CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 2295

Chapter 259, Laws of 2024 (partial veto)

68th Legislature 2024 Regular Session

HOSPITAL AT-HOME SERVICES

EFFECTIVE DATE: June 6, 2024

Passed by the House March 4, 2024 Yeas 97 Nays 0

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate February 22, 2024

Yeas 49 Nays 0

DENNY HECK

President of the Senate

Approved March 26, 2024 9:20 AM with the exception of section 6, which is vetoed.

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 2295** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

March 27, 2024

JAY INSLEE

Secretary of State State of Washington

Governor of the State of Washington

SUBSTITUTE HOUSE BILL 2295

AS AMENDED BY THE SENATE

Passed Legislature - 2024 Regular Session

State of Washington 68th Legislature 2024 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Bateman, Hutchins, Riccelli, Bronoske, Reed, Orwall, Davis, Tharinger, Simmons, Callan, and Macri)

READ FIRST TIME 01/31/24.

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- AN ACT Relating to establishing a regulatory structure for licensed acute care hospitals to provide hospital at-home services; amending RCW 70.127.040 and 70.38.111; adding a new section to chapter 70.41 RCW; adding a new section to chapter 70.126 RCW; creating a new section; and declaring an emergency.

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

- 7 NEW SECTION. Sec. 1. (1) The legislature finds that:
 - (a) "Hospital at home" is a service that provides safe and effective care, improves outcomes, and benefits patients. It was developed by Johns Hopkins healthcare solutions and has been used by the veteran's health administration and medical centers in the United States and around the world;
- 13 (b) Washington hospitals began offering this service following 14 the launch of the centers for medicare and medicaid services acute 15 hospital care at-home program in response to the COVID-19 pandemic. 16 Since that time, participating Washington patients have experienced 17 fewer readmissions and shorter treatment periods and report high 18 rates of satisfaction;
- 19 (c) Authorizing the continuation of this service would benefit 20 patients in Washington, a state with one of the lowest number of beds

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1 per patient population in the country and a track record of providing 2 high quality inpatient care; and

- (d) Immediate authorization of this service is necessary to preserve continuity of care and provision of services without disruption.
- (2) It is the intent of the legislature to authorize acute care hospitals licensed under this chapter to continue providing hospital at-home services and direct the department to adopt rules including those services among those that may be offered by such hospitals.
- NEW SECTION. Sec. 2. A new section is added to chapter 70.41
 RCW to read as follows:
 - (1) Hospitals subject to this chapter may provide hospital athome services if they have an active federal program waiver prior to when the department adopts rules pursuant to this section. Hospitals that have an active federal program waiver and intend to operate hospital at-home services within Washington state shall notify the department within 30 days of receiving the waiver.
 - (2) (a) The department shall adopt rules by December 31, 2025, to implement this act and add hospital at-home services to those services that may be provided by an acute care hospital licensed under this chapter. The rules shall establish standards for the operation of a hospital at-home program. In establishing the initial standards, the department shall consider the provisions of the federal program and endeavor to make the standards substantially similar. The standards may not include requirements that would make a hospital ineligible for or preclude a hospital from complying with the requirements of the federal program. The department may adopt additional standards to promote safe care and treatment of patients as needed.
 - (b) In the event that the federal program expires before the department establishes rules, hospitals shall continue to follow federal program requirements that were in effect as of the date of the federal program's expiration and the department shall enforce such requirements until the department adopts rules.
 - (c) Once rules are established, hospitals that intend to offer or continue offering hospital at-home services shall apply to the department for approval to add hospital at-home services as a hospital service line. Hospitals that have secured a federal program waiver prior to rule adoption may provide hospital at-home services

