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**Health Care & Wellness Committee**

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**HB 1547**

**Brief Description:** Exempting certain hospitals from certificate of need requirements for the addition of psychiatric beds until June 2019.

**Sponsors:** Representatives Schmick and Cody.

**Brief Summary of Bill**

- Suspends certificate of need requirements through June 30, 2019 for hospitals that add new psychiatric beds.

**Hearing Date:** 1/31/17

**Staff:** Chris Blake (786-7392).

**Background:**

The certificate of need process evaluates proposals by certain health care providers to expand health care activities and reviews the potential impact of the expansion on a community's need for the service. A certificate of need from the Department of Health (Department) is required prior to the construction, renovation, or sale of a health care facility; changes in bed capacity; an increase in the number of dialysis stations at a kidney disease treatment center; or the addition of specialized health services. Under the program, the Department reviews the project under specific criteria related to community need, quality of services, financial feasibility, and the impact on health care costs in the community. A facility or service that is subject to the certificate of need program must be approved prior to beginning operations.

For fiscal year 2015, certificate of need requirements were suspended for hospitals that changed the use of licensed beds to increase the number of beds used to provide psychiatric services. In the 2015-17 biennial capital budget, \$32 million was appropriated to the Department of Commerce to support grants to hospitals to add new psychiatric beds to their facilities. The certificate of need requirements were suspended in fiscal years 2016 and 2017 for hospitals adding beds through the grant program.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:**

The suspension of certificate of need requirements for hospitals that change the use of licensed beds to increase the number of beds for psychiatric services is reinstated upon the effective date of the act through June 30, 2019. For acute care hospitals, the exemption applies to new psychiatric beds. For psychiatric hospitals, the exemption covers the addition of up to 30 new psychiatric beds if (1) the last two years of cost report data show that its payer mix was at least 50 percent Medicare and Medicaid payments and (2) the hospital commits to maintaining a payer mix of at least 50 percent Medicare and Medicaid payments for at least five years after the beds are made available.

**Appropriation:** None.

**Fiscal Note:** Requested on January 24, 2017.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.