

FINAL BILL REPORT

ESB 5423

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Synopsis as Enacted

Brief Description: Regarding critical access hospitals not subject to certificate of need review.

Sponsors: Senators Pflug and Oemig.

Senate Committee on Health & Long-Term Care
House Committee on Health Care & Wellness

Background: Certificate of Need. The Certificate of Need (CON) Program is operated by the Department of Health under direction of the secretary's designee. A certificate of need is required before a health care provider can offer certain new or expanded services. Some examples are construction or sale of a hospital or an increase in the number of licensed hospital or nursing home beds. The purpose for a certificate of need process is to ensure that new services proposed by health care providers are needed within a particular region.

Health care provider CON applications must address the need for such services, the availability of less costly or more effective alternative methods of providing such services, financial feasibility and impact on health care costs in the community, quality assurance and cost effectiveness, as well as other factors.

Critical Access Hospitals. A critical access hospital (CAH) is a hospital that is certified to receive cost-based reimbursement from Medicare. It must be designated by the state as a CAH and must be participating in Medicare as a rural public hospital. A CAH must be located in a rural area and be more than 35 miles from another hospital. It can have no more than 25 inpatient beds, maintain an annual average length of stay of 96 hours per patient, and must make available emergency care services 24-hours per day, seven days per week.

A certificate of need is required if a health care facility intends to change the total number of beds or intends to redistribute beds among acute care, nursing home care and boarding home care for longer than six months. A rural health care facility that increases the total number of nursing home beds or redistributes bed from acute care or boarding home care to nursing home care for longer than six months is also subject to CON review.

A critical access hospital can increase its total number of beds to 25 and may redistribute beds among acute care and nursing home care without being subject to CON review unless

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there is a nursing home within 27 miles of the critical access hospital. However, even if there is a nursing home within 27 miles of the CAH, the CON review is not required if the CAH had designated beds to provide nursing home care prior to December 31, 2003, or for up to five swing beds.

Summary: A CAH is not subject to a CON review for up to 25 swing beds as long as there is not a licensed nursing home within the same city or town limits. The additional swing bed capacity must be phased in with no more than one-half of the additional beds before July 1, 2009, and the balance phased in no sooner than July 1, 2010.

Votes on Final Passage:

Senate	35	10
House	94	3

Effective: July 26, 2009