

SENATE BILL REPORT

SB 5225

As of February 1, 2013

Title: An act relating to exempting public hospital districts from certificate of need requirements.

Brief Description: Exempting public hospital districts from certificate of need requirements.

Sponsors: Senators Becker, Bailey, Ericksen and Carrell.

Brief History:

Committee Activity: Health Care: 1/29/13.

SENATE COMMITTEE ON HEALTH CARE

Staff: Kathleen Buchli (786-7488)

Background: The certificate of need program is a regulatory process that requires certain healthcare providers to get state approval before building certain types of facilities or offering new or expanded services. The certificate of need process is intended to help ensure that facilities and new services proposed by healthcare providers are needed for quality patient care within a particular region or community. A certificate of need from the Department of Health (DOH) is required for construction, development, or establishment of the following healthcare facilities: hospitals; nursing homes; kidney dialysis centers; Medicare or Medicaid home health agencies and hospice agencies; ambulatory surgical centers; and hospice care centers. Certificate of need review is also necessary for increases in the number of stations at a kidney dialysis center; sale, purchase, or lease of all or part of an existing hospital; increases in the number of licensed beds at a hospital, nursing home, or hospice care center; offering a tertiary health service such as rehabilitation programs, open heart surgery, therapeutic cardiac catheterization, organ transplantation specialty burn services, intermediate care nursery or obstetric services, neonatal intensive care nursery or obstetric services, and specialized inpatient pediatric services; a capital expenditure made by a nursing home exceeding \$2,403,990; nursing home bed banking transactions; and nursing home replacements.

Under the program, DOH must review the project under specific criteria related to community need, quality of services, financial feasibility, and the impact on health care costs in the community. Certain facilities are exempt from the certificate of need requirement. These include certain facilities offering inpatient tertiary health services; nursing homes that

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are owned and operated by a continuing care retirement community; and certain hospice agencies.

Summary of Bill: Any facility operated or service provided by a public hospital district is exempt from the certificate of need requirement.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The certificate of need process needs to be eliminated. Application fees are excessive, and requiring health care facilities to get certificates of need before providing new services is an impediment to providing effective health care. It can be abused by competitors and is favorable to those entities with financial resources that permit them to enter into and continue the appeals process. The certificate of need process adds no value and restrains us from addressing the needs of residents in our public hospital district. We need a robust process that is in line with a statewide strategy of meeting the state's health care needs. The certificate of need process has not improved since the 2006 task force reviewed it; today, certificates of need are not delivered in a timely fashion. Unlike for-profit hospitals, public hospital districts are directly accountable to the people they serve; they are subject to open public meetings and public record laws.

CON: This bill creates an uneven playing field between the different types of hospitals.

Persons Testifying: PRO: Glen Marshall, Kennewick Public Hospital District, Kennewick General Hospital; Rodger McCollum, King County Public Hospital District No. 4; Carl Nelson, WA State Medical Assn.; Lisa Everson, WAS Ambulatory Surgery Center Assn.

CON: Jeff Gombosky, MultiCare Health System.