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HOUSE BILL 3187

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State of Washington

61st Legislature

2010 Regular Session

By Representative Simpson

1 AN ACT Relating to medicaid reimbursement for nursing facilities;  
2 and amending RCW 74.46.421.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 74.46.421 and 2008 c 263 s 1 are each amended to read  
5 as follows:

6 (1) The purpose of part E of this chapter is to determine nursing  
7 facility medicaid payment rates that ~~((, in the aggregate for all~~  
8 ~~participating nursing facilities, are in accordance with the biennial~~  
9 ~~appropriations act.~~

10 ~~(2)(a) The department shall use the nursing facility medicaid~~  
11 ~~payment rate methodologies described in this chapter to determine~~  
12 ~~initial component rate allocations for each medicaid nursing facility.~~

13 ~~(b) The initial component rate allocations shall be subject to~~  
14 ~~adjustment as provided in this section in order to assure that the~~  
15 ~~statewide average payment rate to nursing facilities is less than or~~  
16 ~~equal to the statewide average payment rate specified in the biennial~~  
17 ~~appropriations act.~~

18 ~~(3) Nothing in this chapter shall be construed as creating a legal~~  
19 ~~right or entitlement to any payment that (a) has not been adjusted~~

1 under this section or (b) would cause the statewide average payment  
2 rate to exceed the statewide average payment rate specified in the  
3 biennial appropriations act.

4 (4)(a) The statewide average payment rate for any state fiscal year  
5 under the nursing facility payment system, weighted by patient days,  
6 shall not exceed the annual statewide weighted average nursing facility  
7 payment rate identified for that fiscal year in the biennial  
8 appropriations act.

9 (b) If the department determines that the weighted average nursing  
10 facility payment rate calculated in accordance with this chapter is  
11 likely to exceed the weighted average nursing facility payment rate  
12 identified in the biennial appropriations act, then the department  
13 shall adjust all nursing facility payment rates proportional to the  
14 amount by which the weighted average rate allocations would otherwise  
15 exceed the budgeted rate amount. Any such adjustments for the current  
16 fiscal year shall only be made prospectively, not retrospectively, and  
17 shall be applied proportionately to each component rate allocation for  
18 each facility.

19 (c) If any final order or final judgment, including a final order  
20 or final judgment resulting from an adjudicative proceeding or judicial  
21 review permitted by chapter 34.05 RCW, would result in an increase to  
22 a nursing facility's payment rate for a prior fiscal year or years, the  
23 department shall consider whether the increased rate for that facility  
24 would result in the statewide weighted average payment rate for all  
25 facilities for such fiscal year or years to be exceeded. If the  
26 increased rate would result in the statewide average payment rate for  
27 such year or years being exceeded, the department shall increase that  
28 nursing facility's payment rate to meet the final order or judgment  
29 only to the extent that it does not result in an increase to the  
30 statewide weighted average payment rate for all facilities)) are  
31 consistent with efficiency, economy, and quality of care and are  
32 sufficient to enlist enough providers so that care and services are  
33 available under the medicaid plan at least to the extent that care and  
34 services are available to the general population in the state. The  
35 requirements under this subsection must be interpreted consistent with  
36 42 U.S.C. Sec. 1396a(a)(30)(A). In every instance, medicaid payment  
37 rates must bear a reasonable relationship to the costs of providing

1 quality care incurred by efficiently and economically operated nursing  
2 facilities.

3 (2) Nursing facility medicaid payment rates derived through  
4 methodologies consistent with the purpose of part E of this chapter, as  
5 described in subsection (1) of this section, must not be implemented  
6 unless and until the department provides documented proof to the  
7 legislature that the resulting rates are consistent with efficiency,  
8 economy, and quality of care and are sufficient to enlist enough  
9 providers so that care and services are available under the state  
10 medicaid plan to the extent that such care and services are available  
11 to the general population in the state, consistent with 42 U.S.C. Sec.  
12 1396a(a)(30)(A).

13 (3) The documented proof referred to in subsection (2) of this  
14 section requires an analysis of the relationship between proposed  
15 reimbursement rates and actual costs incurred by the nursing facilities  
16 for providing quality care and services to medicaid beneficiaries. At  
17 a minimum, this analysis must rely on responsible cost studies that  
18 provide reliable data as a basis for rate setting. This analysis must  
19 be performed and considered before establishing or changing  
20 reimbursement rates or methodologies.

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