
HOUSE BILL 2737

State of Washington

62nd Legislature

2012 Regular Session

By Representative Lias

Read first time 01/30/12. Referred to Committee on Health & Human Services Appropriations & Oversight.

1 AN ACT Relating to nursing homes medicaid reimbursement and
2 settlement process; amending RCW 74.46.022; amending 2011 1st sp.s. c
3 7 s 11 (uncodified); and providing an effective date.

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

5 **Sec. 1.** RCW 74.46.022 and 2010 1st sp.s. c 34 s 19 are each
6 amended to read as follows:

7 The department shall establish, by rule, the procedures,
8 principles, and conditions for the nursing facility medicaid payment
9 system addressed by the following principles:

10 (1) The department must receive complete, annual reporting of all
11 costs and the financial condition of each contractor, prepared and
12 presented in a standardized manner. The department shall establish, by
13 rule, due dates, requirements for cost report completion, actions
14 required for improperly completed or late cost reports, fines for any
15 statutory or regulatory noncompliance, retention requirements, and
16 public disclosure requirements.

17 (2) The department shall examine all cost reports to determine
18 whether the information is correct, complete, and reported in

1 compliance with this chapter, department rules and instructions, and
2 generally accepted accounting principles.

3 (3) Each contractor must establish and maintain, as a service to
4 the resident, a bookkeeping system incorporated into the business
5 records for all resident funds entrusted to the contractor and received
6 by the contractor for the resident. The department shall adopt rules
7 to ensure that resident personal funds handled by the contractor are
8 maintained by each contractor in a manner that is, at a minimum,
9 consistent with federal requirements.

10 (4) The department shall have the authority to audit resident trust
11 funds and receivables, at its discretion.

12 (5) Contractors shall provide the department access to the nursing
13 facility, all financial and statistical records, and all working papers
14 that are in support of the cost report, receivables, and resident trust
15 funds.

16 (6) The department shall establish a settlement process in order to
17 reconcile medicaid resident days to billed days and medicaid payments
18 for the preceding calendar year. The settlement process shall ensure
19 that any savings in the direct care or therapy care component rates be
20 shifted only between direct care and therapy care component rates, and
21 shall not be shifted into any other rate components, except for cost
22 reports covering report periods ending December 31, 2011, 2012, and
23 2013.

24 (7) The department shall define and identify allowable and
25 unallowable costs.

26 (8) A contractor shall bill the department for care provided to
27 medicaid recipients, and the department shall pay a contractor for
28 service rendered under the facility contract and appropriately billed.
29 Billing and payment procedures shall be specified by rule.

30 (9) The department shall establish the conditions for participation
31 in the nursing facility medicaid payment system.

32 (10) The department shall establish procedures and a rate setting
33 methodology for a change of ownership.

34 (11) The department shall establish, consistent with federal
35 requirements for nursing facilities participating in the medicaid
36 program, an appeals or exception procedure that allows individual
37 nursing home providers an opportunity to receive prompt administrative

1 review of payment rates with respect to such issues as the department
2 deems appropriate.

3 (12) The department shall have authority to adopt, amend, and
4 rescind such administrative rules and definitions as it deems necessary
5 to carry out the policies and purposes of this chapter.

6 **Sec. 2.** 2011 1st sp.s. c 7 s 11 (uncodified) is amended to read as
7 follows:

8 (1) For fiscal years 2012 and 2013 and subject to appropriation,
9 the department of social and health services shall do a comparative
10 analysis of the facility-based payment rates calculated on July 1,
11 2011, using the payment methodology defined in chapter 74.46 RCW as
12 modified by RCW 74.46.431, 74.46.435, 74.46.437, 74.46.485, 74.46.496,
13 74.46.501, 74.46.506, 74.46.515, and 74.46.521, to the facility-based
14 payment rates in effect June 30, 2010. If the facility-based payment
15 rate calculated on July 1, 2011, is smaller than the facility-based
16 payment rate on June 30, 2011, the difference shall be provided to the
17 individual nursing facilities as an add-on payment per medicaid
18 resident day.

19 (2) During the comparative analysis performed in subsection (1) of
20 this section, if it is found that the direct care rate for any facility
21 calculated under RCW 74.46.431, 74.46.435, 74.46.437, 74.46.485,
22 74.46.496, 74.46.501, 74.46.506, 74.46.515, and 74.46.521 is greater
23 than the direct care rate in effect on June 30, 2010, then the facility
24 shall receive a ten percent direct care rate add-on to compensate that
25 facility for taking on more acute clients than they have in the past.

26 (3) The rate add-ons provided in subsection (2) of this section are
27 subject to the reconciliation and settlement process provided in RCW
28 74.46.022(6).

29 (4) The rate add-ons in subsection (1) of this section are not
30 subject to the reconciliation and settlement process provided in RCW
31 74.46.022(6).

32 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2012.

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