

---

HOUSE BILL 2067

---

State of Washington                      65th Legislature                      2017 Regular Session

By Representatives Schmick, Cody, Jenkins, and Ormsby

Read first time 02/10/17. Referred to Committee on Health Care & Wellness.

1            AN ACT Relating to the addition of services for long-term  
2 placement of mental health patients in community hospitals that  
3 voluntarily contract to provide the services; amending RCW 71.24.310  
4 and 71.24.380; and adding new sections to chapter 71.24 RCW.

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

6            NEW SECTION.    **Sec. 1.** A new section is added to chapter 71.24  
7 RCW to read as follows:

8            The legislature finds that concentrating all long-term placements  
9 for mental health patients at eastern and western state hospitals is  
10 not a sustainable model for the future. There is insufficient  
11 capacity at eastern and western state hospitals to meet current and  
12 growing demand for services and patients, and families are better  
13 supported when care is provided in communities closer to their homes.  
14 Therefore, the legislature intends to facilitate the addition of  
15 services to the existing system by making long-term placement for  
16 mental health patients available in community hospitals that  
17 voluntarily contract and are certified by the department of social  
18 and health services.

19            **Sec. 2.** RCW 71.24.310 and 2014 c 225 s 40 are each amended to  
20 read as follows:

1 The legislature finds that administration of chapter 71.05 RCW  
2 and this chapter can be most efficiently and effectively implemented  
3 as part of the behavioral health organization defined in RCW  
4 71.24.025. For this reason, the legislature intends that the  
5 department and the behavioral health organizations shall work  
6 together to implement chapter 71.05 RCW as follows:

7 (1) By June 1, 2006, behavioral health organizations shall  
8 recommend to the department the number of state hospital beds that  
9 should be allocated for use by each behavioral health organization.  
10 The statewide total allocation shall not exceed the number of state  
11 hospital beds offering long-term inpatient care, as defined in this  
12 chapter, for which funding is provided in the biennial appropriations  
13 act.

14 (2) If there is consensus among the behavioral health  
15 organizations regarding the number of state hospital beds that should  
16 be allocated for use by each behavioral health organization, the  
17 department shall contract with each behavioral health organization  
18 accordingly.

19 (3) If there is not consensus among the behavioral health  
20 organizations regarding the number of beds that should be allocated  
21 for use by each behavioral health organization, the department shall  
22 establish by emergency rule the number of state hospital beds that  
23 are available for use by each behavioral health organization. The  
24 emergency rule shall be effective September 1, 2006. The primary  
25 factor used in the allocation shall be the estimated number of adults  
26 with acute and chronic mental illness in each behavioral health  
27 organization area, based upon population-adjusted incidence and  
28 utilization.

29 (4) The allocation formula shall be updated at least every three  
30 years to reflect demographic changes, and new evidence regarding the  
31 incidence of acute and chronic mental illness and the need for long-  
32 term inpatient care. In the updates, the statewide total allocation  
33 shall include (a) all state hospital beds offering long-term  
34 inpatient care for which funding is provided in the biennial  
35 appropriations act; plus (b) the estimated equivalent number of beds  
36 or comparable diversion services contracted in accordance with  
37 subsection (5) of this section.

38 (5) The department (~~(is encouraged to)~~) shall enter into  
39 performance-based contracts with behavioral health organizations to  
40 provide some or all of the behavioral health organization's allocated

1 long-term inpatient treatment capacity in the community, rather than  
2 in the state hospital. The performance contracts shall specify the  
3 number of patient days of care available for use by the behavioral  
4 health organization in the state hospital and the number of patient  
5 days of care available for use by the behavioral health organization  
6 in a facility certified by the department to provide treatment to  
7 adults on a ninety or one hundred eighty day inpatient involuntary  
8 commitment order, including hospitals licensed under chapters 70.41  
9 and 71.12 RCW.

10 (6) If a behavioral health organization uses more state hospital  
11 patient days of care than it has been allocated under subsection (3)  
12 or (4) of this section, or than it has contracted to use under  
13 subsection (5) of this section, whichever is less, it shall reimburse  
14 the department for that care, except during the period of July 1,  
15 2012, through December 31, 2013, where reimbursements may be  
16 temporarily altered per section 204, chapter 4, Laws of 2013 2nd sp.  
17 sess. The reimbursement rate per day shall be the hospital's total  
18 annual budget for long-term inpatient care, divided by the total  
19 patient days of care assumed in development of that budget.

20 (7) One-half of any reimbursements received pursuant to  
21 subsection (6) of this section shall be used to support the cost of  
22 operating the state hospital and, during the 2007-2009 fiscal  
23 biennium, implementing new services that will enable a behavioral  
24 health organization to reduce its utilization of the state hospital.  
25 The department shall distribute the remaining half of such  
26 reimbursements among behavioral health organizations that have used  
27 less than their allocated or contracted patient days of care at that  
28 hospital, proportional to the number of patient days of care not  
29 used.

