

SENATE BILL REPORT

SB 5570

As of March 4, 2005

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

Brief Description: Discontinuing the nursing facility bed tax.

Sponsors: Senators Haugen, Pflug, Keiser, Kastama, McAuliffe, Kline, Carrell, Fairley, Benson, Roach, Rasmussen, Mulliken and Eide.

Brief History:

Committee Activity: Ways & Means: 3/2/05.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Tim Yowell (786-7435)

Background: In 2003, the state levied a new tax of \$6.50 per patient day of care on nursing homes. The tax applies to all patient days of care, except those paid by the federal Medicare program. The tax does not apply to nursing homes owned and operated by public agencies. It also does not apply to thirty-six private facilities the federal government agreed could be exempted from the tax without violating Medicaid federal rules.

The tax generates approximately \$34 million per year of revenue for the state general fund.

Medicaid payment rates were increased in 2003 to cover the cost of the tax on patient days of care paid by the state Medicaid program. After accounting for the state share of that increased Medicaid payment, net state revenues from the tax total about \$22 million per year.

Summary of Bill: The additional tax on nursing facilities is repealed effective July 1, 2005.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on July 1, 2005.

Testimony For: Private-pay nursing home patients are who actually end up paying the tax. They are good middle-class people who have planned and saved for their long-term care; and who have not used legal maneuvers to qualify for Medicaid. They should not have to pay an additional \$2,300 tax, in addition to paying for their own long-term care.

Testimony Against: None.

Who Testified: PRO: Senator Haugen, prime sponsor; Rob Matiko, Anderson House; Monica Mattson, Josephine House; Neva Sullivan; Margaret Larson, Mayor of Arlington; Barbara Knopf, Emerald Heights Retirement Center.

Signed in, Unable to Testify & Submitted Written Testimony: CON: Jonathan Eames,
Washington Health Care Association.