

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5967**

Chapter 376, Laws of 1999

56th Legislature  
1999 Regular Session

NURSING HOME BED RATIO AND FUNDS

EFFECTIVE DATE: 7/1/99

Passed by the Senate April 25, 1999  
YEAS 46 NAYS 0

BRAD OWEN  
**President of the Senate**

Passed by the House April 25, 1999  
YEAS 96 NAYS 0

JOHN E. PENNINGTON, JR.  
**Speaker of the  
House of Representatives**

FRANK CHOPP  
**Speaker of the  
House of Representatives**

Approved May 17, 1999

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5967** as passed by the Senate and the House of Representatives on the dates hereon set forth.

TONY M. COOK  
**Secretary**

FILED

May 17, 1999 - 3:51 p.m.

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5967**

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AS AMENDED BY THE HOUSE

Passed Legislature - 1999 Regular Session

**State of Washington                      56th Legislature                      1999 Regular Session**

**By** Senate Committee on Ways & Means (originally sponsored by Senators Loveland and Rasmussen)

Read first time 04/21/1999.

1            AN ACT Relating to human services; modifying the nursing home  
2 certificate of need bed ratio; amending 1999 c ... (ESSB 5180) s 207  
3 (uncodified); adding new sections to chapter 70.38 RCW; creating a new  
4 section; making an appropriation; providing an effective date;  
5 providing an expiration date; providing a contingent expiration date;  
6 and declaring an emergency.

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

8            NEW SECTION.    **Sec. 1.** A new section is added to chapter 70.38 RCW  
9 to read as follows:

10            (1) In determining the need for nursing home beds on a state-wide  
11 basis and a planning area specific basis, the department shall  
12 calculate the need for nursing home beds based on the bed-to-population  
13 ratio of forty beds per one thousand persons age sixty-five and older.  
14 The department shall find no need for additional nursing home beds if  
15 the state is at or above the state-wide estimated bed need, unless the  
16 department finds that additional beds are needed in order to be located  
17 reasonably close to the people they serve, and the department explains  
18 such approval in writing.

1 (2) The department may put under review and subsequently approve or  
2 deny an application that proposes to redistribute nursing home bed  
3 capacity to a planning area that has a bed-to-population ratio that is  
4 under the established ratio.

5 (3) The department may put under review and subsequently approve  
6 or deny an application that proposes to add beds in a planning area  
7 that has a bed-to-population ratio that is under the established ratio  
8 using beds banked under the provisions of RCW 70.38.115(13).

9 (4) The department may not consider applications that would  
10 redistribute existing nursing home capacity within a planning area that  
11 is above the established bed-to-population ratio.

12 (5) This section expires June 30, 2004.

13 NEW SECTION. **Sec. 2.** A new section is added to chapter 70.38 RCW  
14 to read as follows:

15 (1) The need for projects identified in section 1 of this act shall  
16 be determined using the individual planning area's estimated nursing  
17 home bed need ratio and includes but is not limited to the following  
18 criteria:

19 (a) The current capacity of nursing homes and other long-term care  
20 services;

21 (b) The occupancy rates of nursing homes and other long-term care  
22 services over the previous two-year period; and

23 (c) The ability of the other long-term care services to serve all  
24 people regardless of payor source.

25 (2) For the purposes of this section, nursing home beds include  
26 long-term care units or distinct part long-term care units located in  
27 a hospital that is licensed under chapter 70.41 RCW.

28 **Sec. 3.** 1999 c ... (ESSB 5180) s 207 (uncodified) is amended to  
29 read as follows:

30 **FOR THE DEPARTMENT OF SOCIAL AND HEALTH SERVICES--AGING AND ADULT**  
31 **SERVICES PROGRAM**

32	General Fund--State Appropriation (FY 2000) . . . \$	((451,758,000))
33		<u>452,044,000</u>
34	General Fund--State Appropriation (FY 2001) . . . \$	((476,187,000))
35		<u>476,761,000</u>
36	General Fund--Federal Appropriation . . . . . \$	((1,000,701,000))
37		<u>1,001,629,000</u>

