
SECOND SUBSTITUTE HOUSE BILL 1394

State of Washington

66th Legislature

2019 Regular Session

By House Appropriations (originally sponsored by Representatives Schmick, Cody, Jinkins, Kilduff, Davis, Griffey, Riccelli, Macri, Harris, Robinson, Goodman, Sullivan, Appleton, Bergquist, Thai, Tharinger, Slatter, Doglio, Pollet, Callan, Leavitt, and Ormsby; by request of Office of the Governor)

READ FIRST TIME 03/01/19.

1 AN ACT Relating to community facilities needed to ensure a
2 continuum of care for behavioral health patients; amending RCW
3 71.24.025, 70.38.111, and 70.38.260; reenacting and amending RCW
4 74.39A.030; adding new sections to chapter 71.24 RCW; creating new
5 sections; and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that there is a need
8 for additional bed capacity and services for individuals with
9 behavioral health needs. The legislature further finds that for many
10 individuals, it is best for them to receive treatment in their
11 communities and in smaller facilities that help them stay closer to
12 home. The legislature further finds that the state hospitals are
13 struggling to keep up with rising demand; there are challenges to
14 finding appropriate placements for patients ready to discharge, and
15 there are a shortage of appropriate facilities for individuals with
16 complex behavioral health needs.

17 Therefore, the legislature intends to provide more options in the
18 continuum of care for behavioral health clients by creating new
19 facility types and by expanding the capacity of current provider
20 types in the community.

1 **Sec. 2.** RCW 71.24.025 and 2018 c 201 s 4002 are each amended to
2 read as follows:

3 Unless the context clearly requires otherwise, the definitions in
4 this section apply throughout this chapter.

5 (1) "Acutely mentally ill" means a condition which is limited to
6 a short-term severe crisis episode of:

7 (a) A mental disorder as defined in RCW 71.05.020 or, in the case
8 of a child, as defined in RCW 71.34.020;

9 (b) Being gravely disabled as defined in RCW 71.05.020 or, in the
10 case of a child, a gravely disabled minor as defined in RCW
11 71.34.020; or

12 (c) Presenting a likelihood of serious harm as defined in RCW
13 71.05.020 or, in the case of a child, as defined in RCW 71.34.020.

14 (2) "Alcoholism" means a disease, characterized by a dependency
15 on alcoholic beverages, loss of control over the amount and
16 circumstances of use, symptoms of tolerance, physiological or
17 psychological withdrawal, or both, if use is reduced or discontinued,
18 and impairment of health or disruption of social or economic
19 functioning.

20 (3) "Approved substance use disorder treatment program" means a
21 program for persons with a substance use disorder provided by a
22 treatment program licensed or certified by the department as meeting
23 standards adopted under this chapter.

24 (4) "Authority" means the Washington state health care authority.

25 (5) "Available resources" means funds appropriated for the
26 purpose of providing community mental health programs, federal funds,
27 except those provided according to Title XIX of the Social Security
28 Act, and state funds appropriated under this chapter or chapter 71.05
29 RCW by the legislature during any biennium for the purpose of
30 providing residential services, resource management services,
31 community support services, and other mental health services. This
32 does not include funds appropriated for the purpose of operating and
33 administering the state psychiatric hospitals.

34 (6) "Behavioral health organization" means any county authority
35 or group of county authorities or other entity recognized by the
36 director in contract in a defined region.

37 (7) "Behavioral health program" means all expenditures, services,
38 activities, or programs, including reasonable administration and
39 overhead, designed and conducted to prevent or treat chemical
40 dependency and mental illness.

1 (8) "Behavioral health services" means mental health services as
2 described in this chapter and chapter 71.36 RCW and substance use
3 disorder treatment services as described in this chapter.

4 (9) "Child" means a person under the age of eighteen years.

5 (10) "Chronically mentally ill adult" or "adult who is
6 chronically mentally ill" means an adult who has a mental disorder
7 and meets at least one of the following criteria:

8 (a) Has undergone two or more episodes of hospital care for a
9 mental disorder within the preceding two years; or

10 (b) Has experienced a continuous psychiatric hospitalization or
11 residential treatment exceeding six months' duration within the
12 preceding year; or

13 (c) Has been unable to engage in any substantial gainful activity
14 by reason of any mental disorder which has lasted for a continuous
15 period of not less than twelve months. "Substantial gainful activity"
16 shall be defined by the authority by rule consistent with Public Law
17 92-603, as amended.

18 (11) "Clubhouse" means a community-based program that provides
19 rehabilitation services and is licensed or certified by the
20 department.

21 (12) "Community mental health service delivery system" means
22 public, private, or tribal agencies that provide services
23 specifically to persons with mental disorders as defined under RCW
24 71.05.020 and receive funding from public sources.

