

SENATE BILL REPORT

SB 5292

AS REPORTED BY COMMITTEE ON WAYS & MEANS, APRIL 17, 1991

Brief Description: Concerning nursing home auditing and cost reimbursement.

SPONSORS: Senators West and Wojahn; by request of Dept. of Social & Health Services.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators West, Chairman; L. Smith, Vice Chairman; Amondson, Johnson, L. Kreidler, Niemi, and Wojahn.

Staff: Don Sloma (786-7414)

Hearing Dates: February 6, 1991; February 14, 1991

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators McDonald, Chairman; Craswell, Vice Chairman; Bailey, Bluechel, Cantu, Hayner, Johnson, Matson, Metcalf, Newhouse, Saling, and West.

Staff: Judy Fitzgerald (786-7715)

Hearing Dates: April 17, 1991

BACKGROUND:

Recent court decisions have found state statute does not clearly exempt increases in land value due to ownership changes when calculating the property portion of state nursing home rates. As a result, the Department of Social and Health Services (DSHS) has been required to pay increased rates to nursing homes to cover the costs associated with escalation in nursing home land values. DSHS believes that under federal law, the state can opt not to recognize increases in nursing home land values resulting from sales when calculating the property portions of reimbursement. They believe this was the Legislature's intent when establishing the nursing home reimbursement system.

The Omnibus Budget Reconciliation Act (OBRA) of 1987 established new procedures for handling nursing home resident personal funds.

SUMMARY:

Language is added to the nursing home reimbursement statute to clarify that land upon which nursing homes operate must be depreciated according to existing capitol depreciation procedures.

Current statutes regulating the handling of personal nursing home resident funds are repealed and replaced with the requirement that DSHS regulate the handling of these funds in a manner that meets federal requirements.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR (Health & Long-Term Care):

These provisions are needed to conform state law to federal laws and rules, and to avoid additional payments to nursing homes for escalating land values.

TESTIMONY AGAINST (Health & Long-Term Care):

The legislation contains an unnecessarily restrictive interpretation of federal law regarding classification of nursing home land. This will work a hardship on nursing home operators.

TESTIFIED (Health & Long-Term Care): Ralph Smith, Department of Social and Health Services (pro); Gerald Reilly, Washington Health Care Association (con)

TESTIMONY (Ways & Means):

The Washington Health Care Association is in favor of the part of the bill regarding the security of the personal deposits of nursing home residents that are placed in the hands of the nursing home. The association believes that the portion of the bill regarding land appreciation is not required under federal law. The association is opposed to this portion of the bill because it would cause a hardship to some nursing homes.

TESTIFIED (Ways & Means): Gerald Reilly, WA Health Care Assn. (con)