

ANALYSIS OF HOUSE BILL 2664

**Changing auditing procedures relating to administrative costs of
mental health services.**

SPONSORS: Representatives Alexander and Cody.

BACKGROUND: The Mental Health Division within the Department of Social and Health Services is the state entity responsible for providing and contracting for the provision of mental health services in Washington. The Department's mental health duties include establishing a standardized auditing procedure which minimizes paperwork requirements on counties and licensed service providers. There is currently no specific statutory definition of administrative expenditures and no upper limit on the amount total contracted mental health expenditures that can be spent on administrative expenditures.

SUMMARY: The Department of Social and Health Services is required to establish by contract, a definition of administrative expenses applicable to the counties and regional support networks. Administrative expenses for contracted mental health services through counties and regional support networks cannot exceed twenty percent of total contracted mental health expenditures. The single audit methodology used by the Department will apply to counties, regional support networks, and licensed service providers.