25 (13) "Community support services" means services authorized,
26 planned, and coordinated through resource management services
27 including, at a minimum, assessment, diagnosis, emergency crisis
28 intervention available twenty-four hours, seven days a week,
29 prescreening determinations for persons who are mentally ill being
30 considered for placement in nursing homes as required by federal law,
31 screening for patients being considered for admission to residential
32 services, diagnosis and treatment for children who are acutely
33 mentally ill or severely emotionally disturbed discovered under
34 screening through the federal Title XIX early and periodic screening,
35 diagnosis, and treatment program, investigation, legal, and other
36 nonresidential services under chapter 71.05 RCW, case management
37 services, psychiatric treatment including medication supervision,
38 counseling, psychotherapy, assuring transfer of relevant patient
39 information between service providers, recovery services, and other
40 services determined by behavioral health organizations.

1 (14) "Consensus-based" means a program or practice that has
2 general support among treatment providers and experts, based on
3 experience or professional literature, and may have anecdotal or case
4 study support, or that is agreed but not possible to perform studies
5 with random assignment and controlled groups.

6 (15) "County authority" means the board of county commissioners,
7 county council, or county executive having authority to establish a
8 community mental health program, or two or more of the county
9 authorities specified in this subsection which have entered into an
10 agreement to provide a community mental health program.

11 (16) "Department" means the department of health.

12 (17) "Designated crisis responder" means a mental health
13 professional designated by the county or other authority authorized
14 in rule to perform the duties specified in this chapter.

15 (18) "Director" means the director of the authority.

16 (19) "Drug addiction" means a disease characterized by a
17 dependency on psychoactive chemicals, loss of control over the amount
18 and circumstances of use, symptoms of tolerance, physiological or
19 psychological withdrawal, or both, if use is reduced or discontinued,
20 and impairment of health or disruption of social or economic
21 functioning.

22 (20) "Early adopter" means a regional service area for which all
23 of the county authorities have requested that the authority purchase
24 medical and behavioral health services through a managed care health
25 system as defined under RCW 71.24.380(6).

26 (21) "Emerging best practice" or "promising practice" means a
27 program or practice that, based on statistical analyses or a well
28 established theory of change, shows potential for meeting the
29 evidence-based or research-based criteria, which may include the use
30 of a program that is evidence-based for outcomes other than those
31 listed in subsection (22) of this section.

32 (22) "Evidence-based" means a program or practice that has been
33 tested in heterogeneous or intended populations with multiple
34 randomized, or statistically controlled evaluations, or both; or one
35 large multiple site randomized, or statistically controlled
36 evaluation, or both, where the weight of the evidence from a systemic
37 review demonstrates sustained improvements in at least one outcome.
38 "Evidence-based" also means a program or practice that can be
39 implemented with a set of procedures to allow successful replication

1 in Washington and, when possible, is determined to be cost-
2 beneficial.

3 (23) "Licensed physician" means a person licensed to practice
4 medicine or osteopathic medicine and surgery in the state of
5 Washington.

6 (24) "Licensed or certified service provider" means an entity
7 licensed or certified according to this chapter or chapter 71.05 RCW
8 or an entity deemed to meet state minimum standards as a result of
9 accreditation by a recognized behavioral health accrediting body
10 recognized and having a current agreement with the department, or
11 tribal attestation that meets state minimum standards, or persons
12 licensed under chapter 18.57, 18.57A, 18.71, 18.71A, 18.83, or 18.79
13 RCW, as it applies to registered nurses and advanced registered nurse
14 practitioners.

15 (25) "Long-term inpatient care" means inpatient services for
16 persons committed for, or voluntarily receiving intensive treatment
17 for, periods of ninety days or greater under chapter 71.05 RCW.
18 "Long-term inpatient care" as used in this chapter does not include:
19 (a) Services for individuals committed under chapter 71.05 RCW who
20 are receiving services pursuant to a conditional release or a court-
21 ordered less restrictive alternative to detention; or (b) services
22 for individuals voluntarily receiving less restrictive alternative
23 treatment on the grounds of the state hospital.

24 (26) "Mental health services" means all services provided by
25 behavioral health organizations and other services provided by the
26 state for persons who are mentally ill.

27 (27) Mental health "treatment records" include registration and
28 all other records concerning persons who are receiving or who at any
29 time have received services for mental illness, which are maintained
30 by the department of social and health services or the authority, by
31 behavioral health organizations and their staffs, or by treatment
32 facilities. "Treatment records" do not include notes or records
33 maintained for personal use by a person providing treatment services
34 for the department of social and health services, behavioral health
35 organizations, or a treatment facility if the notes or records are
36 not available to others.

37 (28) "Mentally ill persons," "persons who are mentally ill," and
38 "the mentally ill" mean persons and conditions defined in subsections
39 (1), (10), (36), and (37) of this section.

1 (29) "Recovery" means the process in which people are able to
2 live, work, learn, and participate fully in their communities.

3 (30) "Registration records" include all the records of the
4 department of social and health services, the authority, behavioral
5 health organizations, treatment facilities, and other persons
6 providing services for the department of social and health services,
7 the authority, county departments, or facilities which identify
8 persons who are receiving or who at any time have received services
9 for mental illness.

10 (31) "Research-based" means a program or practice that has been
11 tested with a single randomized, or statistically controlled
12 evaluation, or both, demonstrating sustained desirable outcomes; or
13 where the weight of the evidence from a systemic review supports
14 sustained outcomes as described in subsection (22) of this section
15 but does not meet the full criteria for evidence-based.