30 **Sec. 3.** RCW 71.24.380 and 2014 c 225 s 5 are each amended to  
31 read as follows:

32 (1) The secretary shall purchase mental health and chemical  
33 dependency treatment services primarily through managed care  
34 contracting, but may continue to purchase behavioral health services  
35 directly from tribal clinics and other tribal providers.

36 (2)(a) The secretary shall request a detailed plan from the  
37 entities identified in (b) of this subsection that demonstrates  
38 compliance with the contractual elements of RCW 43.20A.894 and  
39 federal regulations related to medicaid managed care contracting((7))

1 including, but not limited to: Having a sufficient network of  
2 providers to provide adequate access to mental health and chemical  
3 dependency services for residents of the regional service area that  
4 meet eligibility criteria for services, ability to maintain and  
5 manage adequate reserves, and maintenance of quality assurance  
6 processes. In addition, such entities must demonstrate the ability to  
7 contract for a minimum number of patient days, to be determined by  
8 the secretary, in a facility certified by the department to provide  
9 treatment to adults on a ninety or one hundred eighty day inpatient  
10 involuntary commitment order, including at hospitals licensed under  
11 chapters 70.41 and 71.12 RCW. Any responding entity that submits a  
12 detailed plan that demonstrates that it can meet the requirements of  
13 this section must be awarded the contract to serve as the behavioral  
14 health organization.

15 (b)(i) For purposes of responding to the request for a detailed  
16 plan under (a) of this subsection, the entities from which a plan  
17 will be requested are:

18 (A) A county in a single county regional service area that  
19 currently serves as the regional support network for that area;

20 (B) In the event that a county has made a decision prior to  
21 January 1, 2014, not to contract as a regional support network, any  
22 private entity that serves as the regional support network for that  
23 area;

24 (C) All counties within a regional service area that includes  
25 more than one county, which shall form a responding entity through  
26 the adoption of an interlocal agreement. The interlocal agreement  
27 must specify the terms by which the responding entity shall serve as  
28 the behavioral health organization within the regional service area.

29 (ii) In the event that a regional service area is comprised of  
30 multiple counties including one that has made a decision prior to  
31 January 1, 2014, not to contract as a regional support network the  
32 counties shall adopt an interlocal agreement and may respond to the  
33 request for a detailed plan under (a) of this subsection and the  
34 private entity may also respond to the request for a detailed plan.  
35 If both responding entities meet the requirements of this section,  
36 the responding entities shall follow the department's procurement  
37 process established in subsection (3) of this section.

38 (3) If an entity that has received a request under this section  
39 to submit a detailed plan does not respond to the request, a  
40 responding entity under subsection (1) of this section is unable to

1 substantially meet the requirements of the request for a detailed  
2 plan, or more than one responding entity substantially meets the  
3 requirements for the request for a detailed plan, the department  
4 shall use a procurement process in which other entities recognized by  
5 the secretary may bid to serve as the behavioral health organization  
6 in that regional service area.

7 (4) Contracts for behavioral health organizations must begin on  
8 April 1, 2016.

9 (5) Upon request of all of the county authorities in a regional  
10 service area, the department and the health care authority may  
11 jointly purchase behavioral health services through an integrated  
12 medical and behavioral health services contract with a behavioral  
13 health organization or a managed health care system as defined in RCW  
14 74.09.522, pursuant to standards to be developed jointly by the  
15 secretary and the health care authority. Any contract for such a  
16 purchase must comply with all federal medicaid and state law  
17 requirements related to managed health care contracting.

18 (6) As an incentive to county authorities to become early  
19 adopters of fully integrated purchasing of medical and behavioral  
20 health services, the standards adopted by the secretary and the  
21 health care authority under subsection (5) of this section shall  
22 provide for an incentive payment to counties which elect to move to  
23 full integration by January 1, 2016. Subject to federal approval, the  
24 incentive payment shall be targeted at ten percent of savings  
25 realized by the state within the regional service area in which the  
26 fully integrated purchasing takes place. Savings shall be calculated  
27 in alignment with the outcome and performance measures established in  
28 RCW 43.20A.895, 70.320.020, and 71.36.025, and incentive payments for  
29 early adopter counties shall be made available for up to a six-year  
30 period, or until full integration of medical and behavioral health  
31 services is accomplished statewide, whichever comes sooner, according  
32 to rules to be developed by the secretary and health care authority.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 71.24  
34 RCW to read as follows:

35 The department and the entities identified in RCW 71.24.310 and  
36 71.24.380 shall: (1) Work with willing community hospitals licensed  
37 under chapters 70.41 and 71.12 RCW to assess their capacity to become  
38 certified to provide long-term mental health placements and to meet  
39 the requirements of this chapter; and (2) enter into contracts and

1 payment arrangements with such hospitals choosing to provide long-  
2 term mental health placements. Nothing in this chapter requires any  
3 community hospital to be certified to provide long-term mental health  
4 placements.

--- END ---