

# HOUSE BILL REPORT

## ESB 6318

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*As Reported By House Committee on:  
Human Services  
Appropriations*

**Title:** An act relating to refining the provisions for mental health reform.

**Brief Description:** Refining mental health care.

**Sponsor(s):** Senators Niemi, West and Bailey.

**Brief History:**

Reported by House Committee on:  
Human Services, February 27, 1992, DPA;  
Appropriations, March 2, 1992, DPA(HS).

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**HOUSE COMMITTEE ON  
HUMAN SERVICES**

**Majority Report:** *Do pass as amended.* Signed by 10 members: Representatives Leonard, Chair; Riley, Vice Chair; Winsley, Ranking Minority Member; Tate, Assistant Ranking Minority Member; Anderson; Brekke; Hargrove; Hochstatter; R. King; and H. Myers.

**Staff:** David Knutson (786-7146).

**Background:**

In 1989, the Legislature reformed the state's mental health system by encouraging development of a county-based mental health service system. The new system moves the authority and responsibility for planning, developing and administering community mental health and involuntary treatment services from the state to communities by allowing a county or group of counties to form Regional Support Networks (RSNs). The goal of the reform is a coordinated array of services and supports that allow individuals with mental illness to remain active in their communities.

By July 1993, the secretary of the Department of Social and Health Services (DSHS) will allocate all available resources in block grants to RSNs which were created on January 1, 1990. The block grants will include funds currently being provided for residential, evaluation and treatment, and community support services according to a distribution

formula submitted to the Legislature. Available resources include federal funds, with the exception of Medicaid funds, and state funds appropriated under the Community Mental Health Services Act or the Involuntary Treatment Act for the purpose of providing residential, resource management, community support, and other mental health services.

Currently, the department contracts with individual providers or community mental health centers as Medicaid providers who are reimbursed on a fee-for-service basis. For Medicaid funds to be included in the block grants to RSNs, the state needs to either apply for a federal Medicaid waiver or take advantage of managed care arrangements allowed under federal law.

***Summary of Amended Bill:***

The Department of Social and Health Services (DSHS) will report to the Legislature by August 1, 1992, on options and recommendations for using allowable Medicaid payment systems and other methods to support regionally managed mental health care.

The department will seek federal waivers to allow federal Medicaid reimbursement for services provided by free-standing evaluation and treatment facilities and to allow RSNs to retain savings that accrue from their ability to avoid the use of hospital bed days. The department will report its efforts to the appropriate legislative committees by January 1993.

The department will track state funded nonmental health services, the use and cost of state hospital and local evaluation and treatment facilities, voluntary care in state hospitals and voluntary community inpatient care covered by medical assistance. Service use and cost reports will be provided to RSNs and appropriate operating divisions of the department. The RSN portion of the mental health information system will be fully operational by June 30, 1993.

The department will administer a fund to enhance contracts with RSNs that agree to provide periods of stable community living. The fund may be appropriated by the Legislature from state hospital and RSN funds. Beginning with the contracting period July 1, 1993, the funding formula for participating RSNs may include a factor related to use of state hospitals. RSNs are to retain any savings achieved through reduction in the use of state, local hospital, or freestanding evaluation and treatment facility bed days.

All state and federal plans, contracts or agreements affecting the state mental health program must be consistent with the intent and requirements of mental health reform.

Contracts with RSNs will include descriptions of progress toward meeting the goals of mental health reform by taking responsibility for short term commitments, residential care, crisis response systems, and the return to the community of long-term state hospital patients who no longer need state hospital level care.

The secretary is authorized, on a case by case basis, to permit regional support networks to contract for evaluation and treatment services in neighboring regions.

DSHS will cooperate with other state agencies to disseminate educational information about mental illness.

**Amended Bill Compared to Engrossed Bill:** The secretary is authorized, on a case by case basis, to permit regional support networks to contract for evaluation and treatment services in neighboring regions. A grammatical problem is corrected.

**Fiscal Note:** Available.

**Effective Date of Amended Bill:** Ninety days after adjournment of session in which bill is passed, except section 3 which would take effect July 1, 1995.

**Testimony For:** Regional support networks have done a good job to date on improving the mental health system. Additional incentives will help to serve more mentally ill people in the community.

**Testimony Against:** None.

**Witnesses:** Steve Norsen, Doug Stevenson and Bernie Buckeit, Mental Health Council; Jean Wessman, Washington State Association of Counties; and Sharon Stewart-Johnson, Department of Social and Health Services.

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**HOUSE COMMITTEE ON  
APPROPRIATIONS**

**Majority Report:** Do pass as amended by Committee on Human Services. Signed by 28 members: Representatives Locke, Chair; Inslee, Vice Chair; Spanel, Vice Chair; Silver, Ranking Minority Member; Morton, Assistant Ranking Minority Member; Appelwick; Belcher; Bowman; Braddock; Brekke;

Carlson; Dorn; Ebersole; Ferguson; Fuhrman; Hine; Lisk; May; Nealey; Peery; Pruitt; Rust; H. Sommers; Sprenkle; Valle; Vance; Wang; and Wineberry.

**Staff:** John Woolley (786-7154).

***Summary of Recommendation of Committee on Appropriations  
Compared to Recommendation of Committee on Human Services:***

No new changes were recommended.

***Fiscal Note:*** Available.

***Effective Date:*** Ninety days after adjournment of session in which bill is passed.

***Testimony For:*** The community supports the bill.

***Testimony Against:*** None.

***Witnesses:*** Pat Thibedaux, Washington Community Mental Health Council; and Jean Wessman, Washington State Association of Counties.