

# HOUSE BILL REPORT

## HB 2212

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to exempting hospitals licensed under chapter 70.41 RCW that receive capital funds to operate new psychiatric services from certain certificate of need requirements

**Brief Description:** Exempting hospitals licensed under chapter 70.41 RCW that receive capital funds to operate new psychiatric services from certain certificate of need requirements.

**Sponsors:** Representatives Cody, Schmick and Fagan.

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 4/2/15 [DP].

#### **Brief Summary of Bill**

- Exempts hospitals from requiring a Certificate of Need for the addition of psychiatric beds funded by grants from the Department of Commerce.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** Do pass. Signed by 9 members: Representatives Dunshee, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson, Riccelli and Walsh.

**Staff:** Steve Masse (786-7115).

#### **Background:**

##### Certificate of Need.

A Certificate of Need from the Department of Health (Department) is required prior to the following: construction, renovation, or sale of a health care facility; changes in bed capacity at certain health care facilities; an increase in the number of dialysis stations at a kidney disease center; or the addition of specialized health services.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

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.

In 2014 the Legislature passed Second Substitute Senate Bill 6312 which suspended the Certificate of Need requirement for acute care hospitals when they change the use of existing licensed beds to psychiatric care beds that include involuntary treatment. This suspension expires June 30, 2015.

Supreme Court Decision.

In August 2014 the Washington Supreme Court decided the case of *In re D.W.*, which involved 10 involuntary psychiatric patients who asked the Superior Court in Pierce County to hold that their detention in uncertified treatment beds was unlawful. The Supreme Court found that current Washington statutes and regulations do not authorize temporary certification of treatment beds as a response to overcrowding.

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**Summary of Bill:**

Hospitals licensed under chapter 70.41 RCW that receive grants awarded in fiscal years 2016 and 2017 for new psychiatric beds from the Department of Commerce are exempt from requesting a Certificate of Need.

The period for the exemption is two years from the date of the grant award. The authorization expires June 30, 2019.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Staff Summary of Public Testimony:**

(In support) There are not enough involuntary psychiatric beds available. There is funding in both the operating and capital budgets for additional beds, and some hospital facilities are ready to bring beds online. Exempting these hospitals from a Certificate of Need expedites the ability to add beds and meet the court's order of providing more involuntary beds to meet the need.

(Opposed) None.

**Persons Testifying:** Len McComb, Washington State Hospital Association.

**Persons Signed In To Testify But Not Testifying:** None.