

# HOUSE BILL REPORT

## HB 2100

---

**As Reported by House Committee On:**  
Health Care & Wellness  
Appropriations

**Title:** An act relating to establishing a statewide health resources strategy.

**Brief Description:** Establishing a statewide health resources strategy.

**Sponsors:** Representatives Cody, Morrell, Quall, Kenney, Linville and Ormsby.

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 2/15/07 [DPS];

Appropriations: 3/3/07, 3/5/07 [DP2S(w/o sub HCW)].

**Brief Summary of Second Substitute Bill**

- Establishes the Washington Health Resources Strategy Commission to conduct health planning and to publish the Statewide Health Resources Strategy.

---

### HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Cody, Chair; Morrell, Vice Chair; Barlow, Green, Moeller, Pedersen, Schual-Berke and Seaquist.

**Minority Report:** Do not pass. Signed by 3 members: Representatives Hinkle, Ranking Minority Member; Alexander, Assistant Ranking Minority Member and Condotta.

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

**Background:**

In 1974, Congress passed the National Health Planning and Resources Development Act (Act). The stated intent of the Act was to create state and local level health planning for health services and facilities. The Act created local health systems agencies, state health planning and development agencies, and statewide health coordinating councils. The law also required every state to establish and administer a certificate of need program. When the federal health

---

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

planning requirements were eliminated in 1986, several states discontinued their certificate of need programs. Washington is one of 36 states that currently maintains a certificate of need program.

---

### **Summary of Substitute Bill:**

The Office of Strategic Health Resource Coordination (Office) is created in the Office of the Governor. The Office is responsible for assisting the Washington Health Resources Strategy Commission (Commission) and preparing the Statewide Health Resources Strategy (Strategy). In addition, the Office must develop a computerized system for accessing, analyzing, and disseminating health planning data. The Office must maintain access to deidentified data collected by public and private organizations to support the Commission's health planning functions.

The Commission is created consisting of 17 members appointed by the Governor to four-year terms. The members specifically include: three health economists or health planners and representatives of nongovernment health purchasers; acute care facilities; long-term care facilities; community-based long-term care providers; health care providers; a federally-recognized Indian tribe; health care consumers; the Department of Health (Department); the Department of Social and Health Services; the Health Care Authority; and the Office of the Insurance Commissioner. The Governor must make reasonable efforts to appoint individuals with expertise in health planning or health economics.

The Commission is responsible for developing the Strategy which establishes statewide health planning policies and goals related to the availability of facilities and services, quality of care, and cost of care. The Commission must consider the following goals and principles when developing the plan:

- Health care financing is structured in such a way that free market competition is limited and government planning and regulation is required to control costs, utilization, and distribution of health care services and facilities.
- Excess capacity of health services and facilities places a considerable burden on the public to pay for them.
- Accurate health care data related to cost and quality of health care and projections of need for health care facilities and services are necessary for effective health planning.
- An informed understanding of the state's health system can create a competitive health care system that is affordable, high-quality, and cost-effective.

The Strategy is comprised of five components.

- *A health system assessment and objectives component* which includes general demographic and health status information as well as key policy objectives related to access to care, health outcomes, quality, and cost-effectiveness.
- *A health care facilities and services plan* that assesses the demand for health care facilities and services to inform health planning and certificate of need determinations. The plan includes an inventory of existing health care facilities and

services; projections of need; policies for the addition of new or expanded health care facilities and services; and an assessment of the availability of resources needed to support additional facilities and services.

- *A health care data resource plan* that identifies the data necessary to conduct health planning and certificate of need activities such as inpatient and outpatient utilization and outcome information, and financial and utilization information related to cost, quality, and charity care. The plan must identify existing data resources and identify where the data is insufficient to conduct health planning activities, and recommend where the Office should have access to additional data or agencies should expand their data collection.
- *An assessment of emerging trends in health care delivery and technology* which includes recommendations to change the scope of health care facilities and services covered by certificate of need or the review criteria.
- *A rural health resource plan* that assesses the availability of health resources in rural communities, their unmet needs, and how reimbursement policies can better meet their health care needs.

The final Strategy must be completed by January 1, 2009, and must be updated every two years. The regional health care facilities and services plans may be updated on a rotating biennial schedule. There are requirements for holding public hearings and accepting written comments prior to issuing the initial strategy, an updated strategy, or an updated health care facilities and services plan. Prior to updating a health care facilities and services plan, a public hearing shall be held within the affected geographic region before issuing a draft and before issuing a final updated plan.

The Commission must submit the Strategy and any health care facilities and services plan updates to the Department to direct its certificate of need program activities. Certificate of need determinations must be consistent with the Strategy and any policies and goals that it identifies. The Department may waive certain requirements when they create an undue burden on the population served by a project or in an emergency which poses a threat to public health.

#### **Substitute Bill Compared to Original Bill:**

The substitute bill adds a representative of community-based long-term care providers to the Health Resources Strategy Commission.

---

**Appropriation:** None.

**Fiscal Note:** Available.

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

#### **Staff Summary of Public Testimony:**

(In support, including testimony on similar bill HB 1415) The Strategy will reduce delays of projects which result from appeals of certificates of need decisions. This bill is necessary to assure that there is an adequate and efficient supply of health care resources are available in the state. The committee membership should be expanded. There should be a specific workgroup on cardiac care. The Health Resources Strategy is critical to the successful operation of the certificate of need program.

(Opposed) None.

**Persons Testifying:** (In support, including testimony on similar bill HB 1415) Chuck Hawley, Providence Health and Services; Robb Menaul, Washington State Hospital Association; Janet Varon, Northwest Health Law Advocates; Julie Peterson, Washington Association of Housing and Services for the Aging; Jody Carona, Health Facilities Planning and Development; and Michael Shaw, American Heart Association.

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

---

## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 22 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Cody, Conway, Darneille, Ericks, Fromhold, Grant, Haigh, Hunt, Hunter, Kagi, Kenney, Kessler, Linville, McDermott, McIntire, Morrell, Pettigrew, Schual-Berke, Seaquist and P. Sullivan.

**Minority Report:** Do not pass. Signed by 12 members: Representatives Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Buri, Chandler, Dunn, Hinkle, Kretz, McDonald, Priest and Walsh.

**Staff:** David Pringle (786-7310).

### **Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Health Care & Wellness:**

The Appropriations Committee's second substitute bill reduces the number of health planners and health economists on the Washington Health Resources Strategy Commission from three to two. It also increases the number of acute care facility members on the Commission from one to two, and adds a definition of "health service area." The second substitute bill also removes the principle from the Commission Strategy that pertains to competition in the health care system. The application of the Health Care Facilities and Services Plan to the Certificate of Need program is specified in the Appropriations Committee's second substitute bill as only pertaining to those facilities that are covered by certificate of need. The second substitute bill postpones the completion date for the first strategy from January 1, 2009 to January 1, 2010. A null and void clause was added to the Appropriations Committee's second substitute bill to require reference to the bill in the 2007 operating budget for the bill to become effective.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of session in which bill is passed. However, the bill is null and void unless funding is provided in the budget.

**Staff Summary of Public Testimony:**

(In support) It became apparent that our Certificate of Need program had not been updated in many years, and it was badly needed. We support this bill as an important update to the Certificate of Need program along with a new source of information that will support good decision-making.

(Opposed) None.

**Persons Testifying:** Lisa Thatcher, Washington State Hospital Association.

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