16 (32) "Residential services" means a complete range of residences
17 and supports authorized by resource management services and which may
18 involve a facility, a distinct part thereof, or services which
19 support community living, for persons who are acutely mentally ill,
20 adults who are chronically mentally ill, children who are severely
21 emotionally disturbed, or adults who are seriously disturbed and
22 determined by the behavioral health organization to be at risk of
23 becoming acutely or chronically mentally ill. The services shall
24 include at least evaluation and treatment services as defined in
25 chapter 71.05 RCW, acute crisis respite care, long-term adaptive and
26 rehabilitative care, and supervised and supported living services,
27 and shall also include any residential services developed to service
28 persons who are mentally ill in nursing homes, residential treatment
29 facilities, assisted living facilities, and adult family homes, and
30 may include outpatient services provided as an element in a package
31 of services in a supported housing model. Residential services for
32 children in out-of-home placements related to their mental disorder
33 shall not include the costs of food and shelter, except for
34 children's long-term residential facilities existing prior to January
35 1, 1991.

36 (33) "Resilience" means the personal and community qualities that
37 enable individuals to rebound from adversity, trauma, tragedy,
38 threats, or other stresses, and to live productive lives.

39 (34) "Resource management services" mean the planning,
40 coordination, and authorization of residential services and community

1 support services administered pursuant to an individual service plan
2 for: (a) Adults and children who are acutely mentally ill; (b) adults
3 who are chronically mentally ill; (c) children who are severely
4 emotionally disturbed; or (d) adults who are seriously disturbed and
5 determined solely by a behavioral health organization to be at risk
6 of becoming acutely or chronically mentally ill. Such planning,
7 coordination, and authorization shall include mental health screening
8 for children eligible under the federal Title XIX early and periodic
9 screening, diagnosis, and treatment program. Resource management
10 services include seven day a week, twenty-four hour a day
11 availability of information regarding enrollment of adults and
12 children who are mentally ill in services and their individual
13 service plan to designated crisis responders, evaluation and
14 treatment facilities, and others as determined by the behavioral
15 health organization.

16 (35) "Secretary" means the secretary of the department of health.

17 (36) "Seriously disturbed person" means a person who:

18 (a) Is gravely disabled or presents a likelihood of serious harm
19 to himself or herself or others, or to the property of others, as a
20 result of a mental disorder as defined in chapter 71.05 RCW;

21 (b) Has been on conditional release status, or under a less
22 restrictive alternative order, at some time during the preceding two
23 years from an evaluation and treatment facility or a state mental
24 health hospital;

25 (c) Has a mental disorder which causes major impairment in
26 several areas of daily living;

27 (d) Exhibits suicidal preoccupation or attempts; or

28 (e) Is a child diagnosed by a mental health professional, as
29 defined in chapter 71.34 RCW, as experiencing a mental disorder which
30 is clearly interfering with the child's functioning in family or
31 school or with peers or is clearly interfering with the child's
32 personality development and learning.

33 (37) "Severely emotionally disturbed child" or "child who is
34 severely emotionally disturbed" means a child who has been determined
35 by the behavioral health organization to be experiencing a mental
36 disorder as defined in chapter 71.34 RCW, including those mental
37 disorders that result in a behavioral or conduct disorder, that is
38 clearly interfering with the child's functioning in family or school
39 or with peers and who meets at least one of the following criteria:

1 (a) Has undergone inpatient treatment or placement outside of the
2 home related to a mental disorder within the last two years;

3 (b) Has undergone involuntary treatment under chapter 71.34 RCW
4 within the last two years;

5 (c) Is currently served by at least one of the following child-
6 serving systems: Juvenile justice, child-protection/welfare, special
7 education, or developmental disabilities;

8 (d) Is at risk of escalating maladjustment due to:

9 (i) Chronic family dysfunction involving a caretaker who is
10 mentally ill or inadequate;

11 (ii) Changes in custodial adult;

12 (iii) Going to, residing in, or returning from any placement
13 outside of the home, for example, psychiatric hospital, short-term
14 inpatient, residential treatment, group or foster home, or a
15 correctional facility;

16 (iv) Subject to repeated physical abuse or neglect;

17 (v) Drug or alcohol abuse; or

18 (vi) Homelessness.

19 (38) "State minimum standards" means minimum requirements
20 established by rules adopted and necessary to implement this chapter
21 by:

22 (a) The authority for:

23 (i) Delivery of mental health and substance use disorder
24 services; and

25 (ii) Community support services and resource management services;

26 (b) The department of health for:

27 (i) Licensed or certified service providers for the provision of
28 mental health and substance use disorder services; and

29 (ii) Residential services.

30 (39) "Substance use disorder" means a cluster of cognitive,
31 behavioral, and physiological symptoms indicating that an individual
32 continues using the substance despite significant substance-related
33 problems. The diagnosis of a substance use disorder is based on a
34 pathological pattern of behaviors related to the use of the
35 substances.

