

5179-S2

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

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

SB 5179-S2 - DIGEST

(DIGEST AS ENACTED)

Provides that, for new or replacement building construction or for substantial building additions requiring the acquisition of land and which commenced to operate on or after July 1, 1997, the department shall determine allowable land costs of the additional land acquired for the replacement construction or building additions to be the lesser of:

(1) The contractor's or lessor's actual cost per square foot;
or

(2) The square foot land value as established by an appraisal that meets the latest publication of the Uniform Standards of Professional Appraisal Practice (USPAP) and the financial institutions reform, recovery, and enhancement act (FIRREA).

Declares that, effective July 1, 1997, for asset acquisitions and new facilities, major remodels, and major repair projects that begin operations on or after July 1, 1997, the department shall use the most current edition of Estimated Useful Lives of Depreciable Hospital Assets, or as it may be renamed, published by the American Hospital Publishing, Inc., an American hospital association company, for determining the useful life of new buildings, major remodels, and major repair projects, however, the shortest life that may be used for new buildings is thirty years.

VETO MESSAGE ON SB 5179-S2

May 7, 1997

To the Honorable President and Members,
The Senate of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 7 and 8, Second Substitute Senate Bill No. 5179 entitled:

"AN ACT Relating to nursing facility reimbursement;"

Second Substitute Senate Bill No. 5179 seeks to address concerns of owners of state nursing facilities by making corrections to the nursing facility reimbursement system. The legislature has passed this bill to ease the way for owners of nursing homes to make repairs and other improvements to their facilities, for the benefit of those who reside in those homes.

There are, however, two sections of this bill that have special provisions for two particular homes, for which there are no extenuating circumstances. Sections 7 and 8 both apply very narrow criteria to grant rate enhancements to selected facilities above the rate they would normally receive through the payment system.

Special treatment within the state's rate structure could

invite legal challenges from homes that do not benefit from this bill. These provisions also invite increased federal scrutiny of the state Medicaid plan, and could possibly jeopardize approval of the plan. Federal law requires that the state reimbursement system must ensure that payments are reasonable and adequate to meet the costs incurred by efficiently and economically operated facilities. It would be difficult to argue that the state's payment system complies with this requirement if the law has special provisions for selected nursing homes, without extenuating circumstances.

For these reasons, I have vetoed sections 7 and 8 of Second Substitute Senate Bill No. 5179.

With the exception of sections 7 and 8, Second Substitute Senate Bill No. 5179 is approved.

Respectfully submitted,
Gary Locke
Governor