

# HOUSE BILL REPORT

## 2ESSB 5905

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**As Passed House:**

March 11, 2008

**Title:** An act relating to certificate of capital authorization.

**Brief Description:** Concerning certificate of capital authorization.

**Sponsors:** By Senate Committee on Ways & Means (originally sponsored by Senators Franklin, Pflug, Keiser, Tom, Zarelli, Marr and Carrell).

**Brief History:**

**Committee Activity:**

Appropriations: 3/1/08, 3/3/08 [DP].

**Floor Activity:**

Passed House: 3/11/08, 96-0.

**Brief Summary of Second Engrossed Substitute Bill**

- The nursing facilities process for certification of capital authorizations is changed from a first-come, first-serve system to one that is priority based.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** Do pass. Signed by 34 members: Representatives Sommers, Chair; Dunshee, Vice Chair; Alexander, Ranking Minority Member; Bailey, Assistant Ranking Minority Member; Haler, Assistant Ranking Minority Member; Anderson, Chandler, Cody, Conway, Darneille, Ericks, Fromhold, Grant, Green, Haigh, Hinkle, Hunt, Hunter, Kagi, Kenney, Kessler, Kretz, Linville, McDonald, McIntire, Morrell, Pettigrew, Priest, Ross, Schmick, Schual-Berke, Seaquist, Sullivan and Walsh.

**Staff:** Carma Matti (786-7140).

**Background:**

In order to receive Medicaid funding for construction costs above \$2 million, a skilled nursing facility needs a certificate of capital authorization (CCA) from the Department of Social and Health Services (DSHS). An approved CCA allows the investment and depreciation

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associated with the nursing home's capital project to be included in their Medicaid reimbursement rate. In order to obtain a CCA, the nursing facility must:

- receive a certificate of need from the Department of Health;
- submit a written application to DSHS; and
- provide a project description, dollar amount, and timeline.

Completed applications are reviewed and approved on a first-come, first-serve basis. Projects not approved in one appropriation period have priority in the subsequent period. The DSHS has the authority to give priority to a project that is necessitated by an emergency situation as determined by DSHS rules.

Since 2006, the total dollar amount of capital authorizations as set in the biennial appropriations act has been \$16 million per fiscal year. Prior to 2006, this amount was \$32 million per year.

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### **Summary of Bill:**

Certificates of capital authorizations (CCA) are based on priority rather than first-come, first-serve. Priority is as follows:

- (1) First priority is given to replacement and renovations on existing facilities that incorporate innovative building designs such as the Green House model or other models that create more home-like settings. Of the applications in this category, the facilities with the greatest length of time since their last renovation or construction shall be given preference.
- (2) Second priority is given to renovation of existing facilities with the greatest length of time since their last renovation or construction.
- (3) Third priority is given to replacement of existing facilities with the greatest length of time since their last renovation or construction.
- (4) Last priority is given to new facilities and is processed on a first-come, first-served basis.

The DSHS has authority to give first priority to projects that are necessitated by an emergency situation defined as construction or renovation needed as soon as possible to:

- (1) retain a facilities license or certification;
- (2) protect the health or safety of the facility's residents; and
- (3) avoid closure.

The DSHS is authorized to establish rules regarding the prioritization for processing CCAs, and the time period during which applications for CCAs will be accepted and for which authorizations will remain valid.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This bill establishes a policy for how we use very limited funds. The policy ought to be to renovate or reconstruct existing facilities so we can keep the stock of nursing facilities in good shape all across Washington. We believe there is good flexibility for the DSHS to determine an emergency. We worked closely with the DSHS on this bill for two years. This bill establishes an important improvement to the process and puts the facilities in the front of the line that are most in need of renovation and replacement. The bill takes steps toward improving the process and may need to be worked on down the road. We would also appreciate some recognition of new models to be included in the process such as Eden Alternatives and Green House models of care.

(Opposed) None.

**Persons Testifying:** Gary Weeks, Washington Health Care Association; and Deb Murphy, Washington Association of Housing and Services for the Aging.

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