

# SENATE BILL REPORT

## ESHB 2851

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As Reported By Senate Committee On:  
Health & Long-Term Care, February 25, 2004

**Title:** An act relating to removing certificate of need limitations on bed capacity and redistribution for federally certified critical access hospitals.

**Brief Description:** Removing certificate of need limitations on bed capacity and redistribution for federally certified critical access hospitals.

**Sponsors:** House Committee on Health Care (originally sponsored by Representatives Clibborn, Campbell, Darneille and Edwards; by request of Department of Health).

**Brief History:**

**Committee Activity:** Health & Long-Term Care: 2/24/04, 2/25/04 [DP].

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### SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

**Majority Report:** Do pass.

Signed by Senators Deccio, Chair; Winsley, Vice Chair; Brandland, Franklin, Keiser, Parlette and Thibaudeau.

**Staff:** Rhoda Donkin (786-7198)

**Background:** A certificate of need from the Department of Health is required prior to (1) the construction, development, establishment, or sale of a hospital, or (2) an increase in bed capacity or the addition of a tertiary health service at a hospital. The department must consider specific criteria when determining whether or not to issue a certificate of need including: (1) the population's need for the service; (2) the availability of less costly or more effective alternative methods of providing the service; (3) the financial feasibility and probable impact of the proposal on the cost of health care in the community; (4) the need and availability of services and facilities for physicians and their patients in the community; (5) the efficiency and appropriateness of the use of existing services and facilities similar to those proposed; and (6) whether the hospital meets or exceeds the regional average level of charity care.

The Federal Balanced Budget Act of 1997 established the Critical Access Hospital Program. The program is intended to increase access to care in rural areas by allowing more flexibility in staffing, simplifying billing methods, and creating incentives to integrate health delivery systems. One of the conditions for participation in the program is that the hospital have no more than 25 acute care patients at any one time. Washington currently has 29 hospitals certified as critical access hospitals.

**Summary of Bill:** A health care facility that is certified as a critical access hospital is not required to apply for a certificate of need when increasing its total number of licensed beds to the maximum of 25 as permitted by federal law. The beds may also be redistributed among

acute care and nursing home care without requiring a certificate of need review. The exception to the certificate of need review requirement does not apply if there is a nursing home within 27 miles of the hospital unless the hospital had designated nursing home beds before December 31, 2003 or the hospital is using up to five swing beds.

If the hospital discontinues its certified status as a critical access hospital, the hospital may revert back to the number of beds and types of beds that it had when it originally requested critical access hospital certification.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This will help hospitals in rural areas to be flexible in serving the needs of patients in their area. The certificate of need process is cumbersome and expensive and eliminating it in these specific circumstances will benefit health care delivery. Concerns if Amended: We oppose amending the bill to allow longer lengths of stay in hospitals. Our nursing homes depend on acute care beds and we are equipped to handle these patients.

**Testimony Against:** None.

**Testified:** PRO: Representative Clibborn, prime sponsor; Lisa Thatcher, WSHA; Ron Weaver, DOH; Jeff Uvyek, WSHA; CONCERNS: Brenden Williams, WHCA; Jerry Tretvold, Harmony House.