

December 18, 2020

**Updated: Governor Inslee Releases 2021-2023 Biennial Budget Proposal**

Governor Inslee has released his proposed biennial budget for 2021-2023. Earlier in the year after the start of the pandemic, revenues in the State of Washington had declined to the point that the Office of Financial Management requested budget reductions from all agencies. Since then, revenue has increased and, at the last Revenue Forecast Council meeting, David Schumacher, Director, Office of Financial Management, stated that with the increased revenue combined with the rainy day fund, the state had a budget surplus and that they would **no longer need to consider any of the proposed cuts, including eligibility changes or provider rates.**

The Governor has included some of our priorities and other changes that impact long term care in his 2021-2023 biennial budget -

- **Nursing Home Rate Methodology:** Funding is provided for the [July 1, 2021](#) annual rebase and an inflation adjustment that will be applied to the DC and IDC medians set using the 2019 cost report data. This is new policy related funding resulting in an additional appropriation beyond what was required by statute through maintenance funding for rebasing the [July 1, 2022](#) rates. The inflation factor applied to each [July 1](#) rate in the biennium will use the 24 month difference in the CPI-Urban All provided by the Bureau of Labor and Statistics (BLS). This is the same index that was used for the inflation factor applied to the July 1, 2020 rates. Statewide average rate FY21 - \$250.71. Statewide average rate FY22 - \$263.07, statewide average rate FY23 - \$267.18. **(\$11.5 million GF-S)**
- **Transitional Care Center of Seattle:** Funding is provided for nursing home services and emergent building costs at the Transitional Care Center of Seattle (TCCS). As part of the COVID-19 response, DSHS purchased this building to provide care for difficult-to-place residents from acute care hospitals, creating more hospital capacity to treat COVID-19 patients. **(\$22.9 million GF-S)**
- **Continue COVID Crisis Response:** Funds are provided for continuing strike teams (also referred to as rapid response staffing teams) and COVID-specific units in long-term care facilities. Strike teams are trained personnel who are able to travel where needed to temporarily assist long-term care facilities that cannot care for their vulnerable clients due to a COVID outbreak that depletes the facility's own staff. **This funding is expected to continue through March 2021.** The COVID specific facilities are paid a higher rate for more intensive staffing and infection disease control procedures in order to provide care in a wing or entire facility dedicated to serving COVID-positive clients who do not need hospital care, but require ongoing nursing support during their recovery. **(\$8.8 million GF-S)**
- **COVID Testing for Nursing Homes:** Support for the ongoing costs of testing at nursing facilities. CDC guidelines direct nursing facilities to test for COVID-19 at an increased frequency, and the price of tests continues to fluctuate. Additional funding will support the cost of the increased testing count. DSHS is proposing to cover 2 more rounds of testing in Medicaid nursing homes. **(\$17.2 million GF-S)**
- **COVID Client Services/Facility:** Funding is provided to address increased costs resulting from the COVID-19 pandemic, including a state-operated COVID-19 specific facility and temporary financial eligibility staff. **(\$2.6 million GF-S)**

