewing any requests by a contractor for a prospective
16 rate adjustment to be used to increase the number of nursing staff.
17 These rules shall also specify the time period for submission and
18 review of staffing requests: PROVIDED, That a decision on a staffing
19 request shall not take longer than sixty days from the date the
20 department receives such a complete request. In establishing the
21 criteria, the department may consider, but is not limited to, the
22 following:

- 23 (a) Increases in acuity levels of contractors' residents;
- 24 (b) Staffing patterns for similar facilities;
- 25 (c) Physical plant of contractor; and
- 26 (d) Survey, inspection of care, and department consultation
- 27 results.