FINAL BILL REPORT

2SSB 5179

PARTIAL VETO
C 277 L 97
Synopsis as Enacted

Brief Description: Correcting inequities in the nursing facility reimbursement system.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Deccio, Prentice and Wood).

Senate Committee on Health & Long-Term Care
Senate Committee on Ways & Means
House Committee on Appropriations

Background: There are five primary components of state Medicaid reimbursement rates for nursing homes. Rates for the operational, administrative, nursing services, and food components for the first year of the current biennium (FY 96) were based upon inflation-adjusted actual spending in the calendar year. This rate was increased by a national index of nursing home inflation in FY 97, and will be increased by 125 percent of the national inflation index in FY 98.

The property rate component is adjusted every year to reflect the current occupancy rate, capital improvements which have occurred in the past year, and the calculated depreciation value of the facility. The depreciation schedule for nursing homes is based upon a national index of the anticipated life of various construction types, and typically runs 30-50 years.

Reimbursement of land costs for new nursing homes is established based on the average county tax assessed value of ten of the nearest nursing facilities.

Summary: The following areas considered in determining reimbursement rates are changed:

The allowable cost for land on which new facilities are constructed is limited to the actual cost per square foot or the cost established by a mandatory competent professional appraisal process.

Real estate taxes on new or replacement construction are recognized only on a current funded basis for rate adjustments on non-rebasing years.

New buildings, major remodels and allowable major repair projects have lives for depreciation purposes set according to guidelines published by the American Hospital Association, but for new construction they will never be set at less than 30 years.

Anticipated patient day levels are used when adjusting the property and return on investment (ROI) components of the rate when facilities reduce capacity by reducing their number of beds.

The minimum occupancy standard for a facility which operated for less than a full year in 1994 is set at 85 percent, rather than 90 percent. Additional reimbursement is provided for a previously-leased facility which was purchased following lessor bankruptcy.

Additional funding is provided for a facility seeking to have acquisition costs recognized by the state. Language is also added which provides an add-on to one facility's reimbursement rate.

Votes on Final Passage:

Senate	49	0	
House	85	12	(House amended)
House	88	9	(House reconsidered)
Senate	46	0	(Senate concurred)

Effective: July 27, 1997

Partial Veto Summary: Language providing special provisions for two nursing homes in the state enabling them to receive grant enhancements above the current Medicaid rate was vetoed.