

SENATE BILL REPORT

SB 5920

As of January 17, 2024

Title: An act relating to lifting certificate of need requirements for the construction of psychiatric hospitals and the addition of psychiatric beds.

Brief Description: Lifting certificate of need requirements for psychiatric hospitals and beds.

Sponsors: Senators Padden, Fortunato, Keiser, Warnick and Wilson, L..

Brief History:

Committee Activity: Health & Long Term Care: 1/18/24.

Brief Summary of Bill

- Removes certificate of need requirements from law related to increasing psychiatric beds or constructing, developing, or establishing a psychiatric hospital.

SENATE COMMITTEE ON HEALTH & LONG TERM CARE

Staff: Kevin Black (786-7747)

Background: Certificate of Need. A certificate of need is a health planning regulatory process administered by the Department of Health (DOH) in which entities undertaking to construct, develop, establish, sell, purchase, lease, renovate, or alter a health care facility, hospital, or nursing home must apply for a certificate of need or exemption from DOH before proceeding, subject to certain exceptions and limitations. DOH must charge a fee for reviewing certificate of need applications and applications for exemptions which is sufficient to cover the full cost of the review and exemption. The statutory declared purpose for the certificate of need policy is to promote, maintain, and assure the health of all citizens in Washington while controlling increases in health care costs and recognizing prevention as a priority.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

History. The first certificate of need program in the United States was enacted in New York in 1964. For a period of time starting in 1974, the federal government required all states to establish and maintain certificate of need programs in order to receive federal funds to support state and local health planning activities. Washington State's certificate of need program was enacted in 1979. Federal certificate of need mandates were repealed in 1987. Washington is part of 35 states and the District of Columbia which still maintain certificate of need programs. According to the National College of State Legislatures, there are no certificate of need programs or similar programs in California, Colorado, Idaho, Kansas, New Hampshire, New Mexico, North Dakota, Pennsylvania, South Dakota, Texas, Utah, and Wyoming.

Exemptions for Increases in Psychiatric Beds or Construction of Psychiatric Hospitals. The Legislature suspended the certificate of need requirement for increasing psychiatric beds within a hospital in 2014. Initially applicable for only one year, the exemption was extended by the Legislature in 2017, and expanded to include construction, development, or establishment of psychiatric hospitals. Similar extensions were enacted in 2019 and 2021. DOH's authority to grant new certificate of need exemptions related to psychiatric beds or psychiatric hospitals expired in law on June 30, 2023.

Summary of Bill: DOH may not require a certificate of need for:

- adding new psychiatric beds to a hospital;
- changing the use of beds within a hospital to increase the number of psychiatric beds;
or
- constructing, developing, or establishing a new psychiatric hospital.

Requirements placed on use of psychiatric beds pursuant to certificate of need exemptions granted by DOH between 2015-2023, such as maintaining a payer mix of at least 50 percent Medicaid and Medicare for a period of at least five consecutive years, or for the beds to remain dedicated as psychiatric beds unless a new certificate of need is granted, are repealed.

Appropriation: None.

Fiscal Note: Requested on January 9, 2024.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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