36 (40) "Tribal authority," for the purposes of this section and RCW
37 71.24.300 only, means: The federally recognized Indian tribes and the
38 major Indian organizations recognized by the director insofar as
39 these organizations do not have a financial relationship with any

1 behavioral health organization that would present a conflict of
2 interest.

3 (41) "Intensive behavioral health treatment facility" means a
4 community-based residential treatment facility for behavioral health
5 patients whose impairment or behaviors require care that cannot be
6 met in other settings.

7 NEW SECTION. Sec. 3. A new section is added to chapter 71.24
8 RCW to read as follows:

9 The secretary shall license or certify intensive behavioral
10 health treatment facilities that meet state minimum standards. The
11 secretary must establish rules working with the authority and the
12 department of social and health services to create standards for
13 licensure or certification of intensive behavioral health treatment
14 facilities. The rules, at a minimum, must:

- 15 (1) Require twenty-four hour supervision of residents;
- 16 (2) Establish staffing requirements that provide an appropriate
17 response to the acuity of the residents;
- 18 (3) Establish requirements for the ability to use limited egress;
- 19 (4) Limit services to persons at least eighteen years of age; and
- 20 (5) Establish resident rights that are substantially similar to
21 the rights of residents in long-term care facilities.

22 NEW SECTION. Sec. 4. A new section is added to chapter 71.24
23 RCW to read as follows:

24 By December 1, 2019, the secretary of health, in consultation
25 with the department of social and health services, the department of
26 commerce, the long-term care ombuds, and relevant stakeholders must
27 provide recommendations to the governor and the appropriate
28 committees of the legislature on providing resident rights and access
29 to ombuds services to the residents of the intensive behavioral
30 health treatment facilities.

31 NEW SECTION. Sec. 5. (1) The health care authority shall
32 establish a pilot program to provide mental health drop-in center
33 services. The mental health drop-in center services shall provide a
34 peer-focused recovery model during daytime hours through a community-
35 based, therapeutic, less restrictive alternative to hospitalization
36 for acute psychiatric needs. The program shall assist clients in need
37 of voluntary, short-term, noncrisis services that focus on recovery

1 and wellness. Clients may refer themselves, be brought to the center
2 by law enforcement, be brought to the center by family members, or be
3 referred by an emergency department.

4 (2) The pilot program shall be conducted in the largest city in a
5 regional service area that has at least nine counties. Funds to
6 support the pilot program shall be distributed through the behavioral
7 health administrative service organization that serves the pilot
8 program.

9 (3) The pilot program shall begin on January 1, 2020, and
10 conclude July 1, 2022.

11 (4) By December 1, 2020, the health care authority shall submit a
12 preliminary report to the governor and the appropriate committees of
13 the legislature. The preliminary report shall include a survey of
14 peer mental health programs that are operating in the state,
15 including the location, type of services offered, and number of
16 clients served. By December 1, 2021, the health care authority shall
17 report to the governor and the appropriate committees of the
18 legislature on the results of the pilot program. The report shall
19 include information about the number of clients served, the needs of
20 the clients, the method of referral for the clients, and
21 recommendations on how to expand the program statewide, including any
22 recommendations to account for different needs in urban and rural
23 areas.

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

26 (1) The authority and the entities identified in RCW 71.24.310
27 and 71.24.380 shall: (a) Work with willing community hospitals
28 licensed under chapters 70.41 and 71.12 RCW and evaluation and
29 treatment facilities licensed or certified under chapter 71.05 RCW to
30 assess their capacity to become licensed or certified to provide
31 long-term inpatient care and to meet the requirements of this
32 chapter; and (b) enter into contracts and payment arrangements with
33 such hospitals and evaluation and treatment facilities choosing to
34 provide long-term mental health placements, to the extent that
35 willing licensed or certified facilities are available.

36 (2) Nothing in this section requires any community hospital or
37 evaluation and treatment facility to be licensed or certified to
38 provide long-term mental health placements.

1 NEW SECTION. **Sec. 7.** By November 15, 2019, the health care
2 authority shall confer with the department of health, hospitals
3 licensed under chapters 70.41 and 71.12 RCW, and evaluation and
4 treatment facilities licensed or certified under chapter 71.05 RCW to
5 review laws and regulations and identify changes that may be
6 necessary to address care delivery and cost-effective treatment for
7 adults on ninety-day or one hundred eighty-day commitment orders. The
8 health care authority must report its findings to the governor's
9 office and the appropriate committees of the legislature by December
10 15, 2019.

