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HOUSE BILL 1274

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State of Washington

64th Legislature

2015 Regular Session

By Representatives Cody, Jinkins, Johnson, and Harris

1 AN ACT Relating to implementing a value-based system for nursing  
2 home rates; adding a new section to chapter 74.46 RCW; repealing RCW  
3 74.46.431, 74.46.435, 74.46.506, 74.46.508, 74.46.511, 74.46.515, and  
4 74.46.521; and providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.46  
7 RCW to read as follows:

8 (1) The legislature intends to adopt a new system for  
9 establishing nursing home payment rates beginning July 1, 2017. Any  
10 payments to nursing homes for services provided after June 30, 2017,  
11 must be based on the new system. The new system must be a  
12 geographically based, acuity-adjusted, value-based system comprising  
13 certain core components, including: Direct care, indirect care,  
14 capital, and a quality enhancement of up to five percent of the total  
15 rate. The indirect care component must be adjusted to reflect the  
16 payment of real estate, personal property, and business and  
17 occupational taxes in establishing the rate.

18 (2) In cooperation with nursing facility provider associations,  
19 the department shall design and develop a new system that matches  
20 payments to patient care needs, reward efficiency, incentivize  
21 controlling costs, and promote quality of care by ensuring that a

1 similar quality of care, to residents of similar acuity, in similar  
2 geographic locations is similarly compensated.

3 (3) The department shall regularly consult with the health care  
4 and wellness committee of the house of representatives and the health  
5 care committee of the senate on the progress of the development and  
6 design of the new system.

7 (4) The department shall report to the fiscal committees of the  
8 legislature on the projected benefits and costs of the new system by  
9 January 2, 2016. In determining the costs and benefits of the new  
10 system, the department shall cooperate with and consider input from  
11 the nursing home provider associations. The report must include a  
12 recommended timeline for implementing the new payment system  
13 beginning July 1, 2017, and phasing in the new system over a  
14 designated transition period. During the phase-in period an  
15 individual nursing home provider's overall medicaid reimbursement  
16 rate may not fall below the individual provider's overall medicaid  
17 reimbursement rate that was in effect June 30, 2017.

18 NEW SECTION. **Sec. 2.** The following acts or parts of acts, as  
19 now existing or hereafter amended are each repealed, effective June  
20 30, 2017:

21 (1) RCW 74.46.431 (Nursing facility medicaid payment rate  
22 allocations—Components—Minimum wage—Rules) and 2013 2nd sp.s. c 3 s  
23 1, 2011 1st sp.s. c 7 s 1, 2010 1st sp.s. c 34 s 3, 2009 c 570 s 1,  
24 2008 c 263 s 2, 2007 c 508 s 2, 2006 c 258 s 2, 2005 c 518 s 944,  
25 2004 c 276 s 913, 2001 1st sp.s. c 8 s 5, 1999 c 353 s 4, & 1998 c  
26 322 s 19;

27 (2) RCW 74.46.435 (Property component rate allocation) and 2011  
28 1st sp.s. c 7 s 2, 2010 1st sp.s. c 34 s 5, 2001 1st sp.s. c 8 s 7,  
29 1999 c 353 s 10, & 1998 c 322 s 29;

30 (3) RCW 74.46.506 (Direct care component rate allocations—  
31 Determination—Quarterly updates—Fines) and 2011 1st sp.s. c 7 s 7,  
32 2010 1st sp.s. c 34 s 12, 2007 c 508 s 3, 2006 c 258 s 6, & 2001 1st  
33 sp.s. c 8 s 10;

34 (4) RCW 74.46.508 (Direct care component rate allocation—  
35 Increases—Rules) and 2010 1st sp.s. c 34 s 13, 2003 1st sp.s. c 6 s  
36 1, & 1999 c 181 s 2;

1           (5) RCW 74.46.511 (Therapy care component rate allocation—  
2 Determination) and 2010 1st sp.s. c 34 s 14, 2008 c 263 s 3, 2007 c  
3 508 s 4, & 2001 1st sp.s. c 8 s 11;

4           (6) RCW 74.46.515 (Support services component rate allocation—  
5 Determination—Emergency situations) and 2011 1st sp.s. c 7 s 8, 2010  
6 1st sp.s. c 34 s 15, 2008 c 263 s 4, 2001 1st sp.s. c 8 s 12, 1999 c  
7 353 s 7, & 1998 c 322 s 27; and

8           (7) RCW 74.46.521 (Operations component rate allocation—  
9 Determination) and 2011 1st sp.s. c 7 s 9, 2010 1st sp.s. c 34 s 16,  
10 2007 c 508 s 5, 2006 c 258 s 7, 2001 1st sp.s. c 8 s 13, 1999 c 353 s  
11 8, & 1998 c 322 s 28.

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