

FINAL BILL REPORT

ESHB 1547

C 199 L 17
Synopsis as Enacted

Brief Description: Exempting certain hospitals from certificate of need requirements for the addition of psychiatric beds until June 2019.

Sponsors: House Committee on Health Care & Wellness (originally sponsored by Representatives Schmick and Cody).

House Committee on Health Care & Wellness
Senate Committee on Health Care

Background:

The certificate of need process evaluates proposals by certain health care providers to expand health care activities and reviews the potential impact of the expansion on a community's need for the service. A certificate of need from the Department of Health (Department) is required prior to the construction, renovation, or sale of a health care facility; changes in bed capacity; an increase in the number of dialysis stations at a kidney disease treatment center; or the addition of specialized health services. Under the program, the Department reviews the project under specific criteria related to community need, quality of services, financial feasibility, and the impact on health care costs in the community. A facility or service that is subject to the certificate of need program must be approved prior to beginning operations.

For fiscal year 2015, certificate of need requirements were suspended for hospitals that changed the use of licensed beds to increase the number of beds used to provide psychiatric services. In the 2015-17 biennial capital budget, \$32 million was appropriated to the Department of Commerce to support grants to hospitals to add new psychiatric beds to their facilities. The certificate of need requirements were suspended in fiscal years 2016 and 2017 for hospitals adding beds through the grant program.

Summary:

The suspension of certificate of need requirements is reinstated through June 30, 2019 for acute care hospitals and psychiatric hospitals that increase the number of beds for psychiatric services. For acute care hospitals, the exemption applies to new psychiatric beds. For psychiatric hospitals, the exemption covers the addition of up to 30 new psychiatric beds if: (1) the last two years of cost report data show that its payer mix was at least 50 percent

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Medicare and Medicaid payments and; (2) the psychiatric hospital commits to maintaining a payer mix of at least 50 percent Medicare and Medicaid payments for at least five years after the beds are made available.

Until June 30, 2019, an entity that seeks to construct, develop, or establish a psychiatric hospital is exempt from certificate of need requirements if it will have no more than 16 beds and will dedicate a portion of beds to treating adults on 90- or 180-day involuntary commitment orders. The psychiatric hospital may also treat adults on a 72-hour detention or 14-day involuntary commitment order.

Acute care hospitals and psychiatric hospitals receiving an exemption from certificate of need requirements must notify the Department of Health (Department) of their intent to increase the number of psychiatric beds or to construct a new psychiatric hospital. The Department must provide the acute care hospital or psychiatric hospital with a notice of exemption within 30 days. An acute care hospital or psychiatric hospital must begin the project within two years of receiving the notice of exemption. The acute care hospital or psychiatric hospital must seek a certificate of need or reduce its licensed capacity if psychiatric beds that have been granted an exemption are changed to a different use. An entity that constructs a psychiatric hospital must receive a certificate of need if it exceeds 16 beds.

Votes on Final Passage:

House	97	0	
Senate	29	20	(Senate amended)
House			(House refused to concur)
Senate	39	10	(Senate receded)

Effective: May 5, 2017