11 **Sec. 8.** RCW 70.38.111 and 2017 c 199 s 1 are each amended to
12 read as follows:

13 (1) The department shall not require a certificate of need for
14 the offering of an inpatient tertiary health service by:

15 (a) A health maintenance organization or a combination of health
16 maintenance organizations if (i) the organization or combination of
17 organizations has, in the service area of the organization or the
18 service areas of the organizations in the combination, an enrollment
19 of at least fifty thousand individuals, (ii) the facility in which
20 the service will be provided is or will be geographically located so
21 that the service will be reasonably accessible to such enrolled
22 individuals, and (iii) at least seventy-five percent of the patients
23 who can reasonably be expected to receive the tertiary health service
24 will be individuals enrolled with such organization or organizations
25 in the combination;

26 (b) A health care facility if (i) the facility primarily provides
27 or will provide inpatient health services, (ii) the facility is or
28 will be controlled, directly or indirectly, by a health maintenance
29 organization or a combination of health maintenance organizations
30 which has, in the service area of the organization or service areas
31 of the organizations in the combination, an enrollment of at least
32 fifty thousand individuals, (iii) the facility is or will be
33 geographically located so that the service will be reasonably
34 accessible to such enrolled individuals, and (iv) at least seventy-
35 five percent of the patients who can reasonably be expected to
36 receive the tertiary health service will be individuals enrolled with
37 such organization or organizations in the combination; or

38 (c) A health care facility (or portion thereof) if (i) the
39 facility is or will be leased by a health maintenance organization or

1 combination of health maintenance organizations which has, in the
2 service area of the organization or the service areas of the
3 organizations in the combination, an enrollment of at least fifty
4 thousand individuals and, on the date the application is submitted
5 under subsection (2) of this section, at least fifteen years remain
6 in the term of the lease, (ii) the facility is or will be
7 geographically located so that the service will be reasonably
8 accessible to such enrolled individuals, and (iii) at least seventy-
9 five percent of the patients who can reasonably be expected to
10 receive the tertiary health service will be individuals enrolled with
11 such organization;

12 if, with respect to such offering or obligation by a nursing home,
13 the department has, upon application under subsection (2) of this
14 section, granted an exemption from such requirement to the
15 organization, combination of organizations, or facility.

16 (2) A health maintenance organization, combination of health
17 maintenance organizations, or health care facility shall not be
18 exempt under subsection (1) of this section from obtaining a
19 certificate of need before offering a tertiary health service unless:

20 (a) It has submitted at least thirty days prior to the offering
21 of services reviewable under RCW 70.38.105(4)(d) an application for
22 such exemption; and

23 (b) The application contains such information respecting the
24 organization, combination, or facility and the proposed offering or
25 obligation by a nursing home as the department may require to
26 determine if the organization or combination meets the requirements
27 of subsection (1) of this section or the facility meets or will meet
28 such requirements; and

29 (c) The department approves such application. The department
30 shall approve or disapprove an application for exemption within
31 thirty days of receipt of a completed application. In the case of a
32 proposed health care facility (or portion thereof) which has not
33 begun to provide tertiary health services on the date an application
34 is submitted under this subsection with respect to such facility (or
35 portion), the facility (or portion) shall meet the applicable
36 requirements of subsection (1) of this section when the facility
37 first provides such services. The department shall approve an
38 application submitted under this subsection if it determines that the
39 applicable requirements of subsection (1) of this section are met.

1 (3) A health care facility (or any part thereof) with respect to
2 which an exemption was granted under subsection (1) of this section
3 may not be sold or leased and a controlling interest in such facility
4 or in a lease of such facility may not be acquired and a health care
5 facility described in (1)(c) which was granted an exemption under
6 subsection (1) of this section may not be used by any person other
7 than the lessee described in (1)(c) unless:

8 (a) The department issues a certificate of need approving the
9 sale, lease, acquisition, or use; or

10 (b) The department determines, upon application, that (i) the
11 entity to which the facility is proposed to be sold or leased, which
12 intends to acquire the controlling interest, or which intends to use
13 the facility is a health maintenance organization or a combination of
14 health maintenance organizations which meets the requirements of
15 (1)(a)(i), and (ii) with respect to such facility, meets the
16 requirements of (1)(a)(ii) or (iii) or the requirements of (1)(b)(i)
17 and (ii).

18 (4) In the case of a health maintenance organization, an
19 ambulatory care facility, or a health care facility, which ambulatory
20 or health care facility is controlled, directly or indirectly, by a
21 health maintenance organization or a combination of health
22 maintenance organizations, the department may under the program apply
23 its certificate of need requirements to the offering of inpatient
24 tertiary health services to the extent that such offering is not
25 exempt under the provisions of this section or RCW 70.38.105(7).

26 (5)(a) The department shall not require a certificate of need for
27 the construction, development, or other establishment of a nursing
28 home, or the addition of beds to an existing nursing home, that is
29 owned and operated by a continuing care retirement community that:

30 (i) Offers services only to contractual members;

31 (ii) Provides its members a contractually guaranteed range of
32 services from independent living through skilled nursing, including
33 some assistance with daily living activities;

34 (iii) Contractually assumes responsibility for the cost of
35 services exceeding the member's financial responsibility under the
36 contract, so that no third party, with the exception of insurance
37 purchased by the retirement community or its members, but including
38 the medicaid program, is liable for costs of care even if the member
39 depletes his or her personal resources;

1 (iv) Has offered continuing care contracts and operated a nursing
2 home continuously since January 1, 1988, or has obtained a
3 certificate of need to establish a nursing home;

4 (v) Maintains a binding agreement with the state assuring that
5 financial liability for services to members, including nursing home
6 services, will not fall upon the state;

7 (vi) Does not operate, and has not undertaken a project that
8 would result in a number of nursing home beds in excess of one for
9 every four living units operated by the continuing care retirement
10 community, exclusive of nursing home beds; and

11 (vii) Has obtained a professional review of pricing and long-term
12 solvency within the prior five years which was fully disclosed to
13 members.

