

# HOUSE BILL REPORT

## HB 1693

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**As Reported by House Committee On:**  
Appropriations

**Title:** An act relating to direct care component rate allocation.

**Brief Description:** Revising the provision for increasing the direct care component rate allocation for residents with exceptional care needs.

**Sponsors:** Representatives Cody, Skinner, Clibborn and Morrell; by request of Department of Social and Health Services.

**Brief History:**

**Committee Activity:**

Appropriations: 2/24/03, 3/3/03 [DPS].

**Brief Summary of Substitute Bill**

- Authorizes the Department of Social and Health Services to continue to set criteria for enhanced direct care and therapy care payments to nursing facilities that have residents with unmet exceptional care needs.

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### HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Conway, Cox, DeBolt, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, Miloscia, Pflug, Ruderman, Schual-Berke and Sump.

**Staff:** Bernard Dean (786-7130).

**Background:**

There are 253 Medicaid-certified nursing home facilities in Washington providing long-term care services to approximately 12,900 Medicaid clients. The payment system for these nursing homes is established in statute and is administered by the Department of Social and Health Services (DSHS).

The rates paid to nursing facilities are based on seven different components. These components include rates paid for direct care, therapy care, support services, operations, property, financing allowance, and variable return.

In 1999 the Legislature authorized the DSHS to increase the direct care component of nursing home rates for residents who have unmet exceptional care needs, as determined by the DSHS in rule.

Additionally, the DSHS was authorized to adopt rules and implement a system of exceptional care payments for the therapy care component of the nursing home rate. These rates were authorized for individuals who are under age 65, not eligible for Medicare, and can achieve significant progress in their functional status if provided intensive therapy care services. These exceptional care payments were limited to no more than 12 facilities that have demonstrated excellence in therapy care, based upon criteria adopted in rule. Additionally, payments were subject to approval of a rehabilitation plan of care for each resident on whose behalf a payment is made.

The exceptional care program established by the DSHS generally serves three categories of clients: 1) Those needing exceptional therapies due to such conditions as traumatic brain injury, multiple fractures, quadriplegia, paraplegia, and stroke; 2) individuals who are being maintained on ventilators and tracheostomies; and 3) children with complex medical conditions.

A December 2002 report to the Legislature by the DSHS on the efficacy of the exceptional care payment program indicated that the exceptional direct care payments for medically fragile children and ventilator/tracheostomy clients have resulted in stability for these clients and a cost savings to the state. The report indicated that these individuals are better served in nursing facilities than in hospitals, where they would reside in the absence of the program. However, the report indicated that the enhanced therapy care payments did not improve resident discharge placement or length of stay and that this pilot program was not cost effective.

The statute authorizing the exceptional payments for direct care and therapy care is scheduled to expire on June 30, 2003.

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**Summary of Substitute Bill:**

The DSHS is authorized to continue to set criteria for increased direct care and therapy care rates to nursing facilities that have residents with unmet exceptional care needs.

Restrictions limiting enhanced therapy care payments to no more than 12 facilities that have demonstrated excellence in therapy care are removed.

**Substitute Bill Compared to Original Bill:**

The substitute bill authorizes the DSHS to continue to make enhanced therapy care payments.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This is request legislation from the DSHS. This bill would provide for a continuation of two exceptional care components. The first is for care that is provided in five nursing facilities for residents in need of intensive care services. These payments are for individuals with ventilators and tracheostomies. In fiscal year 2002 there were 148 clients served in this program. The other program is for seven medically fragile children from Washington who reside in the Providence Children's Center in Portland, Oregon. If these facilities were no longer able to care for these residents, they would be in the hospital in intensive care units at a higher cost.

**Testimony Against:** None.

**Testified:** Kathy Marshall, Department of Social and Health Services.