

# FINAL BILL REPORT

## SB 6485

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### C 261 L 04

Synopsis as Enacted

**Brief Description:** Improving the regulatory environment for hospitals.

**Sponsors:** Senators Deccio and Winsley.

**Senate Committee on Health & Long-Term Care**  
**House Committee on Health Care**

**Background:** In late 2002, the Washington State Hospital Association (WSHA) issued its report "How Regulations Are Overwhelming Washington Hospitals," outlining the difficulty and costs hospitals face in complying with the various federal, state and local regulations that govern their construction and operation. During the 2003 session, SB 5833 was introduced, requiring the coordination of hospital surveys and audits conducted by state agencies.

Prompted by this, in June 2003, the Governor directed the formation of the Hospital Onsite Survey Coordination Workgroup, made up of representatives of the WSHA and the various state agencies that regulate hospitals. He charged the workgroup with "exploring ways to streamline the frequency and duration of onsite survey activities, improving hospital notification when possible, and fostering greater coordination and less duplication of efforts." The workgroup issued a progress report, including its findings and recommendations, in November 2003.

A hospital is required to get a certificate of need from the Department of Health prior to increasing bed capacity or adding a tertiary health service. The department must consider certain criteria specified in statute when determining whether or not to issue the certificate of need.

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.

Public Hospital Districts (PHD's) are special purpose districts that operate hospitals and provide other health-related services. Commissioners of a PHD are publicly elected officials. A PHD may contract or join with another hospital, a PHD, or other entity to provide health care services or operate health care facilities by forming a nonprofit joint legal entity. The governing body of such a joint entity must include representatives of the PHD, *including* the PHD commissioners.

**Summary:** The Department of Health (DOH) must oversee a pilot project, including other relevant state agencies, which implements and evaluates strategies to reduce the burden on

hospitals of government surveys and audits. Results of the pilot project must be reported to the Legislature by December 1, 2004.

By July 1, 2004, each state agency which conducts hospital surveys or audits must post to its agency web site a list of the most frequent problems identified in its surveys or audits, information on how to address the identified problems, and the name of a person within the agency that a hospital may contact with questions or for further assistance.

By July 1, 2004, the Department of Health must develop an instrument, to be provided to every hospital upon completion of a state survey or audit, which allows the hospital to evaluate the survey or audit process. DOH must distribute the completed evaluations to the relevant agencies, and compile them in an annual report to the Legislature.

Except when responding to complaints or immediate public health and safety concerns, or when such prior notice would conflict with other state or federal law, any state agency that provides notice of a hospital survey or audit must do so no less than four weeks prior to the date of the survey or audit.

State hospital fire protection and enforcement standards must be consistent with the standards adopted by the federal centers for Medicare and Medicaid services for hospitals that care for Medicare or Medicaid beneficiaries.

The Office of the State Fire Marshal and relevant local agencies are added to the list of entities with whom DOH is to coordinate when conducting hospital inspections. DOH must notify each agency at least four weeks prior to any inspection, invite their attendance, and provide each a copy of its inspection report upon completion.

DOH must coordinate its hospital construction review process with other state and local agencies having similar review responsibilities. Inconsistencies or conflicts among the agencies must be identified and eliminated.

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.

If a PHD enters into a joint entity, the governing body of the joint entity must still include representatives of the PHD, but no longer must include the PHD commissioners.

**Votes on Final Passage:**

Senate	46	0	
House	95	0	(House amended)

Senate			(Senate refused to concur)
House	97	0	(House amended)
Senate	49	0	(Senate concurred)

**Effective:** June 10, 2004