

# SENATE BILL REPORT

## EHB 2212

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As of June 27, 2015

**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:** Passed House: 4/08/15, 97-0; 6/24/15, 97-0.

**Committee Activity:** Health Care: 4/22/15 [w/oRec-WM].

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Sandy Stith (786-7710)

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### SENATE COMMITTEE ON HEALTH CARE

**Majority Report:** That it be referred without recommendation and be referred to Committee on Ways & Means.

Signed by Senators Becker, Chair; Frockt, Ranking Minority Member; Angel, Bailey, Brown, Cleveland, Conway, Jayapal, Keiser, Parlette and Rivers.

**Staff:** Evan Klein (786-7483)

**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.

The Department must consider specific criteria when determining whether or not to issue a Certificate of Need including the following: (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

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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 issued a ruling in the case of *D.W. vs. DSHS*. This case was originally filed in Superior Court in Pierce County in February 2013 and addressed single bed certification and psychiatric boarding. The Washington Supreme Court found that the state Involuntary Treatment Act does not authorize psychiatric boarding as a method to avoid overcrowding at certified evaluation and treatment facilities.

**Summary of Bill:** Hospitals licensed under chapter 70.41 RCW and psychiatric hospitals licensed under 71.12 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 for the addition of the number of new psychiatric beds indicated in the grant. The period for the exemption is two years from the date of the grant award. The authorization expires June 30, 2019.

New psychiatric beds added under this act must remain psychiatric beds unless a certificate of need is granted to change their use or the hospital or psychiatric hospital voluntarily reduces its capacity.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony:** No public hearing was held.

**Persons Testifying:** N/A.