
Health Care & Wellness Committee

HB 2128

Brief Description: Modernizing the certificate of need program.

Sponsors: Representatives Schmick, Graham, Macri, Harris, Jacobsen and Hutchins.

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">• Establishes the Certificate of Need Modernization Task Force.

Hearing Date: 1/10/24

Staff: Kim Weidenaar (786-7120).

Background:

The Certificate of Need (CON) Program (Program) is operated by the Department of Health (DOH) and is a regulatory process that requires certain health care facilities and providers to get state approval before building certain types of facilities or offering new or expanded services. A CON is required before a health care facility can be constructed, sold, purchased, or leased, or before a health care provider can offer certain new or expanded services, such as a hospital seeking to increase their licensed beds. When the DOH receives a CON application, the DOH reviews the potential impact of the proposed construction or expansion on a community's need for the service. Health care facility CON applications are reviewed subject, but not limited, to the following criteria: the need for such services; the availability of less costly or more effective alternative methods of providing such services; financial feasibility; the impact on health care costs in the community, quality assurance, and cost-effectiveness; the use of existing services and facilities; and (for hospitals) whether the hospital meets or exceeds the regional average level of charity care as well as other factors.

The 2006 Legislature directed the Office of Financial Management (OFM) to coordinate a state

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

health planning process to create the Statewide Health Resources Strategy that would guide the CON process. The OFM was directed to provide the first strategy by January 1, 2010, which was to be updated every two years. In April 2010 the OFM issued the Strategic Health Planning Progress Report.

Summary of Bill:

The Certificate of Need Modernization Task Force (Task Force) is established with the following members:

- one member from each of the two largest caucuses of the House of Representatives appointed by the Speaker of the House of Representatives;
- one member from each of the two largest caucuses of the Senate appointed by the President of the Senate;
- the Secretary of the Department of Health (Secretary of Health) or designee;
- the Director of the Health Care Authority or designee;
- the Secretary of the Department of Social and Health Services or designee; and
- the following individuals appointed by the governor:
 - a health care economist
 - a representative of private employer-sponsored health benefits purchasers;
 - a representative of labor organizations;
 - a representative of health carriers;
 - a representative of an organization that represents health care consumers; and
 - one representative from each of the following types of health care facilities: hospices, hospice care centers hospitals, psychiatric hospitals, nursing homes, kidney disease treatment centers, ambulatory surgical facilities, and a home health agency.

The Task Force must review:

- the role that the Program has in the current health care system to contain health care costs associated with the health care system, as a whole, and for each category of health care facility, health service, or activity subject to the Program;
- whether the Program promotes and facilitates patient care in urban, suburban, and rural areas for each category of health care facility, health service, or activity subject to the Program;
- whether the Program increases the quality of health care services;
- whether patients have more health care choices because of the Program;
- whether the Program facilitates the adoption of innovative and cost-effective health care technologies;
- whether the Program reduces the overutilization of health care services;
- whether the Program assists in the establishment of an adequate health care workforce;
- whether the Program creates an unnecessary barrier to the establishment of needed health care facilities and services;
- ways to modernize the Program to improve its performance, including:
 - consideration of the need to continue to require the coverage of each category of

- health care facility, health service, or other activity subject to the Program and consideration of the elimination of any categories from certificate of need coverage or elimination of the Program, as a whole;
- whether the Program needs to include other health care facilities, health services, or other activities;
- ways to improve the Program through modernizing its goals, criteria, and processes; and
- ways to improve strategic health planning activities as the basis of Program decisions and for identifying other trends in the availability of health care across the state. The Task Force must review the Statewide Health Resources Strategy (Strategy), assess its value in the Program or other areas of the health care system, consider ways the Strategy may be improved, and explore whether it should be reinstated or replaced by another planning system. If the Task Force concludes that the Strategy should be replaced, it must consider the goals and purposes of the new planning system and the structure of that planning system.

The Task Force must submit its findings and recommendations to the Governor and the Legislature. By December 15, 2024, the Task Force must submit a report with its findings and recommendations related to whether the Program should be discontinued based on the Task Force's review. By November 15, 2025, the Task Force must submit a report with findings and recommendations related to:

- alternatives to the Program that will address the items reviewed by the Task Force, if the first report found the Program should be discontinued; or
- options for improving the Program's operations so that it can better address the items reviewed by the Task Force, if the first report found the Program should be continued.

The Secretary of Health or designee must serve as the chair of the Task Force and is responsible for convening Task Force meetings. The DOH must provide staff support to the Task Force. Members of the Task Force that are participating on behalf of an employer, governmental entity, or other organization are not entitled to reimbursement for travel expenses.

Appropriation: None.

Fiscal Note: Requested on January 8, 2024.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.