1	General Fund--Private/Local Appropriation . . . . \$	4,274,000
2	Health Services Account--State Appropriation . . \$	2,104,000
3	TOTAL APPROPRIATION . . . . . \$ ((1,935,024,000))	
4		<u>1,936,812,000</u>

5 The appropriations in this section are subject to the following  
6 conditions and limitations:

7 (1) The entire health services account appropriation, \$2,118,000 of  
8 the general fund--federal appropriation, \$923,000 of the general fund--  
9 state appropriation for fiscal year 2000, and \$958,000 of the general  
10 fund--state appropriation for fiscal year 2001 are provided solely for  
11 health care benefits for home care workers who are employed through  
12 state contracts for at least twenty hours per week. Premium payments  
13 for individual provider home care workers shall be made only to the  
14 subsidized basic health plan. Home care agencies may obtain coverage  
15 either through the basic health plan or through an alternative plan  
16 with substantially equivalent benefits.

17 (2) \$1,640,000 of the general fund--state appropriation for fiscal  
18 year 2000 and \$1,640,000 of the general fund--state appropriation for  
19 fiscal year 2001, plus the associated vendor rate increase for each  
20 year, are provided solely for operation of the volunteer chore services  
21 program.

22 (3) For purposes of implementing Engrossed Second Substitute House  
23 Bill No. 1484 (nursing home payment rates), the weighted average  
24 nursing facility payment rate for fiscal year 2000 shall be no more  
25 than \$10.36 for the capital portion of the rate and no more than  
26 \$108.20 for the noncapital portion of the rate. For fiscal year  
27 ((2000)) 2001, the weighted average nursing facility payment rate shall  
28 be no more than \$10.57 for the capital portion of the rate and no more  
29 than \$110.91 for the noncapital portion of the rate. These rates  
30 include vendor rate increases, but exclude nurse's aide training.

31 (4) ~~((If Engrossed Second Substitute House Bill No. 1484 is not  
32 enacted by June 30, 1999, for purposes of implementing chapter 322,  
33 Laws of 1998 (nursing home payment rates), the weighted average nursing  
34 home payment rate shall be no more than \$118.39 for fiscal year 2000  
35 and no more than \$120.36 for fiscal year 2001, including vendor rate  
36 increases but excluding nurse's aide training. The appropriations in  
37 this section include \$69,173,000 for fiscal year 2000 and \$68,123,000  
38 for fiscal year 2001 for the department of social and health services  
39 to include a property component, a financing allowance component, and~~

1 a variable return component in the rate it pays to nursing facilities.  
2 By July 1, 1999, the department shall adopt rules on an emergency basis  
3 pursuant to RCW 34.05.350 under which each nursing facility contractor  
4 shall continue to be paid the property, the financing allowance, and  
5 the variable return rate which it was paid on June 30, 1999. Each  
6 nursing facility contractor's June 30, 1999, variable return rate  
7 shall be increased by 1 percent effective July 1, 1999. Each nursing  
8 facility contractor's June 30, 2000 variable return rate shall be  
9 increased by 1 percent effective July 1, 2000. With respect to a  
10 nursing facility which enters the medicaid program for the first time  
11 on or after July 1, 1999, the department shall pay the lesser of (a)  
12 the property, the financing allowance, and the variable return rate for  
13 which the facility would qualify under chapter 388-96 WAC; or (b) the  
14 state-wide average rate for each of those rate components, weighted by  
15 medicaid patient days. With respect to a nursing facility which makes  
16 a capitalized addition or replacement which requires a certificate of  
17 need and which is approved by the department of health on or after July  
18 1, 1999, the department shall pay the lesser of (a) the property, the  
19 financing allowance, and the variable return rate for which the  
20 facility would qualify under chapter 388-96 WAC; or (b) the state-wide  
21 average rate for each of those rate components, weighted by medicaid  
22 patient days.))In addition to the rates set forth in subsection (3),  
23 \$286,000 of the general fund--state appropriation for fiscal year 2000,  
24 \$574,000 of the general fund--state appropriation for fiscal year 2001,  
25 and \$928,000 of the general fund--federal appropriation are provided  
26 solely for supplemental rate adjustments for certain nursing  
27 facilities. In accordance with RCW 74.46.431, the department shall use  
28 these funds to apply an additional economic trends and conditions  
29 adjustment factor to the rate of any facility whose total rate  
30 allocation would otherwise be less than its April 1, 1999, total rate,  
31 adjusted for case-mix changes. This supplemental adjustment factor  
32 shall be the percentage by which the facility's April 1, 1999, rate  
33 would otherwise exceed the rate calculated in accordance with chapter  
34 74.46 RCW and sub-section (3) of this section, except that (a) no  
35 adjustment shall be provided for any amounts by which a facility's rate  
36 is lower due to a reduction in its facility-average medicaid case-mix  
37 score; and (b) the adjustment factor shall be reduced proportionately  
38 for all facilities by the percentage by which total supplemental

