
HOUSE BILL 2685

State of Washington

62nd Legislature

2012 Regular Session

By Representatives Billig and Alexander

Read first time 01/24/12. Referred to Committee on Health & Human Services Appropriations & Oversight.

1 AN ACT Relating to nursing homes; and amending RCW 74.46.437.

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

3 **Sec. 1.** RCW 74.46.437 and 2011 1st sp.s. c 7 s 3 are each amended
4 to read as follows:

5 (1) The department shall establish for each medicaid nursing
6 facility a financing allowance component rate allocation. The
7 financing allowance component rate shall be rebased annually, effective
8 July 1st, in accordance with the provisions of this section and this
9 chapter.

10 (2) The financing allowance is determined by multiplying the net
11 invested funds of each facility by ~~((-.04))~~ the applicable financing
12 allowance factor, and dividing by the greater of a nursing facility's
13 total resident days from the most recent cost report period or resident
14 days calculated on eighty-seven percent facility occupancy for
15 essential community providers, ninety-two percent facility occupancy
16 for small nonessential community providers, or ninety-five percent
17 occupancy for large nonessential community providers. If a capitalized
18 addition, renovation, replacement, or retirement of an asset will
19 result in a different licensed bed capacity during the ensuing period,

1 the prior period total resident days used in computing the financing
2 allowance shall be adjusted to the greater of the anticipated resident
3 day level or eighty-seven percent of the new licensed bed capacity for
4 essential community providers, ninety-two percent facility occupancy
5 for small nonessential community providers, or ninety-five percent
6 occupancy for large nonessential community providers. The financing
7 allowance factor of .085 shall be applied to assets acquired on or
8 before June 30, 2011. The financing allowance factor of .04 shall be
9 applied to assets acquired on or after July 1, 2011.

10 (3) In computing the portion of net invested funds representing the
11 net book value of tangible fixed assets, the same assets, depreciation
12 bases, lives, and methods referred to in department rule, including
13 owned and leased assets, shall be utilized, except that the capitalized
14 cost of land upon which the facility is located and such other
15 contiguous land which is reasonable and necessary for use in the
16 regular course of providing resident care must also be included.
17 Subject to provisions and limitations contained in this chapter, for
18 land purchased by owners or lessors before July 18, 1984, capitalized
19 cost of land is the buyer's capitalized cost. For all partial or whole
20 rate periods after July 17, 1984, if the land is purchased after July
21 17, 1984, capitalized cost is that of the owner of record on July 17,
22 1984, or buyer's capitalized cost, whichever is lower. In the case of
23 leased facilities where the net invested funds are unknown or the
24 contractor is unable to provide necessary information to determine net
25 invested funds, the secretary has the authority to determine an amount
26 for net invested funds based on an appraisal conducted according to
27 department rule.

28 (4) The financing allowance rate allocation calculated in
29 accordance with this section shall be adjusted to the extent necessary
30 to comply with RCW 74.46.421.

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