

HOUSE BILL REPORT

HB 1975

As Passed House
February 15, 1994

Title: An act relating to nursing home reimbursement overpayments.

Brief Description: Modifying provisions relating to nursing home reimbursement overpayments.

Sponsors: Representatives Dunshee and Locke; by request of Department of Social and Health Services.

Brief History:

Reported by House Committee on:
Appropriations, February 3, 1994, DP;
Passed House, February 15, 1994, 50-42.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: Do pass. Signed by 18 members:
Representatives Sommers, Chair; Valle, Vice Chair; Carlson, Assistant Ranking Minority Member; Appelwick; Basich; Dellwo; Dorn; Dunshee; Jacobsen; Lemmon; Leonard; Linville; H. Myers; Peery; Rust; Wang; Wineberry and Wolfe.

Minority Report: Do not pass. Signed by 9 members:
Representatives Silver, Vice Chair; Ballasiotes; Cooke; G. Fisher; Foreman; Sehlin; Sheahan; Stevens and Talcott.

Staff: John Woolley (786-7154).

Background: Individual rates are developed for each nursing home for the daily amount the state will pay for Medicaid patients. This rate, based on reported costs, is an estimate of what a nursing home's actual costs will be and what will be paid to the nursing home during the year on a per patient, per day basis. For fiscal year 1994, the average rate is estimated to be \$92.35 per patient, per day.

During the course of the year, some nursing homes' actual costs are less than the estimate. Since the rate actually paid to a home during the year is the estimate, this causes instances of overpayment.

For example, the state may have been paying \$92.35 per patient, per day based on the estimate. The actual

recognized cost to the nursing home may be only \$90.35. This results in an overpayment of \$2.00. If the home had 100 clients, the total overpayment for one year might be: \$2.00 per day x 100 clients x 365 days, or \$73,000.

Summary of Bill: The bill modifies the Department of Social and Health Services' (DSHS) authority to withhold payments in the event of an overpayment by: 1) extending from 30 to 60 the number of days of payment that can be withheld in the absence of adequate alternate security, pending a final settlement when a contract is terminated; 2) withholding payment to a nursing home with an overpayment liability exceeding \$50,000 pending the home's provision of security or refund of the overpayment; and 3) specifying that payments will be withheld, even if a nursing home has requested an administrative review or appealed the suspension of payments.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: There are a few instances when a nursing home goes out of business and owes the state considerable money. This bill is required to put the Department of Social and Health Services in the position of securing the state should a nursing home go out of business owing the state money.

Testimony Against: Witnesses were opposed to the bill last year and maintain the same opposition. The industry understands the need to protect against a specific home's overpayment, but the bill impacts every home when only a few homes have been overpaid. The reason there is so much money in dispute is because of the process for resolving overpayments.

Witnesses: Ralph Smith, Department of Social and Health Services (supports); and Jerry Reilly, Washington Health Care Authority (opposed).