

HOUSE BILL REPORT

HB 2152

As Reported By House Committee On:

Health Care

Title: An act relating to exceptional care and therapy care payment rates.

Brief Description: Concerning long-term care payment rates.

Sponsors: Representatives Cody, Parlette, Van Luven, Conway and Edmonds.

Brief History:

Committee Activity:

Health Care: 3/2/99 [DPS].

Brief Summary of Substitute Bill

- The Department of Social and Health Services (DSHS) is given the authority to allow 12 nursing facilities to establish therapy costs for specific residents under the age of 65 who do not qualify for Medicare and would be able to attain significant progress from intensive therapy care services.
- The DSHS is given authority for establishing exceptional rates for residents needing specialized heavy care.

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).

Background:

Nursing Homes: There are 269 medicaid certified facilities in 37 counties providing care to approximately 14,500 medicaid clients. The state plays two major roles with regard to nursing homes: the regulator and service purchaser. The state purchases,

through Medicaid, about two-thirds of all nursing home care delivered in the state. As of October 1998, yearly costs per person for nursing home care was \$41,880 at an average daily rate of \$114.74.

Nursing Home Rate Setting - The Current Payment System: The Washington state nursing home rate refers to the Medicaid payment made to a nursing facility operator to care for one person for one day. The Washington nursing home payment system may be characterized as prospective, cost-based, and facility-specific. This means that each facility receives its own rate of payment, which is unique to that facility, and based upon that facility's allowable costs and case mix (**facility specific**).

Multiple Components to the Rate - The rates paid to nursing facilities are based on six different components. These components include, direct care, operations, support services, therapy care, property, and the return on investment which consists of two parts - financing allowance and variable return. Each individual facility is paid the lower of their actual cost of providing a component of care, or they are paid up to the ceiling for that component.

Therapy Payments - Payments to nursing facilities for therapy care are currently based on the 1996 cost report. The payment is included in the daily rate paid to nursing facilities. The average payment for therapy care is 90 cents per patient day. It covers physical therapy, speech therapy, occupational therapy, respiratory therapy, and mental health therapy. One-on-one therapy costs are added at 110 percent of the median cost per unit of therapy for each therapy type. A unit of therapy is equal to 15 minutes of one-on-one therapy. The therapy rate is rebased every three years.

Summary of Substitute Bill:

Exceptional Care Payments - The DSHS is given the authority to define categories of exceptional care, establish exceptional care payments rates, and the criteria for determining certain exceptional care residents with unmet needs. The DSHS is required to report to appropriate committees of the Legislature on the number of individuals granted exceptional care rates, their diagnosis, the amount of payments made for exceptional care, an assessment of the cost benefit of providing exceptional care by measuring health outcomes.

Therapy Care Payment - The DSHS is required to adopt rules and implement exceptional payments by January 1, 2000. The DSHS is allowed to establish a limited therapy care payment for residents under the age of 65 who do not qualify for Medicare and have been determined that they can achieve significant progress in their health status by receiving intensive therapy care. Only 12 nursing facilities that have displayed excellence in therapy care may be allowed to receive payment for the therapy care payment. In order to receive payment the DSHS is required to approve a

plan of care on a patient by patient basis and monitor each resident. The DSHS is required to submit a report to the Legislature by December 12, 2002, that identifies how many residents have received intensive therapy care, the cost of the care, and a cost benefit analysis of exceptional care payments for therapy. The ability of the DSHS to allow intensive care therapy payments is terminated on June 30, 2003.

Substitute Bill Compared to Original Bill: The special therapy care payment system is modified to limit the number of residents who could qualify for therapy services. Several technical amendments are added to clarify intent. Eliminates the fee schedule payment for mental health, mental retardation and respiratory therapy.

The ability of the DSHS to increase the direct care component rate allocation specifically for ventilator-dependent residents, residents with traumatic brain injury, the behaviorally challenged, and residents who are morbidly obese is eliminated.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: (HB 1483 - similar bill) This measure will enhance direct care and increase the quality of services.

Testimony Against: (HB 1483 - similar bill) The DSHS cannot support the additional costs of the provisions in the act.

Testified: (HB 1483 - similar bill) (support) Chuck Hawley, Sisters of Providence; Karen Tynes, Washington Association of Housing Services for the Aging; Jerry Reilly, Washington Health Care Association; Ellie Menzies and Pam Johnson, SEIU #1199; and Josh Gortler, Caroline Kline Galland.

(pro w/concerns) Bruce Reeves, Senior Citizens Lobby; and Kary Hyre, Long-term Care Ombudsman Program.

(oppose) Nancy Holderman, Department of Social and Health Services.