
HOUSE BILL 1946

State of Washington 58th Legislature 2003 Regular Session

By Representatives Darneille, Skinner, Rockefeller and Edwards

Read first time 02/17/2003. Referred to Committee on Health Care.

1 AN ACT Relating to lives of assets under the nursing facility
2 payment system; and amending RCW 74.46.370.

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

4 **Sec. 1.** RCW 74.46.370 and 1999 c 353 s 14 are each amended to read
5 as follows:

6 (1) Except for new buildings, major remodels, and major repair
7 projects, as defined in subsection (2) of this section, the contractor
8 shall use lives which reflect the estimated actual useful life of the
9 asset and which shall be no shorter than guideline lives as established
10 by the department. Lives shall be measured from the date on which the
11 assets were first used in the medical care program or from the date of
12 the most recent arm's-length acquisition of the asset, whichever is
13 more recent. In cases where RCW 74.46.360(6)(a) does apply, the
14 shortest life that may be used for buildings is the remaining useful
15 life under the prior contract. In all cases, lives shall be extended
16 to reflect periods, if any, when assets were not used in or as a
17 facility.

18 (2) Effective July 1, 1997, for asset acquisitions and new
19 facilities, major remodels, and major repair projects that begin

1 operations on or after July 1, 1997, the department shall use the most
2 current edition of Estimated Useful Lives of Depreciable Hospital
3 Assets, or as it may be renamed, published by the American Hospital
4 Publishing, Inc., an American hospital association company, for
5 determining the useful life of new buildings, major remodels, and major
6 repair projects, however, the shortest life that may be used for new
7 buildings receiving certificate of need approval or certificate of need
8 exemptions under chapter 70.38 RCW on or after July 1, 1999, is forty
9 years. The shortest life that may be used for new buildings receiving
10 certificate of need approval or certificate of need exemptions under
11 chapter 70.38 RCW on or after July 1, 2003, is thirty years. New
12 buildings, major remodels, and major repair projects include those
13 projects that meet or exceed the expenditure minimum established by the
14 department of health pursuant to chapter 70.38 RCW.

15 (3) Building improvements, other than major remodels and major
16 repairs, shall be depreciated over the remaining useful life of the
17 building, as modified by the improvement.

18 (4) Improvements to leased property which are the responsibility of
19 the contractor under the terms of the lease shall be depreciated over
20 the useful life of the improvement.

21 (5) A contractor may change the estimate of an asset's useful life
22 to a longer life for purposes of depreciation.

23 (6) For new or replacement building construction or for major
24 renovations, either of which receives certificate of need approval or
25 certificate of need exemption under chapter 70.38 RCW on or after July
26 1, 1999, the number of years used to depreciate fixed equipment shall
27 be the same number of years as the life of the building to which it is
28 affixed.

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