

HOUSE BILL REPORT

HB 2965

As of Second Reading

Title: An act relating to the state's response to the novel coronavirus.

Brief Description: Concerning the state's response to the novel coronavirus.

Sponsors: Representatives Cody, Schmick, Riccelli, Bergquist, Callan, Dufault, Hudgins, Leavitt, Shewmake, Tharinger, Maycumber, Ramos, Ortiz-Self and Stonier.

Brief History:

Committee Activity:

None.

Brief Summary of Bill

- Appropriates \$50 million from the Budget Stabilization Account, via the Disaster Response Account, to be allotted to state agencies and distributed to local governments for response to the Coronavirus Disease 2019 (COVID-19).
- Authorizes the Department of Social and Health Services to determine nursing facility payments to adequately resource facilities responding to the COVID-19 outbreak.

Staff: Chris Blake (786-7392).

Background:

Budget Stabilization Account.

In 2007 the voters ratified a constitutional amendment that created the Budget Stabilization Account (BSA) as Article VII, section 12 of the Washington Constitution. Each year, the State Treasurer must deposit 1 percent of general state revenues into the constitutionally created BSA. The term "general state revenues" is defined in the Washington Constitution and is generally synonymous with the statutory State General Fund.

In general, appropriations from the BSA require a three-fifths majority in each house of the Legislature, but in the case of low employment growth or a state of emergency resulting from

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a catastrophic event, the Legislature may appropriate from the BSA with a constitutional majority vote of each chamber.

Disaster Response Account.

The Disaster Response Account (DRA) is a dedicated account in the State Treasury. Money may be placed in the DRA from legislative appropriations and transfers, federal appropriations, and other lawful sources. Expenditures from the DRA are used to support state agency and local government disaster response and recovery efforts.

Coronavirus Disease 2019.

Coronavirus Disease 2019 (COVID-19) is a respiratory illness that can be transmitted from person-to-person. Reported cases have resulted in mild to severe illness as well as death. Symptoms, such as fever, cough, shortness of breath, may appear 2 to 14 days after exposure. There is no vaccine or treatment for COVID-19, but medical care can relieve the symptoms.

On January 30, 2020, the World Health Organization declared the recent outbreak of COVID-19 to be a public health emergency of international concern. On January 31, 2020, the federal Department of Health and Human Services declared a public health emergency for the United States. On February 29, 2020, the Governor issued a proclamation to declare a state of emergency in all counties of Washington and directed state agencies to take all reasonable measures to assist affected local governments to respond to and recover from the COVID-19 outbreak.

Nursing Facility Rate Methodology.

Medicaid rates paid to nursing facilities are unique to each facility and reflect each facility's mix of Medicaid payors and resident acuity levels.

The nursing facility payment rate system consists of three primary components: direct care, indirect care, and capital. The direct care component represents nursing and related care provided to residents, including food, laundry, and dietary services. The indirect care rate component includes administrative expenses, maintenance costs, tax reimbursements, and housekeeping services. Rates are based on cost reports submitted by nursing facilities to the Department of Social and Health Services (Department) at the end of each calendar year.

The direct and indirect care rate components are rebased in odd-numbered state fiscal years using cost reports submitted by nursing facilities for the period two calendar years previous.

The statewide weighted average daily rate is identified in the operating budget and is also known as the "budget dial." The Department is authorized to reduce rates proportionally to all nursing facilities if the budget dial is exceeded in a fiscal year.

Summary of Bill:

The sum of \$50 million is appropriated from the Budget Stabilization Account to the Disaster Response Account. In turn, \$50 million is appropriated from the Disaster Response Account to the Office of Financial Management for allotment to state agencies and distribution to local governments for response to the Coronavirus Disease 2019 (COVID-19) pursuant the Governor's declaration of emergency of February 29, 2020.

The Department of Social and Health Services (Department) may determine nursing facility payments to adequately resource facilities that are responding to a state of emergency declared by the Governor, including the COVID-19 outbreak. The Medicaid payments must be determined by the Department, as appropriate to respond to the state of emergency, and are exempt from the state's Medicaid methodology. Such nursing facility payments may not be included in the calculation of the annual statewide weighted average nursing facility payment rate.

Appropriation: The sum of \$50 million.

Fiscal Note: Not requested.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.