

# FINAL BILL REPORT

## SHB 2152

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Synopsis as Enacted

**Brief Description:** Concerning long-term care payment rates.

**Sponsors:** By House Committee on Health Care (Originally sponsored by Representatives Cody, Parlette, Van Luven, Conway and Edmonds).

**House Committee on Health Care**  
**House Committee on Appropriations**  
**Senate Committee on Health & Long-Term Care**

**Background:**

In Washington, there are 269 Medicaid-certified facilities in 37 counties providing care to approximately 14,500 Medicaid clients. The state plays two major roles with regard to nursing homes: the regulator and service purchaser. The state purchases, through Medicaid, about two-thirds of all nursing home care delivered in the state. As of October 1998, yearly costs per person for nursing home care was \$41,880 at an average daily rate of \$114.74.

Washington's nursing home rate refers to the Medicaid payment made to a nursing facility operator to care for one person for one day. The Washington nursing home payment system may be characterized as prospective, cost-based, and facility-specific. This means that each facility receives its own rate of payment, which is unique to that facility, based upon that facility's allowable costs and case mix.

The rates paid to nursing facilities are based on six different components. These components include: (1) direct care; (2) operations; (3) support services; (4) therapy care; (5) property; and (6) the return on investment, which consists of two parts - financing allowance and variable return. Each individual facility is paid its actual cost of providing a component of care, or is paid up to the ceiling for that component, whichever is lower.

Payments to nursing facilities for therapy care are based on the 1996 cost report. The payment is included in the daily rate paid to nursing facilities. The average payment for therapy care is 90 cents per patient day. It covers physical therapy, speech therapy, occupational therapy, respiratory therapy, and mental health therapy. One-on-one therapy costs are capped at 110 percent of the median cost per unit of therapy for each therapy type. A unit of therapy is equal to 15 minutes of one-on-one therapy. The therapy rate is rebased every three years.

**Summary:**

The DSHS may, through rule-making, establish criteria for determining residents who have unmet exceptional care needs, increase the direct care component rate allocation for those residents, and establish methods of exceptional care payment. By December 12, 2002, the DSHS must report to the appropriate committees of the Legislature on the number of individuals granted exceptional care rates, their diagnosis, the amount of payments made for exceptional care, and an assessment of the cost benefit of providing exceptional care by measuring health outcomes.

The DSHS is required to adopt rules and implement exceptional care payments for therapy care by January 1, 2000. The DSHS is allowed to establish a limited exceptional therapy care payment for residents under the age of 65 who do not qualify for medicare and who can achieve significant progress in their health status by receiving intensive therapy care. Only 12 nursing facilities that have displayed excellence in therapy care may be allowed to receive the exceptional therapy care payment. To receive payment, the DSHS is required to approve a plan of care on a patient-by-patient basis and monitor each resident. The DSHS is required to submit a report to the Legislature by December 12, 2002, that identifies how many residents have received intensive therapy care, the cost of the care, and a cost benefit analysis of exceptional care payments for therapy care. The DSHS authority to allow exceptional therapy care payments is terminated on June 30, 2003.

**Votes on Final Passage:**

House 96 0

Senate 48 0

**Effective:** July 25, 1999