14 (b) A continuing care retirement community shall not be exempt
15 under this subsection from obtaining a certificate of need unless:

16 (i) It has submitted an application for exemption at least thirty
17 days prior to commencing construction of, is submitting an
18 application for the licensure of, or is commencing operation of a
19 nursing home, whichever comes first; and

20 (ii) The application documents to the department that the
21 continuing care retirement community qualifies for exemption.

22 (c) The sale, lease, acquisition, or use of part or all of a
23 continuing care retirement community nursing home that qualifies for
24 exemption under this subsection shall require prior certificate of
25 need approval to qualify for licensure as a nursing home unless the
26 department determines such sale, lease, acquisition, or use is by a
27 continuing care retirement community that meets the conditions of (a)
28 of this subsection.

29 (6) A rural hospital, as defined by the department, reducing the
30 number of licensed beds to become a rural primary care hospital under
31 the provisions of Part A Title XVIII of the Social Security Act
32 Section 1820, 42 U.S.C., 1395c et seq. may, within three years of the
33 reduction of beds licensed under chapter 70.41 RCW, increase the
34 number of licensed beds to no more than the previously licensed
35 number without being subject to the provisions of this chapter.

36 (7) A rural health care facility licensed under RCW 70.175.100
37 formerly licensed as a hospital under chapter 70.41 RCW may, within
38 three years of the effective date of the rural health care facility
39 license, apply to the department for a hospital license and not be
40 subject to the requirements of RCW 70.38.105(4)(a) as the

1 construction, development, or other establishment of a new hospital,
2 provided there is no increase in the number of beds previously
3 licensed under chapter 70.41 RCW and there is no redistribution in
4 the number of beds used for acute care or long-term care, the rural
5 health care facility has been in continuous operation, and the rural
6 health care facility has not been purchased or leased.

7 (8) A rural hospital determined to no longer meet critical access
8 hospital status for state law purposes as a result of participation
9 in the Washington rural health access preservation pilot identified
10 by the state office of rural health and formerly licensed as a
11 hospital under chapter 70.41 RCW may apply to the department to renew
12 its hospital license and not be subject to the requirements of RCW
13 70.38.105(4) (a) as the construction, development, or other
14 establishment of a new hospital, provided there is no increase in the
15 number of beds previously licensed under chapter 70.41 RCW. If all or
16 part of a formerly licensed rural hospital is sold, purchased, or
17 leased during the period the rural hospital does not meet critical
18 access hospital status as a result of participation in the Washington
19 rural health access preservation pilot and the new owner or lessor
20 applies to renew the rural hospital's license, then the sale,
21 purchase, or lease of part or all of the rural hospital is subject to
22 the provisions of this chapter.

23 (9) (a) A nursing home that voluntarily reduces the number of its
24 licensed beds to provide assisted living, licensed assisted living
25 facility care, adult day care, adult day health, respite care,
26 hospice, outpatient therapy services, congregate meals, home health,
27 or senior wellness clinic, or to reduce to one or two the number of
28 beds per room or to otherwise enhance the quality of life for
29 residents in the nursing home, may convert the original facility or
30 portion of the facility back, and thereby increase the number of
31 nursing home beds to no more than the previously licensed number of
32 nursing home beds without obtaining a certificate of need under this
33 chapter, provided the facility has been in continuous operation and
34 has not been purchased or leased. Any conversion to the original
35 licensed bed capacity, or to any portion thereof, shall comply with
36 the same life and safety code requirements as existed at the time the
37 nursing home voluntarily reduced its licensed beds; unless waivers
38 from such requirements were issued, in which case the converted beds
39 shall reflect the conditions or standards that then existed pursuant
40 to the approved waivers.

1 (b) To convert beds back to nursing home beds under this
2 subsection, the nursing home must:

3 (i) Give notice of its intent to preserve conversion options to
4 the department of health no later than thirty days after the
5 effective date of the license reduction; and

6 (ii) Give notice to the department of health and to the
7 department of social and health services of the intent to convert
8 beds back. If construction is required for the conversion of beds
9 back, the notice of intent to convert beds back must be given, at a
10 minimum, one year prior to the effective date of license modification
11 reflecting the restored beds; otherwise, the notice must be given a
12 minimum of ninety days prior to the effective date of license
13 modification reflecting the restored beds. Prior to any license
14 modification to convert beds back to nursing home beds under this
15 section, the licensee must demonstrate that the nursing home meets
16 the certificate of need exemption requirements of this section.

17 The term "construction," as used in (b)(ii) of this subsection,
18 is limited to those projects that are expected to equal or exceed the
19 expenditure minimum amount, as determined under this chapter.

