

HOUSE BILL REPORT

SB 6368

As of Second Reading:

Title: An act relating to the discontinuation of the nursing facility bed tax.

Brief Description: Discontinuing the nursing facility bed tax.

Sponsors: Senators Haugen, Benson, Kline, Kohl-Welles, Keiser, Carrell and Fairley.

Brief History:

Committee Activity:

Brief Summary of Bill

- Repeals the nursing facility quality maintenance fee effective July 1, 2007.

Staff: Bernard Dean (786-7130).

Background:

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

The 2003 Legislature levied a quality maintenance fee of \$6.50 per patient-day on nursing facilities. The Department of Social and Health Services (DSHS) received a waiver of federal rules in order to exempt state-operated facilities, public hospital districts, nursing homes with 47 or fewer licensed beds, and nursing homes with 210 or more licensed beds from the fee.

In the 2005 session, the Legislature provided for a phased elimination of the fee over six years. The tax rate was reduced to \$5.25 per patient day during the 2005-07 biennium; to \$3.00 per patient day during the 2007-09 biennium; and to \$1.50 per patient day during the 2009-11 biennium. The fee will no longer be imposed after July 1, 2011.

The fee is expected to generate approximately \$21 million of net revenue for the state general fund in 2007-09, after accounting for the portion of the tax for which facilities are reimbursed in their Medicaid payment rate.

Summary of Bill:

Effective July 1, 2007 the nursing facility quality maintenance fee is repealed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on July 1, 2007.

Testimony For: None.

Testimony Against: None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.