
Appropriations Committee

HB 2804

Brief Description: Requiring the department of social and health services to review cost adjustments to calculate median costs for the nursing facility medicaid payment system.

Sponsors: Representatives Lisk, Cody, Skinner, Conway, Campbell, Darneille, Linville, Schual-Berke, Benson, Edwards, Clements, McMorris and Casada.

Brief Summary of Bill

- Quarterly, the Department of Social and Health Services will review and, if certain conditions are met, recalculate median costs for nursing facilities and apply the recalculated medians retroactively for the purposes of establishing Medicaid nursing facility rates.

Hearing Date: 2/7/02

Staff: Bernard Dean (786-7130).

Background:

There are 255 Medicaid-certified nursing home facilities in Washington providing long-term care services to approximately 13,000 Medicaid clients. The payment system for these nursing homes is established in statute and is administered by the Aging and Adult Services Administration within the Department of Social and Health Services.

Portions of the nursing facility rate are based, in part, upon median allowable costs for services in three peer groups. The peer groups include: rural counties; urban counties; and urban counties in which direct care costs are at least 10 percent greater than in other urban counties.

The current nursing home payment system which was established in 1998, does not direct the department to recalculate medians to account for successfully appealed costs that were originally excluded by the department.

Summary of Bill:

Median costs for peer groups are first calculated using the most recent adjusted cost

information, regardless of whether the adjustments are contested or subject to pending administrative or judicial review.

Then, on a quarterly basis, the department will review the outcome of contested adjustments. If the department finds that, since the most recent adjustment of the medians, more than one million dollars has been awarded to providers as the result of contested adjustments, the department will recalculate the median costs for each peer group and apply the recalculated medians retroactively to the prior July 1 rate.

Appropriation: None.

Fiscal Note: Requested on January 29, 2002.

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