20 (c) Conversion of beds back under this subsection must be
21 completed no later than four years after the effective date of the
22 license reduction. However, for good cause shown, the four-year
23 period for conversion may be extended by the department of health for
24 one additional four-year period.

25 (d) Nursing home beds that have been voluntarily reduced under
26 this section shall be counted as available nursing home beds for the
27 purpose of evaluating need under RCW 70.38.115(2) (a) and (k) so long
28 as the facility retains the ability to convert them back to nursing
29 home use under the terms of this section.

30 (e) When a building owner has secured an interest in the nursing
31 home beds, which are intended to be voluntarily reduced by the
32 licensee under (a) of this subsection, the applicant shall provide
33 the department with a written statement indicating the building
34 owner's approval of the bed reduction.

35 (10)(a) The department shall not require a certificate of need
36 for a hospice agency if:

37 (i) The hospice agency is designed to serve the unique religious
38 or cultural needs of a religious group or an ethnic minority and
39 commits to furnishing hospice services in a manner specifically aimed

1 at meeting the unique religious or cultural needs of the religious
2 group or ethnic minority;

3 (ii) The hospice agency is operated by an organization that:

4 (A) Operates a facility, or group of facilities, that offers a
5 comprehensive continuum of long-term care services, including, at a
6 minimum, a licensed, medicare-certified nursing home, assisted
7 living, independent living, day health, and various community-based
8 support services, designed to meet the unique social, cultural, and
9 religious needs of a specific cultural and ethnic minority group;

10 (B) Has operated the facility or group of facilities for at least
11 ten continuous years prior to the establishment of the hospice
12 agency;

13 (iii) The hospice agency commits to coordinating with existing
14 hospice programs in its community when appropriate;

15 (iv) The hospice agency has a census of no more than forty
16 patients;

17 (v) The hospice agency commits to obtaining and maintaining
18 medicare certification;

19 (vi) The hospice agency only serves patients located in the same
20 county as the majority of the long-term care services offered by the
21 organization that operates the agency; and

22 (vii) The hospice agency is not sold or transferred to another
23 agency.

24 (b) The department shall include the patient census for an agency
25 exempted under this subsection (10) in its calculations for future
26 certificate of need applications.

27 (11) To alleviate the need to board psychiatric patients in
28 emergency departments and increase capacity of hospitals to serve
29 individuals on ninety-day or one hundred eighty-day commitment
30 orders, for the period of time from May 5, 2017, through June 30,
31 ((2019)) 2021:

32 (a) The department shall suspend the certificate of need
33 requirement for a hospital licensed under chapter 70.41 RCW that
34 changes the use of licensed beds to increase the number of beds to
35 provide psychiatric services, including involuntary treatment
36 services. A certificate of need exemption under this subsection
37 (11) (a) shall be valid for two years.

38 (b) The department may not require a certificate of need for:

39 (i) The addition of beds as described in RCW 70.38.260 (2) and
40 (3); or

1 (ii) The construction, development, or establishment of a
2 psychiatric hospital licensed as an establishment under chapter 71.12
3 RCW that will have no more than sixteen beds and provide treatment to
4 adults on ninety or one hundred eighty-day involuntary commitment
5 orders, as described in RCW 70.38.260(4).

6 **Sec. 9.** RCW 70.38.260 and 2017 c 199 s 2 are each amended to
7 read as follows:

8 (1) For a grant awarded during fiscal years (~~(2016)~~) 2018 and
9 (~~(2017)~~) 2019 by the department of commerce under this section,
10 hospitals licensed under chapter 70.41 RCW and psychiatric hospitals
11 licensed as establishments under chapter 71.12 RCW are not subject to
12 certificate of need requirements for the addition of the number of
13 new psychiatric beds indicated in the grant. The department of
14 commerce may not make a prior approval of a certificate of need
15 application a condition for a grant application under this
16 section. The period during which an approved hospital or psychiatric
17 hospital project qualifies for a certificate of need exemption under
18 this section is two years from the date of the grant award.

19 (2)(a) Until June 30, (~~(2019)~~) 2021, a hospital licensed under
20 chapter 70.41 RCW is exempt from certificate of need requirements for
21 the addition of new psychiatric beds.

22 (b) A hospital that adds new psychiatric beds under this
23 subsection (2) must:

24 (i) Notify the department of the addition of new psychiatric
25 beds. The department shall provide the hospital with a notice of
26 exemption within thirty days; and

27 (ii) Commence the project within two years of the date of receipt
28 of the notice of exemption.

29 (c) Beds granted an exemption under RCW 70.38.111(11)(b) must
30 remain psychiatric beds unless a certificate of need is granted to
31 change their use or the hospital voluntarily reduces its licensed
32 capacity.

33 (3)(a) Until June 30, (~~(2019)~~) 2021, a psychiatric hospital
34 licensed as an establishment under chapter 71.12 RCW is exempt from
35 certificate of need requirements for the one-time addition of up to
36 thirty new psychiatric beds, if it demonstrates to the satisfaction
37 of the department:

38 (i) That its most recent two years of publicly available fiscal
39 year-end report data as required under RCW 70.170.100 and 43.70.050

1 reported to the department by the psychiatric hospital, show a payer
2 mix of a minimum of fifty percent medicare and medicaid based on a
3 calculation using patient days; and

4 (ii) A commitment to maintaining the payer mix in (a) of this
5 subsection for a period of five consecutive years after the beds are
6 made available for use by patients.

