H-0579.1

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**HOUSE BILL 1274**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Representatives Cody, Jinkins, Johnson, Harris, and Tharinger

AN ACT Relating to implementing a value-based system for nursing home rates; adding a new section to chapter 74.46 RCW; repealing RCW 74.46.431, 74.46.435, 74.46.506, 74.46.508, 74.46.511, 74.46.515, and 74.46.521; and providing an effective date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 74.46 RCW to read as follows:

(1) The legislature intends to adopt a new system for establishing nursing home payment rates beginning July 1, 2017. Any payments to nursing homes for services provided after June 30, 2017, must be based on the new system. The new system must be a geographically based, acuity-adjusted, value-based system comprising certain core components, including: Direct care, indirect care, capital, and a quality enhancement of up to five percent of the total rate. The indirect care component must be adjusted to reflect the payment of real estate, personal property, and business and occupational taxes in establishing the rate.

(2) In cooperation with nursing facility provider associations, the department shall design and develop a new system that matches payments to patient care needs, reward efficiency, incentivize controlling costs, and promote quality of care by ensuring that a similar quality of care, to residents of similar acuity, in similar geographic locations is similarly compensated.

(3) The department shall regularly consult with the health care and wellness committee of the house of representatives and the health care committee of the senate on the progress of the development and design of the new system.

(4) The department shall report to the fiscal committees of the legislature on the projected benefits and costs of the new system by January 2, 2016. In determining the costs and benefits of the new system, the department shall cooperate with and consider input from the nursing home provider associations. The report must include a recommended timeline for implementing the new payment system beginning July 1, 2017, and phasing in the new system over a designated transition period. During the phase-in period an individual nursing home provider's overall medicaid reimbursement rate may not fall below the individual provider's overall medicaid reimbursement rate that was in effect June 30, 2017.

NEW SECTION. **Sec.**  The following acts or parts of acts, as now existing or hereafter amended are each repealed, effective June 30, 2017:

(1)RCW 74.46.431 (Nursing facility medicaid payment rate allocations—Components—Minimum wage—Rules) and 2013 2nd sp.s. c 3 s 1, 2011 1st sp.s. c 7 s 1, 2010 1st sp.s. c 34 s 3, 2009 c 570 s 1, 2008 c 263 s 2, 2007 c 508 s 2, 2006 c 258 s 2, 2005 c 518 s 944, 2004 c 276 s 913, 2001 1st sp.s. c 8 s 5, 1999 c 353 s 4, & 1998 c 322 s 19;

(2)RCW 74.46.435 (Property component rate allocation) and 2011 1st sp.s. c 7 s 2, 2010 1st sp.s. c 34 s 5, 2001 1st sp.s. c 8 s 7, 1999 c 353 s 10, & 1998 c 322 s 29;

(3)RCW 74.46.506 (Direct care component rate allocations—Determination—Quarterly updates—Fines) and 2011 1st sp.s. c 7 s 7, 2010 1st sp.s. c 34 s 12, 2007 c 508 s 3, 2006 c 258 s 6, & 2001 1st sp.s. c 8 s 10;

(4)RCW 74.46.508 (Direct care component rate allocation—Increases—Rules) and 2010 1st sp.s. c 34 s 13, 2003 1st sp.s. c 6 s 1, & 1999 c 181 s 2;

(5)RCW 74.46.511 (Therapy care component rate allocation—Determination) and 2010 1st sp.s. c 34 s 14, 2008 c 263 s 3, 2007 c 508 s 4, & 2001 1st sp.s. c 8 s 11;

(6)RCW 74.46.515 (Support services component rate allocation—Determination—Emergency situations) and 2011 1st sp.s. c 7 s 8, 2010 1st sp.s. c 34 s 15, 2008 c 263 s 4, 2001 1st sp.s. c 8 s 12, 1999 c 353 s 7, & 1998 c 322 s 27; and

(7)RCW 74.46.521 (Operations component rate allocation—Determination) and 2011 1st sp.s. c 7 s 9, 2010 1st sp.s. c 34 s 16, 2007 c 508 s 5, 2006 c 258 s 7, 2001 1st sp.s. c 8 s 13, 1999 c 353 s 8, & 1998 c 322 s 28.

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