- **Tailored Supports for Older Adults (TSOA):** No later than [December 31, 2021](#), the department of social and health services and the health care authority shall submit a waiver request to the federal department of health and human services to authorize presumptive Medicaid eligibility determinations for clients preparing for acute care hospital discharge who may need long-term services and supports. The department and the authority shall hold stakeholder discussions, including opportunities for public review and comment, during development of the waiver request. Upon submission of the waiver request, the department and the authority shall submit a report to the governor and the appropriate legislative committees that describes the request and identifies any statutory changes that may be necessary if the federal government approves the request.
- **Presumptive Medicaid Eligibility:** The department shall continue to administer initiative 2 of the Medicaid transformation waiver that provides tailored support for older adults and Medicaid alternative care described in initiative 2 of the Medicaid transformation demonstration waiver under healthier Washington. This initiative will be funded by the health care authority with the Medicaid quality improvement program. The secretary in collaboration with the director of the health care authority shall report to the office of financial management all of the expenditures of this subsection and shall provide such fiscal data in the time, manner, and form requested. The department shall not increase general fund—state expenditures on this initiative.
- **Support Transitions to Less Restrictive Alternatives:** Provide proactive discharge planning and increased support services for residents transitioning from total confinement to Less Restrictive Alternative placements. **(\$2.1 million GF-S)**
- **Regionalizing the Public Health System:** Consolidates local health jurisdictions to nine regional public health directors in fiscal year 2021 as a component of regionalizing public health districts. In future years, the foundational public health budget will support these directors. According to DOH, stakeholder workgroups will work with DOH to finalize and approve a foundational public health system. This consolidation from each county having its own local health jurisdiction to 9 regional jurisdictions is being proposed in order to bring much needed consistency to the local health jurisdictions. **(\$3.2 million GF-S)**
- **Expediting Nurse Licensure:** Adds 15 staff in fiscal year 2021 to assist in expedited nursing licensure. The volume of nurse license applications has increased considerably during the pandemic. These staff have been hired and are currently being trained. We expect the licensing turnaround time to decrease from 15 days to 1-2 days. This will help with the immense backlog of nursing licenses that DOH is currently dealing with. **(\$504,000 GF-S)**
- **Public Hospital District Nursing Homes:** Provided solely for supplemental payments to nursing homes operated by public hospital districts. The public hospital district shall be responsible for providing the required nonfederal match for the supplemental payment, and the payments shall not exceed the maximum allowable under federal rules. It is the legislature's intent that the payments shall be supplemental to and shall not in any way offset or reduce the payments calculated and provided in accordance with part E of chapter 74.46 RCW. It is the legislature's further intent that costs otherwise allowable for rate-setting and settlement against payments under chapter 74.46 RCW shall not be disallowed solely because such costs have been paid by revenues retained by the nursing home from these supplemental payments. The supplemental payments are subject to retrospective interim and final cost settlements based on the nursing homes' as-filed and final Medicare cost reports. The timing of the interim and final cost settlements shall be at the health care authority's discretion. During either the interim cost settlement or the final cost settlement, the health care authority shall recoup from the public hospital districts the supplemental payments that exceed the Medicaid cost limit and/or the Medicare upper payment limit. The health care

authority shall apply federal rules for identifying the eligible incurred Medicaid costs and the Medicare upper payment limit. **(\$7 million GF-F)**

The governor's 2021–23 budget also includes \$397 million (\$447 million total funds) to provide resources the state needs to make it through the COVID-19 pandemic. This includes funding for personal protective equipment and testing supplies, lab costs, staff for contact tracing, the state public health lab and epidemiology work. With the arrival of a COVID-19 vaccine, the Department of Health also needs resources for vaccine distribution and administration to ensure all state residents have access to a vaccine when it is available.

Additionally OFM has approved DSHS to continue providing **COVID-19 rate add-ons** for nursing homes (\$8.30 ppd [beginning Jan. 1, 2021](#)) and assisted living (\$4.79 ppd continued as previous), as well as retainer payments of 70% of the clients normal rate for assisted living and adult day programs. These have been extended through the end of March.

License fees did not change for AL (\$116) or SNF (\$359). Biennial registration fee for CCRC/LPC stays the same at \$900.

Because the Governor's budget is the first of five budgets we will see in the coming 2021 legislative session, we will turn our advocacy efforts to the legislature and vigorously pursue an across the board 2.5% increase in assisted living rates and a \$10 ppd increase to Specialized Dementia Care rates. We will also push to improve the direct care price by moving from a median to a median plus 105% price. This is critically important to successfully compete with other health care organizations for the limited nursing, CNAs and other support staff needed to care for seniors in skilled nursing. All caregivers in all member settings deserve to be well-compensated for the heroic work they have always done, but especially throughout the pandemic.

Questions?

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