

FINAL BILL REPORT

2ESSB 5905

C 255 L 08
Synopsis as Enacted

Brief Description: Concerning certificates of capital authorization.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Franklin, Pflug, Keiser, Tom, Zarelli, Marr and Carrell).

Senate Committee on Ways & Means
House Committee on Appropriations

Background: Since 2001, skilled nursing facilities (nursing homes) seeking to have major construction funded in whole or part by Medicaid must first obtain a "certificate of capital authorization" (CCA) issued by the Department of Social and Health Services (DSHS). Having a CCA allows a nursing home to include the depreciation and investment associated with their capital project as part of their Medicaid reimbursement rate allocation. Medicaid reimbursement rates to nursing homes are paid by the operating budget.

Statute requires that the total dollar value of capital authorization which may be issued during a biennium be specified in the biennial appropriations act, or operating budget. For fiscal years 2004 and 2005, the maximum capital authorization was set at \$32 million per fiscal year. For fiscal years 2006 to 2008, the capital authorization was set at \$16 million per fiscal year.

Within the total amount authorized by the operating budget, CCAs are approved on a first-come, first-served basis. Projects not approved in one appropriation period have priority in the subsequent period. DSHS has the authority to give priority to a project necessitated by an emergency situation, as determined by DSHS rules.

DSHS also has the authority to establish deadlines for construction progress and to withdraw a CCA if deadlines are not met in good faith.

Summary: CCAs are based on priority status rather than first-come, first-served. Priority is as follows:

- (1) First priority is given to replacement and renovations on existing facilities that incorporate innovative building designs that create more home-like settings. Of the applications in this category, the facilities with the greatest length of time since their last renovation or construction must be given preference.
- (2) Second priority is given to renovation of existing facilities with the greatest length of time since their last renovation or construction.
- (3) Third priority is given to replacement of existing facilities with the greatest length of time since their last renovation or construction.
- (4) Last priority is given to new facilities and is processed on a first-come, first-served basis.

DSHS has authority to give first priority to projects that are necessitated by an emergency situation defined as construction or renovation needed as soon as possible to:

- (1) retain a facility's license or certification;
- (2) protect the health or safety of the facility's residents; and
- (3) avoid closure.

DSHS is authorized to establish rules regarding the prioritization for processing CCAs, and the time period during which applications for CCAs will be accepted and for which authorizations will remain valid.

Votes on Final Passage:

Senate	49	0	
House	93	0	(House amended)
Senate			(Senate refused to concur)
House	96	0	(House amended)
Senate	49	0	(Senate concurred)

Effective: June 12, 2008