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**SENATE BILL 6087**

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**State of Washington**

**55th Legislature**

**1997 Regular Session**

**By** Senator Spanel; by request of Office of Financial Management

Read first time 03/24/97. Referred to Committee on Health & Long-Term Care.

1 AN ACT Relating to medicaid nursing facility contracting  
2 moratorium; and adding a new section to chapter 74.09 RCW.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.09 RCW  
5 to read as follows:

6 (1) The legislature finds that alternative placement of residents  
7 and potential residents of nursing facilities and utilization of home  
8 and community-based long-term care services has reduced the demand for  
9 nursing facility capacity in the state, and that the best interest of  
10 frail elders and vulnerable adults is served by continuing to decrease  
11 their reliance on medically unnecessary nursing facility care in favor  
12 of home and community-based long-term care options, which are often  
13 preferred over placement in a nursing facility, more responsive to  
14 individual needs, and more cost-effective. Accordingly the department  
15 is authorized to impose a limited, selective moratorium on new medicaid  
16 nursing facility provider contracts, and on the expansion of such  
17 contracts, consistent with the principles expressed in subsections (2),  
18 (3), and (4) of this section. The department may adopt rules, if  
19 necessary, to implement the moratorium and such other measures as may

1 result from initiatives undertaken pursuant to subsection (5) of this  
2 section.

3 (2) The department may refuse to grant a contract, or may refuse to  
4 renew or replace a contract, to provide care to medicaid residents at  
5 a nursing facility if, at the time application for a contract is made,  
6 or at the time the prior contract expires or is terminated for any  
7 reason, one or more of the following conditions is met:

8 (a) The nursing facility is being operated under one or more  
9 department-granted waivers and/or exemptions of space, occupancy,  
10 equipment, or any other state or federal requirement relating to the  
11 building site, the building, or any real property improvement  
12 associated with the nursing facility;

13 (b) The nursing facility has been denied a waiver or exemption of  
14 a state or federal requirement relating to the building site, the  
15 building, or any real property improvement associated with the nursing  
16 facility, and the deficiency leading to application for the waiver or  
17 exemption has not been corrected;

18 (c) The nursing facility has been cited in a past survey for any  
19 deficiency relating to the building site, the building, or any real  
20 property improvement associated with the facility, and the deficiency  
21 has not been corrected;

22 (d) The contractor whose contract is expiring or being terminated  
23 owes funds to the department representing medicaid overpayments from  
24 prior settlement periods, erroneous payments, civil fines, or other  
25 obligations to the department from any source, and the debt is not  
26 secured to the satisfaction of the department in whole or in part; or

27 (e) The department determines that the community or geographical  
28 area served by the nursing facility has adequate community and nursing  
29 facility capacity to meet the needs of medicaid recipients without  
30 renewing or replacing the expired or terminated contract.

31 (3) Notwithstanding any condition, agreement, or understanding  
32 relating to a certificate of need approval, the department shall not  
33 enter a contract with a nursing facility licensee to provide care to  
34 medicaid residents at any new nursing facility, and shall not expand  
35 such a contract to include increased capacity resulting from a nursing  
36 facility capitalized addition or replacement, if all construction  
37 permits and approvals are not obtained and actual building or  
38 improvement construction is not commenced before July 1, 1997.

1 (4) The department shall not amend a contract to include any banked  
2 or delicensed beds that are not converted back to service before July  
3 1, 1997.

4 (5) The department, in consultation with the nursing facility  
5 industry, is authorized to explore with federal medicaid officials and  
6 encouraged to implement, if possible, other ways of limiting or  
7 reducing medicaid nursing facility provider contracts, including but  
8 not limited to waivers of federal requirements, the employment of  
9 selective or competitive bid contracting, and development of managed  
10 care programs that include payment for long-term care services,  
11 consistent with the needs of medicaid recipients state-wide. The  
12 department is further authorized to explore and implement ways of  
13 increasing the quality, cost-effectiveness, range of services offered,  
14 and general availability of home and community-based long-term care.

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