

HOUSE BILL REPORT

E2SHB 1484

As Passed House:

March 12, 1999

Title: An act relating to the medicaid related payment of property costs in licensed nursing facilities.

Brief Description: Modifying property valuation methods for reimbursing nursing facilities.

Sponsors: By House Committee on Health Care (Originally sponsored by Representatives Parlette, Cody, Alexander, Conway and Edwards).

Brief History:

Committee Activity:

Health Care: 2/4/99, 3/2/99 [DPS];

Appropriations: 3/5/99, 3/6/99 [DP2S(w/o sub HC)].

Floor Activity:

Passed House: 3/12/99, 95-0.

Brief Summary of Engrossed Second Substitute Bill

- The current method for determining variable return on investment is retained.
- The current financing allowance for existing facilities and projects (set at 10 percent for all existing facilities) is maintained and the financing allowance for all new assets acquired after the effective date of this act is set at 8.5 percent.
- Facilities that have received certificate of need approval for new construction or major renovation prior to the effective date of this act will receive a financing allowance at 10 percent.
- For new construction or major renovation projects, fixed equipment (wiring, plumbing, heating and air conditioning systems, etc.) will be depreciated using the same life as the building to which it is affixed.
- A bed to population ratio of 40 beds per 1,000 persons 65 or older is placed into statute. The Certificate of Need (CON) process is valid for five years and must be reviewed prior to any continuation.
- Property tax increases resulting from new construction or major renovation projects are paid to the nursing facility in a rate increase up to the operations median.

HOUSE COMMITTEE ON HEALTH CARE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Cody, Democratic Co-Chair; Parlette, Republican Co-Chair; Pflug, Republican Vice Chair; Alexander; Boldt; Campbell; Conway; Edmonds; Edwards; Mulliken and Ruderman.

Staff: Antonio Sanchez (786-7383).

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care. Signed by 31 members: Representatives Huff, Republican Co-Chair; H. Sommers, Democratic Co-Chair; Alexander, Republican Vice Chair; Doumit, Democratic Vice Chair; D. Schmidt, Republican Vice Chair; Barlean; Benson; Boldt;

Carlson; Clements; Cody; Crouse; Gombosky; Grant; Kagi; Keiser; Kenney; Lambert; Linville; Lisk; Mastin; McIntire; McMorris; Mulliken; Parlette; Regala; Rockefeller; Ruderman; Sullivan; Tokuda and Wensman.

Staff: Dave Johnson (786-7154).

Background:

The capital reimbursement rate refers to the cost of capital, buildings, and equipment for each nursing home facility. It is a unique cost-based rate for each nursing facility paid through three components of the overall nursing home rate: