

SENATE BILL REPORT

SB 5630

As Reported By Senate Committee On:
Health & Long-Term Care, February 27, 2001

Title: An act relating to reimbursing nursing homes for direct care costs.

Brief Description: Reimbursing nursing homes for direct care costs.

Sponsors: Senators Costa, Thibaudeau, Deccio, Winsley, Rasmussen and Kohl-Welles.

Brief History:

Committee Activity: Health & Long-Term Care: 2/8/01, 2/27/01 [DPS-WM].

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: That Substitute Senate Bill No. 5630 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Thibaudeau, Chair; Franklin, Vice Chair; Costa, Deccio, Fraser, Parlette and Winsley.

Staff: Jonathan Seib (786-7427)

Background: There are 261 Medicaid-certified nursing home facilities in Washington State, providing care to approximately 13,300 Medicaid residents. The payment system for these residents is established in statute and administered by the Aging and Adult Services Administration within the Department of Social and Health Services.

In 1998, the Legislature implemented a case mix system for reimbursing Medicaid nursing homes. Under this system, payments are matched to residents' care needs, and incentives are provided for cost control and efficiency.

Because several facilities would have received rate reductions under a case mix system at the time it was implemented, the Legislature included in the law several provisions intended to hold harmless— these facilities. Under these provisions, no facility will receive a payment rate under the case mix system that is lower than the rate it received prior to the adoption of the system. The hold harmless feature ends on July 1, 2002.

Summary of Substitute Bill: Further phasing in of the case mix reimbursement system for Medicaid nursing homes is delayed and the hold harmless— provisions of the current payment system are extended until July 1, 2003.

A joint legislative task force is created, consisting of eight members, four from each chamber, to study the nursing home payment system. The task force may invite the participation of stakeholder groups. It must examine how reimbursement rates relate to the acuity of patients served, encourage appropriate staffing, and allow providers to recruit and retain staff. The task force must report to the Legislature by December 1, 2001.

Substitute Bill Compared to Original Bill: In the substitute bill, the joint legislative task force is to study the nursing home reimbursement system in general, rather than focusing specifically on the direct care component.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The case mix system has not worked as anticipated. Labor costs are going up much faster than reimbursement. This bill is necessary to avoid unconscionable and unjustifiable reductions in nursing home staffing. A large majority of homes in this state are currently protected by the hold harmless provision. If it goes away, it will have a broad impact. Absent this bill, nursing home patients will face the results of massive staff layoffs or relocation due to facility closures; quality of care will suffer tremendously.

Testimony Against: Difficult budget times will not allow for more dollars to go to the direct care component of nursing homes. Quality will not necessarily suffer if the hold harmless provision goes away. Washington already has some of the highest nursing home reimbursement rates in the country, and the quality of care is high because of it.

Testified: PRO: Chuck Hawley, Sisters of Providence; Brenda Jenings, Providence Mt. St. Vincent; Josh Gartler, Kline Galland Home; Bob Howell, Crista Senior Community; Jim Droppers, Good Samaritan Facilities; Tom Gray, Bethany of the Northwest; Kary Hyre, Long Term Care Ombudsman; CON: Denise Gaither, Tom Kearns, DSHS.