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- 1 while applying for approval. The department shall approve a hospital
- 2 to provide hospital at-home services if the application is consistent
- 3 with the standards established in rule. RCW 43.70.115 and chapter
- 4 34.05 RCW govern notice and adjudicative proceedings related to
- 5 denial of an application. The department may set a one-time
- 6 application fee in rule. The application fees charged shall not
- 7 exceed the actual cost of staff time to review. The administration of
- 8 the program must be covered by licensing fees set by the department
- 9 under the authority of RCW 70.41.100 and 43.70.250.
- 10 (3) Hospital at-home services are not subject to chapter 70.126 11 or 70.127 RCW.
- 12 (4) Hospital at-home services do not count as an increase in the
- 13 number of the hospital's licensed beds and are not subject to chapter
- 14 70.38 RCW.
- 15 (5) The definitions in this subsection apply throughout this
- 16 section unless the context clearly requires otherwise.
- 17 (a) "Hospital at-home services" means acute care services
- 18 provided by a licensed acute care hospital to a patient outside of
- 19 the hospital's licensed facility and within a home or any location
- 20 determined by the patient receiving the service.
- 21 (b) "Federal program" means the acute hospital care at-home
- 22 program established by the federal centers for medicare and medicaid
- 23 services under 42 U.S.C. Sec. 1320b-5 and extended by 42 U.S.C Sec.
- 24 1395cc-7, or any successor program.
- 25 <u>NEW SECTION.</u> **Sec. 3.** A new section is added to chapter 70.126
- 26 RCW to read as follows:
- 27 This chapter does not apply to hospital at-home services provided
- 28 by an acute care hospital licensed under chapter 70.41 RCW.
- 29 **Sec. 4.** RCW 70.127.040 and 2020 c 258 s 2 are each amended to
- 30 read as follows:
- 31 The following are not subject to regulation for the purposes of
- 32 this chapter:
- 33 (1) A family member providing home health, hospice, or home care
- 34 services;
- 35 (2) A person who provides only meal services in an individual's
- 36 permanent or temporary residence;

1 (3) An individual providing home care through a direct agreement 2 with a recipient of care in an individual's permanent or temporary 3 residence;

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- (4) A person furnishing or delivering home medical supplies or equipment that does not involve the provision of services beyond those necessary to deliver, set up, and monitor the proper functioning of the equipment and educate the user on its proper use;
- 8 (5) A person who provides services through a contract with a 9 licensed agency;
 - (6) An employee or volunteer of a licensed agency who provides services only as an employee or volunteer;
- 12 (7) Facilities and institutions, including but not limited to nursing homes under chapter 18.51 RCW, hospitals under chapter 70.41 13 RCW, adult family homes under chapter 70.128 RCW, assisted living 14 facilities under chapter 18.20 RCW, developmental disability 15 16 residential programs under chapter 71A.12 RCW, other entities 17 licensed under chapter 71.12 RCW, or other licensed facilities and institutions, only when providing services to persons residing within 18 19 the facility or institution;
- 20 (8) Local and combined city-county health departments providing 21 services under chapters 70.05 and 70.08 RCW;
 - (9) An individual providing care to ill individuals, individuals with disabilities, or vulnerable individuals through a contract with the department of social and health services;
 - (10) Nursing homes, hospitals, or other institutions, agencies, organizations, or persons that contract with licensed home health, hospice, or home care agencies for the delivery of services;
 - (11) In-home assessments of an ill individual, an individual with a disability, or a vulnerable individual that does not result in regular ongoing care at home;
 - (12) Services conducted by and for the adherents of a church or religious denomination that rely upon spiritual means alone through prayer for healing in accordance with the tenets and practices of such church or religious denomination and the bona fide religious beliefs genuinely held by such adherents;
- 36 (13) A medicare-approved dialysis center operating a medicare-37 approved home dialysis program;
- 38 (14) A person providing case management services. For the 39 purposes of this subsection, "case management" means the assessment, 40 coordination, authorization, planning, training, and monitoring of

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1 home health, hospice, and home care, and does not include the direct 2 provision of care to an individual;

