

FINAL BILL REPORT

SSB 5920

C 165 L 24
Synopsis as Enacted

Brief Description: Lifting certificate of need requirements for psychiatric hospitals and beds.

Sponsors: Senate Committee on Health & Long Term Care (originally sponsored by Senators Padden, Fortunato, Keiser, Warnick and Wilson, L.).

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

Background: Certificate of Need. A certificate of need is a health planning regulatory process administered by the Department of Health (DOH) in which entities undertaking to construct, develop, establish, sell, purchase, lease, renovate, or alter a health care facility, hospital, or nursing home must apply for a certificate of need or exemption from DOH before proceeding, subject to certain exceptions and limitations. DOH must charge a fee for reviewing certificate of need applications and applications for exemptions which is sufficient to cover the full cost of the review and exemption. The statutory declared purpose for the certificate of need policy is to promote, maintain, and assure the health of all citizens in Washington while controlling increases in health care costs and recognizing prevention as a priority.

History. The first certificate of need program in the United States was enacted in New York in 1964. For a period of time starting in 1974, the federal government required all states to establish and maintain certificate of need programs in order to receive federal funds to support state and local health planning activities. Washington State's certificate of need program was enacted in 1979. Federal certificate of need mandates were repealed in 1987. Washington is part of 35 states and the District of Columbia which still maintain certificate of need programs. According to the National College of State Legislatures, there are no certificate of need programs or similar programs in California, Colorado, Idaho, Kansas, New Hampshire, New Mexico, North Dakota, Pennsylvania, South Dakota, Texas, Utah, and Wyoming.

Exemptions for Increases in Psychiatric Beds or Construction of Psychiatric Hospitals

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.

Available From 2014 to 2023. The Legislature suspended the certificate of need requirement for increasing psychiatric beds within a hospital in 2014. Initially applicable for only one year, the exemption was extended by the Legislature in 2017, and expanded to include construction, development, or establishment of psychiatric hospitals. Similar extensions were enacted in 2019 and 2021. The authority to grant exemptions was subject to certain conditions related to notification and timing. Psychiatric hospitals were limited to a one-time addition of up to 30 new psychiatric beds, and in exchange the psychiatric hospital was required to commit to maintain a payer mix of at least 50 percent Medicare and Medicaid and to agree to let beds remain dedicated to psychiatric services unless the psychiatric hospital applied for a new certificate of need or voluntarily reduced its licensed capacity. DOH's authority to grant new certificate of need exemptions related to psychiatric beds or psychiatric hospitals expired in law on June 30, 2023.

Summary: DOH authority to grant certificate of need exemptions which expired on June 30, 2023, is reinstated until June 30, 2028, allowing DOH to grant exemptions for:

- adding new psychiatric beds to a hospital;
- changing the use of beds within a hospital to increase the number of psychiatric beds;
or
- constructing, developing, or establishing a new psychiatric hospital.

This authority is subject to the same limitations and restrictions as the authority which expired in 2023.

Votes on Final Passage:

Senate	47	0
House	96	0

Effective: June 6, 2024