

# HOUSE BILL REPORT

## HB 1484

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### As Reported By House Committee On:

Health Care  
Appropriations

**Title:** An act relating to the medicaid related payment of property costs in licensed nursing facilities.

**Brief Description:** Modifying property valuation methods for reimbursing nursing facilities.

**Sponsors:** Representatives Parlette, Cody, Alexander, Conway and Edwards.

### Brief History:

#### Committee Activity:

Health Care: 2/4/99, 3/2/99 [DPS];

Appropriations: 3/5/99, 3/6/99 [DP2S(w/o sub HC)].

### Brief Summary of Second Substitute Bill

- The current method for determining variable return on investment is retained.
- The current financing allowance for existing facilities and projects (set at 10 percent for all existing facilities) is maintained and the financing allowance for all new assets acquired after the effective date of this act is set at 8.5 percent.
- Facilities that have received certificate of need approval for new construction or major renovation prior to the effective date of this act will receive a financing allowance at 10 percent.
- For new construction or major renovation projects, fixed equipment (wiring, plumbing, heating and air conditioning systems, etc.) will be depreciated using the same life as the building to which it is affixed.
- A bed to population ratio of 40 beds per 1,000 persons 65 or older is placed into statute. The Certificate of Need (CON) process is valid for five years and must be reviewed prior to any continuation.

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## HOUSE COMMITTEE ON HEALTH CARE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives Cody, Democratic Co-Chair; Parlette, Republican Co-Chair; Pflug, Republican Vice Chair; Alexander; Boldt; Campbell; Conway; Edmonds; Edwards; Mulliken and Ruderman.

**Staff:** Antonio Sanchez (786-7383).

**Background:**

The capital reimbursement rate refers to the cost of capital, buildings, and equipment for each nursing home facility. It is a unique cost-based rate for each nursing facility paid through three components of the overall nursing home rate: