

# HOUSE BILL REPORT

## SHB 2738

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As Passed House  
February 11, 1994

**Title:** An act relating to certificates of need.

**Brief Description:** Revising provisions relating to certificates of need.

**Sponsors:** By House Committee on Health Care (originally sponsored by Representatives Flemming and Foreman).

**Brief History:**

Reported by House Committee on:  
Health Care, February 4, 1994, DPS;  
Passed House, February 11, 1994, 96-0.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives Dellwo, Chair; L. Johnson, Vice Chair; Dyer, Ranking Minority Member; Ballasiotes, Assistant Ranking Minority Member; Appelwick; Backlund; Conway; Cooke; Flemming; R. Johnson; Lemmon; Lisk; Mastin; Morris; Thibaudeau and Veloria.

**Staff:** Bill Hagens (786-7131).

**Background:** The Certificate of Need (CON) was the darling of health care cost containment efforts in the 1970s. Supported by a federally-funded planning process, its primary goal was to control the growth of capital expenditures, mainly hospitals, through a local review and approval process based on a set need criteria. Since its adoption, the CON law has frequently been amended. The scope of its jurisdiction was greatly curtailed in tandem with the repeal of the hospital rate-setting act in 1989. Presently, the Department of Health (DOH) has the authority to grant or deny a Certificate of Need for projects in established service areas.

Generally, health care facilities are subject to CON. Health care facilities are defined as hospices, hospitals, psychiatric hospitals, nursing homes, kidney disease treatment centers, ambulatory surgical facilities, and home health agencies.

Although there are numerous exemptions, the following types of projects must be reviewed: construction, development, or other establishment of a new health care facility; sale, purchase, or lease of part or all of any existing hospital; capital expenditures for the construction, renovation, or alteration in excess of a \$1 million; a change in bed capacity of a health care facility which increases the total number of licensed beds; new tertiary health services, e.g. open heart surgery or organ transplants, which are offered in or through a health care facility or rural health care facility; and any increase in the number of dialysis stations in a kidney disease center.

While current statute permits competing health care facilities to submit various supportive materials during the formal review process, it does not provide statutory permission to do so during the appeal. Proponents of this measure are concerned that DOH's initial decision could be modified as a result of an appeal or negotiation with the input from competing interests.

**Summary of Bill:** Any interested health care facility or health maintenance organization is given the right to present oral or written testimony and argue in a proceeding regarding a CON decision by DOH.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This bill is necessary for fair treatment of all health care facilities regarding CON.

**Testimony Against:** None.

**Witnesses:** Janis Sigman, Department of Health (pro); and Jerry Reilly, Washington Health Care Association (pro).