

# HOUSE BILL REPORT

## ESHB 2851

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**As Passed House:**

February 14, 2004

**Title:** An act relating to removing certificate of need limitations on bed capacity and redistribution for federally certified critical access hospitals.

**Brief Description:** Removing certificate of need limitations on bed capacity and redistribution for federally certified critical access hospitals.

**Sponsors:** By House Committee on Health Care (originally sponsored by Representatives Clibborn, Campbell, Darneille and Edwards; by request of Department of Health).

**Brief History:**

**Committee Activity:**

Health Care: 1/29/04, 2/5/04 [DPS].

**Floor Activity:**

Passed House: 2/14/04, 93-3.

**Brief Summary of Engrossed Substitute Bill**

- Eliminates the need for certain critical access hospitals to undergo certificate of need review to increase bed capacity to the federal limit of 25 beds.

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### HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 13 members: Representatives Cody, Chair; Morrell, Vice Chair; Bailey, Ranking Minority Member; Alexander, Benson, Campbell, Clibborn, Darneille, Edwards, Moeller, Rodne, Schual-Berke and Skinner.

**Staff:** Chris Blake (786-7392).

**Background:**

A person must obtain a certificate of need from the Department of Health (Department) prior to (1) the construction, development, establishment, or sale of a hospital, or (2) an increase in bed capacity or the addition of a tertiary health service at a hospital. The Department must consider specific criteria when determining whether or not to issue a certificate of need including: (1) the population's need for the service; (2) the availability of less costly or more effective alternative methods of providing the service; (3) the financial feasibility and probable impact of the proposal on the cost of health care in the community; (4) the need and

availability of services and facilities for physicians and their patients in the community; (5) the efficiency and appropriateness of the use of existing services and facilities similar to those proposed; and (6) whether the hospital meets or exceeds the regional average level of charity care.

The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program. The program is intended to increase access to care in rural areas by allowing more flexibility in staffing, simplifying billing methods, and creating incentives to integrate health delivery systems. One of the conditions for participation in the program is that the hospital have no more than 25 acute care patients at any one time. Washington currently has 29 hospitals certified as critical access hospitals.

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**Summary of Engrossed Substitute Bill:**

A health care facility that is certified as a critical access hospital is not required to apply for a certificate of need when increasing its total number of licensed beds to the maximum of 25 as permitted by federal law. The beds may also be redistributed among acute care and nursing home care without requiring a certificate of need review. The exception to the certificate of need review requirement does not apply if there is a nursing home within 27 miles of the hospital unless the hospital had designated nursing home beds before December 31, 2003 or the hospital is using up to five swing beds.

If the hospital discontinues its certified status as a critical access hospital, the hospital may revert back to the number of beds and types of beds that it had when it originally requested critical access hospital certification.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.

**Testimony For:** This bill gives critical access hospitals flexibility to meet the needs of the community. Fourteen of the 29 critical access hospitals provide the only long-term care services in their communities.

**Testimony Against:** Nursing homes in Washington are in financial trouble and this bill will take patients from them.

**Persons Testifying:** (In support) Ron O'Halloran, Ferry County Public Hospital District #1; and Ron Weaver, Department of Health.

(Opposed) Brendon Williams, Washington Health Care Association; and Jerry Tretwold, Harmony House.

**Persons Signed In To Testify But Not Testifying: None.**