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- (15) Pharmacies licensed under RCW 18.64.043 that deliver prescription drugs and durable medical equipment that does not involve the use of professional services beyond those authorized to be performed by licensed pharmacists pursuant to chapter 18.64 RCW and those necessary to set up and monitor the proper functioning of the equipment and educate the person on its proper use;
- 9 (16) A volunteer hospice complying with the requirements of RCW 10 70.127.050;
- 11 (17) A person who provides home care services without 12 compensation;
- 13 (18) Nursing homes that provide telephone or web-based 14 transitional care management services; ((and))
- 15 (19) A rural health clinic providing health services in a home 16 health shortage area as declared by the department pursuant to 42 17 C.F.R. Sec. 405.2416; and
- 18 (20) Hospital at-home services provided by a hospital pursuant to 19 section 2 of this act.
- 20 **Sec. 5.** RCW 70.38.111 and 2021 c 277 s 1 are each amended to 21 read as follows:
- 22 (1) The department shall not require a certificate of need for 23 the offering of an inpatient tertiary health service by:
 - (a) A health maintenance organization or a combination of health maintenance organizations if (i) the organization or combination of organizations has, in the service area of the organization or the service areas of the organizations in the combination, an enrollment of at least fifty thousand individuals, (ii) the facility in which the service will be provided is or will be geographically located so that the service will be reasonably accessible to such enrolled individuals, and (iii) at least seventy-five percent of the patients who can reasonably be expected to receive the tertiary health service will be individuals enrolled with such organization or organizations in the combination;
 - (b) A health care facility if (i) the facility primarily provides or will provide inpatient health services, (ii) the facility is or will be controlled, directly or indirectly, by a health maintenance organization or a combination of health maintenance organizations which has, in the service area of the organization or service areas

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of the organizations in the combination, an enrollment of at least fifty thousand individuals, (iii) the facility is or will be geographically located so that the service will be reasonably accessible to such enrolled individuals, and (iv) at least seventy-five percent of the patients who can reasonably be expected to receive the tertiary health service will be individuals enrolled with such organization or organizations in the combination; or

- (c) A health care facility (or portion thereof) if (i) the facility is or will be leased by a health maintenance organization or combination of health maintenance organizations which has, in the service area of the organization or the service areas of the organizations in the combination, an enrollment of at least fifty thousand individuals and, on the date the application is submitted under subsection (2) of this section, at least fifteen years remain in the term of the lease, (ii) the facility is or will be geographically located so that the service will be reasonably accessible to such enrolled individuals, and (iii) at least seventy-five percent of the patients who can reasonably be expected to receive the tertiary health service will be individuals enrolled with such organization;
- 21 if, with respect to such offering or obligation by a nursing home, 22 the department has, upon application under subsection (2) of this 23 section, granted an exemption from such requirement to the 24 organization, combination of organizations, or facility.
 - (2) A health maintenance organization, combination of health maintenance organizations, or health care facility shall not be exempt under subsection (1) of this section from obtaining a certificate of need before offering a tertiary health service unless:
 - (a) It has submitted at least thirty days prior to the offering of services reviewable under RCW 70.38.105(4)(d) an application for such exemption; and
 - (b) The application contains such information respecting the organization, combination, or facility and the proposed offering or obligation by a nursing home as the department may require to determine if the organization or combination meets the requirements of subsection (1) of this section or the facility meets or will meet such requirements; and
- 38 (c) The department approves such application. The department 39 shall approve or disapprove an application for exemption within 40 thirty days of receipt of a completed application. In the case of a

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proposed health care facility (or portion thereof) which has not begun to provide tertiary health services on the date an application is submitted under this subsection with respect to such facility (or portion), the facility (or portion) shall meet the applicable requirements of subsection (1) of this section when the facility first provides such services. The department shall approve an application submitted under this subsection if it determines that the applicable requirements of subsection (1) of this section are met.

