
Appropriations Committee

E2SSB 5341

Brief Description: Establishing a quality maintenance fee on nursing facilities.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Winsley, Kline, Thibaudeau, Carlson, Parlette and Kohl-Welles).

Brief Summary of Engrossed Second Substitute Senate Bill

- Imposes a quality maintenance fee of \$6.50 per patient day on most nursing homes
- Directs the Department of Social and Health Services to submit a waiver exempting certain nursing facilities from the tax to the federal government.

Hearing Date: 4/21/03

Staff: Bernard Dean (786-7130).

Background:

State Medicaid programs have used a variety of mechanisms such as provider taxes, provider donations, and intergovernmental transfers to increase federal Medicaid revenues.

The federal government has placed restrictions on these mechanisms in order to limit the extent to which states may use federal funds to cover the state share of Medicaid costs. These restrictions include requirements that provider taxes be broad-based, which means the tax must apply to all providers of the same class, regardless of whether the provider participates in Medicaid or not. Provider taxes must also be imposed at a uniform rate, and they may not include any direct or indirect "hold harmless" provisions which guarantee repayment of the tax to all providers.

Summary of Engrossed Second Substitute Senate Bill:

A quality maintenance fee is imposed on nursing homes. All non-exempt nursing homes must pay a fee of \$6.50 multiplied by each facility's total number of patient days (excluding Medicare days).

The Department of Social and Health Services shall request a waiver of federal rules in order

to exempt state-operated facilities, public hospital districts, and nursing homes with no or low rates of Medicaid occupancy from the fee. No fee is due from the facilities named in the waiver request pending a final federal decision. If the waiver request is not approved, the fee is payable in full. The quality maintenance fee is terminated if it is disallowed under the federal Medicaid program.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2003.