

SENATE BILL REPORT

HB 1975

AS REPORTED BY COMMITTEE ON WAYS & MEANS, FEBRUARY 28, 1994

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

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

HOUSE COMMITTEE ON APPROPRIATIONS

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: That it be referred to Committee on Ways & Means without recommendation.

Signed by Senators Talmadge, Chairman; Wojahn, Vice Chairman; Deccio, Erwin, Franklin, Fraser, Hargrove, McAuliffe, McDonald, Moyer, Niemi, Prentice, Quigley and Winsley.

Staff: Rhoda Jones (786-7198)

Hearing Dates: March 30, 1993; February 25, 1994

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rinehart, Chairman; Quigley, Vice Chairman; Bauer, Bluechel, Gaspard, Hargrove, Moyer, Niemi, Owen, Pelz, Snyder, Spanel, Sutherland, Talmadge, Williams and Wojahn.

Staff: Tim Yowell (786-7615)

Hearing Dates: February 28, 1994

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 allowable 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, the reported costs are sometimes determined through audit to have been too high. Since the rate actually paid to a home during the year is based on the reported costs, 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:

The Department of Social and Health Services' (DSHS) authority to withhold payments in the event of an overpayment is modified in three ways. First, when a contract is terminated, the number of days of final payment which can be withheld in the absence of adequate alternate security is extended from 30 to 60 days. Second, unless adequate alternate security such as a surety bond is provided, the department is required to withhold payments to a nursing home facility with an overpayment liability exceeding \$50,000. Third, the department is given the authority to withhold payments while the alleged overpayment amount is still in dispute and appeal.

Appropriation: none

Revenue: none

Fiscal Note: available

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

TESTIMONY FOR:

The bill safeguards the state against financial loss in cases of nursing home bankruptcy.

TESTIMONY AGAINST: None

TESTIFIED: Representative Hans Dunshee, prime sponsor (pro); Paul Montgomery, Department of Social and Health Services (pro)