- (3) A health care facility (or any part thereof) with respect to which an exemption was granted under subsection (1) of this section may not be sold or leased and a controlling interest in such facility or in a lease of such facility may not be acquired and a health care facility described in <u>subsection</u> (1) (c) <u>of this section</u> which was granted an exemption under subsection (1) of this section may not be used by any person other than the lessee described in <u>subsection</u> (1) (c) <u>of this section</u> unless:
- (a) The department issues a certificate of need approving the sale, lease, acquisition, or use; or
 - (b) The department determines, upon application, that (i) the entity to which the facility is proposed to be sold or leased, which intends to acquire the controlling interest, or which intends to use the facility is a health maintenance organization or a combination of health maintenance organizations which meets the requirements of subsection (1)(a)(i) of this section, and (ii) with respect to such facility, meets the requirements of subsection (1)(a)(ii) or (iii) of this section or the requirements of subsection (1)(b)(i) and (ii) of this section.
 - (4) In the case of a health maintenance organization, an ambulatory care facility, or a health care facility, which ambulatory or health care facility is controlled, directly or indirectly, by a health maintenance organization or a combination of health maintenance organizations, the department may under the program apply its certificate of need requirements to the offering of inpatient tertiary health services to the extent that such offering is not exempt under the provisions of this section or RCW 70.38.105(7).
 - (5)(a) The department shall not require a certificate of need for the construction, development, or other establishment of a nursing home, or the addition of beds to an existing nursing home, that is owned and operated by a continuing care retirement community that:
 - (i) Offers services only to contractual members;

(ii) Provides its members a contractually guaranteed range of services from independent living through skilled nursing, including some assistance with daily living activities;

- (iii) Contractually assumes responsibility for the cost of services exceeding the member's financial responsibility under the contract, so that no third party, with the exception of insurance purchased by the retirement community or its members, but including the medicaid program, is liable for costs of care even if the member depletes his or her personal resources;
- (iv) Has offered continuing care contracts and operated a nursing home continuously since January 1, 1988, or has obtained a certificate of need to establish a nursing home;
- (v) Maintains a binding agreement with the state assuring that financial liability for services to members, including nursing home services, will not fall upon the state;
- (vi) Does not operate, and has not undertaken a project that would result in a number of nursing home beds in excess of one for every four living units operated by the continuing care retirement community, exclusive of nursing home beds; and
- (vii) Has obtained a professional review of pricing and long-term solvency within the prior five years which was fully disclosed to members.
- (b) A continuing care retirement community shall not be exempt under this subsection from obtaining a certificate of need unless:
- (i) It has submitted an application for exemption at least thirty days prior to commencing construction of, is submitting an application for the licensure of, or is commencing operation of a nursing home, whichever comes first; and
- (ii) The application documents to the department that the continuing care retirement community qualifies for exemption.
- (c) The sale, lease, acquisition, or use of part or all of a continuing care retirement community nursing home that qualifies for exemption under this subsection shall require prior certificate of need approval to qualify for licensure as a nursing home unless the department determines such sale, lease, acquisition, or use is by a continuing care retirement community that meets the conditions of (a) of this subsection.
- (6) A rural hospital, as defined by the department, reducing the number of licensed beds to become a rural primary care hospital under the provisions of Part A Title XVIII of the Social Security Act

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Section 1820, 42 U.S.C., 1395c et seq. may, within three years of the reduction of beds licensed under chapter 70.41 RCW, increase the number of licensed beds to no more than the previously licensed number without being subject to the provisions of this chapter.

