
SENATE BILL 5434

State of Washington

65th Legislature

2017 Regular Session

By Senators Rivers and Cleveland

Read first time 01/24/17. Referred to Committee on Human Services,
Mental Health & Housing.

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 and are certified by the department of social
4 and health services; amending RCW 71.24.310 and 71.24.380; and adding
5 new sections to chapter 71.24 RCW.

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

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

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

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

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

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

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

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

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

1 (5) The department (~~is encouraged to~~) shall enter into
2 performance-based contracts with behavioral health organizations to
3 provide some or all of the behavioral health organization's allocated
4 long-term inpatient treatment capacity in the community, rather than
5 in the state hospital. The performance contracts shall specify the
6 number of patient days of care available for use by the behavioral
7 health organization in the state hospital and the number of patient
8 days of care available for use by the behavioral health organization
9 in a facility certified by the department to provide treatment to
10 adults on a ninety or one hundred eighty day inpatient involuntary
11 commitment order, including hospitals licensed under chapters 70.41
12 and 71.12 RCW.

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

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

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

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

1 (2)(a) The secretary shall request a detailed plan from the
2 entities identified in (b) of this subsection that demonstrates
3 compliance with the contractual elements of RCW 43.20A.894 and
4 federal regulations related to medicaid managed care contracting((τ))
5 including, but not limited to: Having a sufficient network of
6 providers to provide adequate access to mental health and chemical
7 dependency services for residents of the regional service area that
8 meet eligibility criteria for services, ability to maintain and
9 manage adequate reserves, and maintenance of quality assurance
10 processes. In addition, such entities must demonstrate the ability to
11 contract for a minimum number of patient days, to be determined by
12 the secretary, in a facility certified by the department to provide
13 treatment to adults on a ninety or one hundred eighty day inpatient
14 involuntary commitment order, including at hospitals licensed under
15 chapters 70.41 and 71.12 RCW. Any responding entity that submits a
16 detailed plan that demonstrates that it can meet the requirements of
17 this section must be awarded the contract to serve as the behavioral
18 health organization.

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

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

24 (B) In the event that a county has made a decision prior to
25 January 1, 2014, not to contract as a regional support network, any
26 private entity that serves as the regional support network for that
27 area;

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

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

1 the responding entities shall follow the department's procurement
2 process established in subsection (3) of this section.

3 (3) If an entity that has received a request under this section
4 to submit a detailed plan does not respond to the request, a
5 responding entity under subsection (1) of this section is unable to
6 substantially meet the requirements of the request for a detailed
7 plan, or more than one responding entity substantially meets the
8 requirements for the request for a detailed plan, the department
9 shall use a procurement process in which other entities recognized by
10 the secretary may bid to serve as the behavioral health organization
11 in that regional service area.

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

14 (5) Upon request of all of the county authorities in a regional
15 service area, the department and the health care authority may
16 jointly purchase behavioral health services through an integrated
17 medical and behavioral health services contract with a behavioral
18 health organization or a managed health care system as defined in RCW
19 74.09.522, pursuant to standards to be developed jointly by the
20 secretary and the health care authority. Any contract for such a
21 purchase must comply with all federal medicaid and state law
22 requirements related to managed health care contracting.

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

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

1 The department and the entities identified in RCW 71.24.310 and
2 71.24.380 shall: (1) Work with willing community hospitals licensed
3 under chapters 70.41 and 71.12 RCW to assess their capacity to become
4 certified to provide long-term mental health placements and to meet
5 the requirements of this chapter; and (2) enter into contracts and
6 payment arrangements with such hospitals choosing to provide long-
7 term mental health placements. Nothing in this chapter requires any
8 community hospital to be certified to provide long-term mental health
9 placements.

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