

# SENATE BILL REPORT

## SSB 5968

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As Passed Senate, April 21, 1999

**Title:** An act relating to human services.

**Brief Description:** Requiring supplemental payments to nursing facilities operated by public hospital districts.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Loveland and Rasmussen).

**Brief History:**

**Committee Activity:** Ways & Means: 4/19/99, 4/20/99 [DPS].  
Passed Senate, 4/21/99, 43-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5968 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Fairley, Fraser, Honeyford, Kline, Kohl-Welles, McDonald, Rasmussen, Rossi, B. Sheldon, Snyder, Spanel, Thibaudeau, West, Winsley, Wojahn and Zarelli.

**Staff:** Tim Yowell (786-7435)

**Background:** There are 14 public hospital districts in the state which operate nursing facilities. All 14 are in rural areas, where they serve an average community population of approximately 6,000. As a group, these 14 rural hospital districts reported operating losses of \$5 million in 1997, of which \$3.5 million was covered by local tax levies.

Federal law allows state Medicaid payment rates for nursing home services to equal, but not exceed, federal Medicare rates. Washington's Medicaid payment rates are presently about \$55 million per year lower than if all nursing facilities were paid at the Medicare rate. Federal law also allows local governmental units to transfer funds to the state to serve as the state match for federal Medicaid payments. At least three states have used these two provisions of federal law to provide extra funding for publicly-operated nursing facilities, while at the same time generating extra revenue for other publicly-funded services.

**Summary of Bill:** The Department of Social and Health Services is authorized to make supplemental payments to nursing facilities operated by public hospital districts. These payments are only to be made if approved by the federal government, and in accordance with terms and conditions in the biennial appropriations act. These supplemental payments are not subject to other statutory requirements governing nursing home rate-setting and settlement.

**Appropriation:** None.

**Fiscal Note:** Not requested.

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

**Testimony For:** Rural hospitals and rural nursing facilities are experiencing serious financial problems, in part because of reductions of federal funding. The possibility of higher payment rates to public hospital district nursing homes, coupled with intergovernmental transfers, would provide needed financial assistance to public hospital districts which operate nursing homes.

**Testimony Against:** The Department of Social and Health Services believes the current nursing home payment system adequately funds rural nursing homes.

**Testified:** PRO: Greg Vigder, Washington State Hospital Association; Deirdre Ridgeway, Association of Washington Public Hospital Districts; CON: Nancy Holderman, DSHS Aging and Adult Services Administration.