- (7) A rural health care facility licensed under RCW 70.175.100 formerly licensed as a hospital under chapter 70.41 RCW may, within three years of the effective date of the rural health care facility license, apply to the department for a hospital license and not be subject to the requirements of RCW 70.38.105(4)(a) as the construction, development, or other establishment of a new hospital, provided there is no increase in the number of beds previously licensed under chapter 70.41 RCW and there is no redistribution in the number of beds used for acute care or long-term care, the rural health care facility has been in continuous operation, and the rural health care facility has not been purchased or leased.
- (8) A rural hospital determined to no longer meet critical access hospital status for state law purposes as a result of participation in the Washington rural health access preservation pilot identified by the state office of rural health and formerly licensed as a hospital under chapter 70.41 RCW may apply to the department to renew its hospital license and not be subject to the requirements of RCW the construction, development, or 70.38.105(4)(a) as establishment of a new hospital, provided there is no increase in the number of beds previously licensed under chapter 70.41 RCW. If all or part of a formerly licensed rural hospital is sold, purchased, or leased during the period the rural hospital does not meet critical access hospital status as a result of participation in the Washington rural health access preservation pilot and the new owner or lessor applies to renew the rural hospital's license, then the sale, purchase, or lease of part or all of the rural hospital is subject to the provisions of this chapter.
- (9) (a) A nursing home that voluntarily reduces the number of its licensed beds to provide assisted living, licensed assisted living facility care, adult day care, adult day health, respite care, hospice, outpatient therapy services, congregate meals, home health, or senior wellness clinic, or to reduce to one or two the number of beds per room or to otherwise enhance the quality of life for residents in the nursing home, may convert the original facility or portion of the facility back, and thereby increase the number of nursing home beds to no more than the previously licensed number of

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- nursing home beds without obtaining a certificate of need under this chapter, provided the facility has been in continuous operation and has not been purchased or leased. Any conversion to the original licensed bed capacity, or to any portion thereof, shall comply with the same life and safety code requirements as existed at the time the nursing home voluntarily reduced its licensed beds; unless waivers from such requirements were issued, in which case the converted beds shall reflect the conditions or standards that then existed pursuant to the approved waivers.
- 10 (b) To convert beds back to nursing home beds under this 11 subsection, the nursing home must:

- (i) Give notice of its intent to preserve conversion options to the department of health no later than thirty days after the effective date of the license reduction; and
- (ii) Give notice to the department of health and to the department of social and health services of the intent to convert beds back. If construction is required for the conversion of beds back, the notice of intent to convert beds back must be given, at a minimum, one year prior to the effective date of license modification reflecting the restored beds; otherwise, the notice must be given a minimum of ninety days prior to the effective date of license modification reflecting the restored beds. Prior to any license modification to convert beds back to nursing home beds under this section, the licensee must demonstrate that the nursing home meets the certificate of need exemption requirements of this section.

The term "construction," as used in (b)(ii) of this subsection, is limited to those projects that are expected to equal or exceed the expenditure minimum amount, as determined under this chapter.

- (c) Conversion of beds back under this subsection must be completed no later than four years after the effective date of the license reduction. However, for good cause shown, the four-year period for conversion may be extended by the department of health for one additional four-year period.
- (d) Nursing home beds that have been voluntarily reduced under this section shall be counted as available nursing home beds for the purpose of evaluating need under RCW 70.38.115(2) (a) and (k) so long as the facility retains the ability to convert them back to nursing home use under the terms of this section.
- (e) When a building owner has secured an interest in the nursing home beds, which are intended to be voluntarily reduced by the

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licensee under (a) of this subsection, the applicant shall provide the department with a written statement indicating the building owner's approval of the bed reduction.

