SENATE BILL REPORT
SB 6335

As Reported by Senate Committee On:
Health Care, February 4, 2016

Title: An act relating to nursing facility case mix classification methodology.

Brief Description: Modifying the nursing facility case mix classification methodology.

Sponsors: Senators Parlette, Cleveland and Becker.

Brief History:
Committee Activity: Health Care: 1/26/16, 2/04/16 [DPS-WM].

SENATE COMMITTEE ON HEALTH CARE

Majority Report: That Substitute Senate Bill No. 6335 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Cleveland, Ranking Minority Member; Angel, Bailey, Baumgartner, Brown, Conway, Frockt, Jayapal, Keiser, Parlette and Rivers.

Staff: Kathleen Buchli (786-7488)

Background: The Washington State Medicaid (Medicaid) program includes long-term care assistance and services provided to low-income individuals. It is administered by the state in compliance with federal laws and regulations and is jointly financed by the federal and state government. The federal funds are matching funds, and are referred to as the Federal Financial Participation, or the Federal Medical Assistance Percentage (FMAP). The FMAP is calculated based on average per-capita income and is usually between 50 and 51 percent for Washington. Typically the state pays the remainder using the state general fund. Clients may be served in their own homes, in community residential settings, and in skilled nursing facilities.

There are approximately 240 skilled nursing facilities licensed in Washington to serve about 10,000 Medicaid-eligible clients. Skilled nursing facilities are licensed by the Department of Social and Health Services (DSHS) and provide 24-hour supervised nursing care, personal care, therapies, nutrition management, organized activities, social services, laundry services, and room and board to three or more residents. The nursing facility Medicaid payment system is administered by DSHS. Nursing facility Medicaid payment rates are determined in

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accordance with the biennial appropriation act using the payment rate methodologies established in statute.

The tool used to classify residents according to the level of care needed is called the Resource Utilization Group (RUG). The score produced by the RUG tool is a determinant of the relative nursing resources used to care for that particular client. The reduced physical function RUG includes residents who may or may not have received assistance with activities of daily living such as bed mobility, transferring, eating, and toilet use. A client who scores a four in an activity of daily living cannot perform this activity without total nursing staff support; a client who scores a three requires extensive nursing staff support. Many clients who fall into the federal code PA-PE groups score a three or four in one or more activities of daily living. Currently, the case-mix index may be adjusted for any of the lowest 10 resource-utilization group categories beginning with PA1 through PE2.

Summary of Bill (Recommended Substitute): DSHS must use the 57-group index maximizing model for the RUG tool. DSHS may not adjust any RUG case mix index except for the 10 lowest case mix indices, based on the assigned numeric weights and when no behavior code is associated with the resident's assessment.

EFFECT OF CHANGES MADE BY HEALTH CARE COMMITTEE (Recommended Substitute): DSHS may not adjust any resource utilization group case mix index except for the ten lowest case mix indices and when no behavior code is associated with the individual's assessment.

Appropriation: None.

Fiscal Note: Requested on January 23, 2016.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This will help individuals who need more care and will simplify the nursing home formula. The law passed five years ago intended to provide a disincentive to nursing facilities that keep low acuity clients in the facility. This is now excluding residents from nursing care who have complex care needs and this was an unintended effect. Some individuals should not be put into the community. This is a concern to nursing facilities who want to avoid penalties in a reduction of direct care costs. The P group is not necessarily the lowest acuity group. Classifying someone as low acuity does not reflect the needs of the patient.

Persons Testifying on Original Bill: PRO: Senator Parlette, prime sponsor; Deb Murphy, Leading Age Washington; Coleen Marlatt, Cornerstone Clinical Consulting; Nikole Jay, Judson Park; Susie Alvarez-Meyer, Sea Mar Community Health; Katie Jacoby, Living Care Retirement.

Persons Signed In To Testify But Not Testifying on Original Bill: No One.