7 (b) A psychiatric hospital that adds new psychiatric beds under
8 this subsection (3) must:

9 (i) Notify the department of the addition of new psychiatric
10 beds. The department shall provide the psychiatric hospital with a
11 notice of exemption within thirty days; and

12 (ii) Commence the project within two years of the date of receipt
13 of the notice of exemption.

14 (c) Beds granted an exemption under RCW 70.38.111(11)(b) must
15 remain psychiatric beds unless a certificate of need is granted to
16 change their use or the psychiatric hospital voluntarily reduces its
17 licensed capacity.

18 (4)(a) Until June 30, (~~2019~~) 2021, an entity seeking to
19 construct, develop, or establish a psychiatric hospital licensed as
20 an establishment under chapter 71.12 RCW is exempt from certificate
21 of need requirements if the proposed psychiatric hospital will have
22 no more than sixteen beds and dedicate a portion of the beds to
23 providing treatment to adults on ninety or one hundred eighty-day
24 involuntary commitment orders. The psychiatric hospital may also
25 provide treatment to adults on a seventy-two hour detention or
26 fourteen-day involuntary commitment order.

27 (b) An entity that seeks to construct, develop, or establish a
28 psychiatric hospital under this subsection (4) must:

29 (i) Notify the department of the addition of construction,
30 development, or establishment. The department shall provide the
31 entity with a notice of exemption within thirty days; and

32 (ii) Commence the project within two years of the date of receipt
33 of the notice of exemption.

34 (c) Entities granted an exemption under RCW 70.38.111(11)(b)(ii)
35 may not exceed sixteen beds unless a certificate of need is granted
36 to increase the psychiatric hospital's capacity.

37 (5) This section expires June 30, (~~2022~~) 2025.

38 NEW SECTION. **Sec. 10.** By December 1, 2019, the secretary of
39 health must, in consultation with the department of social and health

1 services, department of children, youth, and families, and the health
2 care authority, provide recommendations to the governor's office and
3 the appropriate committees of the legislature on youth short-term
4 residential intensive behavioral health and developmental
5 disabilities services. The recommendations must establish staffing
6 requirements that provide an appropriate level of treatment for
7 residents and include both licensed mental health professionals and
8 developmental disability professionals. The recommendations should
9 also consider developmental disability-related services necessary to
10 support the youth and the youth's family in preparation for and after
11 discharge.

12 **Sec. 11.** RCW 74.39A.030 and 2018 c 278 s 6 and 2018 c 225 s 2
13 are each reenacted and amended to read as follows:

14 (1) To the extent of available funding, the department shall
15 expand cost-effective options for home and community services for
16 consumers for whom the state participates in the cost of their care.

17 (2) In expanding home and community services, the department
18 shall take full advantage of federal funding available under Title
19 XVIII and Title XIX of the federal social security act, including
20 home health, adult day care, waiver options, and state plan services
21 and expand the availability of in-home services and residential
22 services, including services in adult family homes, assisted living
23 facilities, and enhanced services facilities.

24 (3)(a) The department shall by rule establish payment rates for
25 home and community services that support the provision of cost-
26 effective care. Beginning July 1, 2019, the department shall adopt a
27 data-driven medicaid payment methodology as specified in RCW
28 74.39A.032 for contracted assisted living, adult residential care,
29 and enhanced adult residential care. In the event of any conflict
30 between any such rule and a collective bargaining agreement entered
31 into under RCW 74.39A.270 and 74.39A.300, the collective bargaining
32 agreement prevails.

33 (b) The department may authorize an enhanced adult residential
34 care rate for nursing homes that temporarily or permanently convert
35 their bed use under chapter 70.38 RCW for the purposes of providing
36 assisted living, enhanced adult residential care (~~(under chapter~~
37 ~~70.38 RCW)~~), or adult residential care, when the department
38 determines that payment of an enhanced rate is cost-effective and
39 necessary to foster expansion of these contracted (~~(enhanced adult~~

1 ~~residential care~~) services. As an incentive for nursing homes to
2 permanently convert a portion of ~~((its))~~ their nursing home bed
3 capacity for the purposes of providing assisted living, enhanced
4 adult residential care, or adult residential care, including but not
5 limited to serving individuals with behavioral health treatment
6 needs, the department may authorize a supplemental add-on to the
7 ~~((enhanced adult))~~ residential care rate.

8 ~~((c) The department may authorize a supplemental assisted living~~
9 ~~services rate for up to four years for facilities that convert from~~
10 ~~nursing home use and do not retain rights to the converted nursing~~
11 ~~home beds under chapter 70.38 RCW, if the department determines that~~
12 ~~payment of a supplemental rate is cost-effective and necessary to~~
13 ~~foster expansion of contracted assisted living services.))~~

--- END ---