

SENATE BILL REPORT

SHB 2738

AS REPORTED BY COMMITTEE ON HEALTH & HUMAN SERVICES,
FEBRUARY 25, 1994

Brief Description: Revising provisions relating to certificates of need.

SPONSORS: House Committee on Health Care (originally sponsored by Representatives Flemming and Foreman)

HOUSE COMMITTEE ON HEALTH CARE

SENATE COMMITTEE ON HEALTH & HUMAN SERVICES

Majority Report: Do pass as amended.

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

Staff: Don Sloma (786-7319)

Hearing Dates: February 22, 1994; February 25, 1994

BACKGROUND:

The Certificate of Need (CON) was a major component 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:

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.

SUMMARY OF PROPOSED COMMITTEE AMENDMENT:

Any health care facility or health maintenance organization which testified on a CON application may intervene as a party in an administrative appeal of that CON decision so long as they demonstrate grounds for intervention under civil rules for superior court and so long as their intervention is not for anti-competitive purposes or for reasons of delay.

Appropriation: none

Revenue: none

Fiscal Note: none requested

TESTIMONY FOR:

The bill is needed to grant standing to interested parties to CON decisions if they become subject to appeal.

TESTIMONY AGAINST: None

TESTIFIED: Jerry Reilly, WA Health Care (pro); Janis Sigman, DOH (pro)