

# HOUSE BILL REPORT

## HB 1975

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As Reported By House Committee On:  
Appropriations

**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, March 2, 1993, DP.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 17 members: Representatives Locke, Chair; Valle, Vice Chair; Appelwick; Basich; Dellwo; Dorn; Dunshee; G. Fisher; Jacobsen; Lemmon; Leonard; Linville; Peery; Rust; Sommers; Wang; and Wolfe.

**Minority Report:** Do not pass. Signed by 9 members: Representatives Silver, Ranking Minority Member; Carlson, Assistant Ranking Minority Member; Ballasiotes; Cooke; Morton; Sehlin; Sheahan; Stevens; and Talcott.

**Staff:** John Woolley (786-7154).

**Background:** Every year a rate is developed for each nursing home for the daily amount the state will pay for Medicaid patients. This rate, based on reported costs from the previous year as well as other factors, 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 1993, the average rate is estimated to be \$86.53 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 \$86.53 per patient, per day based on the estimate. The actual

recognized cost to the nursing home may be only \$84.53. 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 gives the Department of Social and Health Services (DSHS) the authority to establish security against an overpayment to a nursing home by:

1. Requiring the department to obtain security equivalent to the overpayment if the overpayment is \$50,000 or more;
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. Extending from 30 to 60, the number of days of payment that can be withheld pending a final settlement.

**Fiscal Note:** Available.

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

**Testimony For:** The bill is necessary to insure recoupment of overpayments to nursing homes.

**Testimony Against:** While the bill is an improvement over previous versions, the current bill can impose a burden on nursing home operators who will have difficulty obtaining security. In addition, withholding payments during an appeal which may find that no overpayment has been made will unfairly impact a nursing home.

**Witnesses:** Ralph Smith, Department of Social and Health Services, (for); and Gerry Riley, Washington Health Care Association (against).