
HOUSE BILL 2944

State of Washington

54th Legislature

1996 Regular Session

By Representative Dyer

Read first time 01/30/96. Referred to Committee on Appropriations.

1 AN ACT Relating to affirming and clarifying the legislative
2 authority to treat the initial rate set for refurbished and new nursing
3 facilities as that rate which is established on July 1, 1995, for
4 purposes of applying the eighty-five percent minimum occupancy
5 requirement; and amending RCW 74.46.460.

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

7 **Sec. 1.** RCW 74.46.460 and 1995 1st sp.s. c 18 s 102 are each
8 amended to read as follows:

9 (1) Each contractor's nursing services, food, administrative, and
10 operational component payment rates will be adjusted for economic
11 trends and conditions prospectively at least once during each calendar
12 year, as provided in this chapter, to be effective July 1st: PROVIDED,
13 That except for the rates of new contractors as defined by the
14 department, a nursing facility's cost-rebased rate for July 1, 1995,
15 must be established upon the facility's own cost report of at least six
16 months of adjusted and/or audited cost data from the calendar year
17 1994.

18 (2) Subject to the provisions of subsections (3) through (6) of
19 this section, rates may be adjusted by the department at the request of

1 the nursing facility to cover the medicaid share of incremental costs
2 necessary to address and take into account variations in the
3 distribution of all medicaid and nonmedicaid patient classifications or
4 changes in all medicaid or nonmedicaid patient characteristics from the
5 prior reporting year, program changes required by the department, or
6 changes in staffing levels at a facility required by the department.
7 Rates may also be adjusted to cover costs associated with placing a
8 nursing home in receivership which costs are not covered by the rate of
9 the former contractor, including: Compensation of the receiver,
10 reasonable expenses of receivership and transition of control, and
11 costs incurred by the receiver in carrying out court instructions or
12 rectifying deficiencies found. Rates shall be adjusted as provided in
13 this section for any capitalized additions or replacements made as a
14 condition for licensure or certification. Rates shall be adjusted as
15 provided in this section for capitalized improvements done under RCW
16 74.46.465.

17 (3) Except for rate adjustments granted for economic trends and
18 conditions as authorized in this chapter to be effective each July 1st,
19 all rate adjustments granted by the department for any other purpose,
20 including those granted for capitalized additions or replacements or
21 for staffing, whether made or not made as a condition of licensure or
22 certification, shall be limited in total amount each fiscal year to the
23 total current legislative appropriation, if any, specifically made to
24 fund the medicaid share of such adjustments for the fiscal year.

25 (4) The department is authorized to adopt rules to ensure that
26 funding granted for additional staffing will be cost-effective in
27 providing increased quantity and quality of services to nursing
28 facility residents and to ensure that spending limitations will not be
29 exceeded.

30 (5) Funds disbursed representing rate adjustments granted under
31 authority of this section and not spent by the contractor for the
32 purposes granted are subject to immediate recovery by the department by
33 means of recoupment from current contract payments or any other means
34 authorized by law and contractors shall pay interest on such unused or
35 misused funds at the rate of one percent per month from the date of
36 disbursement to the date of recovery. If a contractor requests an
37 administrative review of a department recovery action under rules
38 established under RCW 74.46.780, such request shall not stay recoupment
39 from current facility contract payments or other recovery.

1 (6) All rate component adjustments to fund the medicaid share of
2 nursing facility new construction or refurbishing projects costing in
3 excess of one million two hundred thousand dollars, or projects
4 requiring state or federal approval, shall be based upon a minimum
5 facility occupancy of: (a) Eighty-five percent for the nursing
6 services, food, administrative, operational, and property cost centers,
7 and the return on investment (ROI), ((during the initial rate period in
8 which the adjustment is granted,)) when establishing the July 1, 1995,
9 rate, and any initial rate established thereafter; and ((shall be based
10 upon a minimum facility occupancy of)) (b) ninety percent for the
11 ((nursing services, food, administrative, operational, and)) property
12 cost centers((,)) and the return on investment (ROI), for all rate
13 periods thereafter.

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