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- (10)(a) The department shall not require a certificate of need for a hospice agency if:
- (i) The hospice agency is designed to serve the unique religious or cultural needs of a religious group or an ethnic minority and commits to furnishing hospice services in a manner specifically aimed at meeting the unique religious or cultural needs of the religious group or ethnic minority;
 - (ii) The hospice agency is operated by an organization that:
- (A) Operates a facility, or group of facilities, that offers a comprehensive continuum of long-term care services, including, at a minimum, a licensed, medicare-certified nursing home, assisted living, independent living, day health, and various community-based support services, designed to meet the unique social, cultural, and religious needs of a specific cultural and ethnic minority group;
- (B) Has operated the facility or group of facilities for at least ten continuous years prior to the establishment of the hospice agency;
- 21 (iii) The hospice agency commits to coordinating with existing 22 hospice programs in its community when appropriate;
- 23 (iv) The hospice agency has a census of no more than forty 24 patients;
- 25 (v) The hospice agency commits to obtaining and maintaining 26 medicare certification;
 - (vi) The hospice agency only serves patients located in the same county as the majority of the long-term care services offered by the organization that operates the agency; and
- 30 (vii) The hospice agency is not sold or transferred to another 31 agency.
 - (b) The department shall include the patient census for an agency exempted under this subsection (10) in its calculations for future certificate of need applications.
- 35 (11) To alleviate the need to board psychiatric patients in 36 emergency departments and increase capacity of hospitals to serve 37 individuals on ninety-day or one hundred eighty-day commitment 38 orders, for the period of time from May 5, 2017, through June 30, 39 2023:

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- 1 (a) The department shall suspend the certificate of need 2 requirement for a hospital licensed under chapter 70.41 RCW that 3 changes the use of licensed beds to increase the number of beds to 4 provide psychiatric services, including involuntary treatment 5 services. A certificate of need exemption under this subsection 6 (11)(a) shall be valid for two years.
 - (b) The department may not require a certificate of need for:
- 8 (i) The addition of beds as described in RCW 70.38.260 (2) and 9 (3); or

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- (ii) The construction, development, or establishment of a psychiatric hospital licensed as an establishment under chapter 71.12 RCW that will have no more than sixteen beds and provide treatment to adults on ninety or one hundred eighty-day involuntary commitment orders, as described in RCW 70.38.260(4).
- 15 (12)(a) An ambulatory surgical facility is exempt from all certificate of need requirements if the facility:
- 17 (i) Is an individual or group practice and, if the facility is a 18 group practice, the privilege of using the facility is not extended 19 to physicians outside the group practice;
- 20 (ii) Operated or received approval to operate, prior to January 21 19, 2018; and
- 22 (iii) Was exempt from certificate of need requirements prior to 23 January 19, 2018, because the facility either:
 - (A) Was determined to be exempt from certificate of need requirements pursuant to a determination of reviewability issued by the department; or
 - (B) Was a single-specialty endoscopy center in existence prior to January 14, 2003, when the department determined that endoscopy procedures were surgeries for purposes of certificate of need.
 - (b) The exemption under this subsection:
- 31 (i) Applies regardless of future changes of ownership, corporate 32 structure, or affiliations of the individual or group practice as 33 long as the use of the facility remains limited to physicians in the 34 group practice; and
- 35 (ii) Does not apply to changes in services, specialties, or 36 number of operating rooms.
- 37 (13) A rural health clinic providing health services in a home 38 health shortage area as declared by the department pursuant to 42 39 C.F.R. Sec. 405.2416 is not subject to certificate of need review 40 under this chapter.

- 1 (14) Hospital at-home services, as defined in section 2 of this 2 act, are not subject to certificate of need review under this 3 chapter.
 - *<u>NEW SECTION.</u> Sec. 6. This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately.

*Sec. 6 was vetoed. See message at end of chapter.

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Passed by the House March 4, 2024.

Passed by the Senate February 22, 2024.

Approved by the Governor March 26, 2024, with the exception of certain items that were vetoed.

Filed in Office of Secretary of State March 27, 2024.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to Section 6, Substitute House Bill No. 2295 entitled:

"AN ACT Relating to establishing a regulatory structure for licensed acute care hospitals to provide hospital at-home services."

This bill authorizes hospital at-home programs, which were temporarily authorized during the COVID-19 public health emergency. The Department of Health is required to adopt rules to add hospital at-home services to the services that a licensed acute care hospital may provide. However, there is no emergent need for the bill to become effective immediately, and therefore the emergency clause in Section 6 of this bill is unnecessary.

For these reasons I have vetoed Section 6 of Substitute House Bill No. 2295.

With the exception of Section 6, Substitute House Bill No. 2295 is approved."

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