1 payments would otherwise exceed the funds provided for such payments in  
2 this sub-section.

3 (5) \$50,000 of the general fund--state appropriation for fiscal  
4 year 2000 and \$50,000 of the general fund--state appropriation for  
5 fiscal year 2001 are provided solely for payments to any nursing  
6 facility licensed under chapter 18.51 RCW which meets all of the  
7 following criteria: (a) The nursing home entered into an arm's length  
8 agreement for a facility lease prior to January 1, 1980; (b) the lessee  
9 purchased the leased nursing home after January 1, 1980; and (c) the  
10 lessor defaulted on its loan or mortgage for the assets of the home  
11 after January 1, 1991, and prior to January 1, 1992. Payments provided  
12 pursuant to this subsection shall not be subject to the settlement,  
13 audit, or rate-setting requirements contained in chapter 74.46 RCW.

14 (6) \$6,264,000 of the general fund--state appropriation for fiscal  
15 year 2000, \$13,860,000 of the general fund--state appropriation for  
16 fiscal year 2001, and \$21,795,000 of the general fund--federal  
17 appropriation are provided solely to increase compensation for  
18 individual and for agency home care providers. Payments to individual  
19 home care providers are to be increased from \$6.18 per hour to \$6.68  
20 per hour on July 1, 1999, and to \$7.18 per hour on July 1, 2000.  
21 Payments to agency providers are to increase to \$11.97 per hour on July  
22 1, 1999, and to \$12.62 per hour on July 1, 2000. All but 14 cents per  
23 hour of the July 1, 1999, increase to agency providers, and all but 15  
24 cents per hour of the additional July 1, 2000, increase is to be used  
25 to increase wages for direct care workers. The appropriations in this  
26 subsection also include the funds needed for the employer share of  
27 unemployment and social security taxes on the amount of the increase.

28 (7) \$200,000 of the general fund--state appropriation for fiscal  
29 year 2000, \$80,000 of the general fund--state appropriation for fiscal  
30 year 2001, and \$280,000 of the general fund--federal appropriation are  
31 provided solely for enhancement and integration of existing management  
32 information systems to (a) provide data at the local office level on  
33 service utilization, costs, and recipient characteristics; and (b)  
34 reduce the staff time devoted to data entry.

35 (8) The department of social and health services shall provide  
36 access and choice to consumers of adult day health services for the  
37 purposes of nursing services, physical therapy, occupational therapy,  
38 and psychosocial therapy. Adult day health services shall not be  
39 considered a duplication of services for persons receiving care in

1 long-term care settings licensed under chapter 18.20, 72.36, or 70.128  
2 RCW.

3 (9) \$1,452,000 of the general fund--state appropriation for fiscal  
4 year 2000, \$1,528,000 of the general fund--state appropriation for  
5 fiscal year 2001, and \$2,980,000 of the general fund--federal  
6 appropriation are provided solely for implementation of Second  
7 Substitute House Bill No. 1546 (in-home care services). If Second  
8 Substitute House Bill No. 1546 is not enacted by June 30, 1999, the  
9 amounts provided in this subsection shall lapse.

10 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
11 preservation of the public peace, health, or safety, or support of the  
12 state government and its existing public institutions, and takes effect  
13 July 1, 1999.

Passed the Senate April 25, 1999.

Passed the House April 25, 1999.

Approved by the Governor May 17, 1999.

Filed in Office of Secretary of State May 17, 1999.