# HOUSE BILL REPORT
# 2SHB 1860

**As Passed Legislature**

**Title:** An act relating to preventing homelessness among persons discharging from inpatient behavioral health settings.

**Brief Description:** Preventing homelessness among persons discharging from inpatient behavioral health settings.

**Sponsors:** House Committee on Appropriations (originally sponsored by Representatives Davis, Eslick, Callan, Jacobsen, Macri, Santos, Shewmake, Orwall, Tharinger, Simmons, Chopp, Bergquist and Valdez).

**Brief History:**

**Committee Activity:**

Health Care & Wellness: 1/20/22, 1/26/22 [DPS];
Appropriations: 2/5/22, 2/7/22 [DP2S(w/o sub HCW)].

**Floor Activity:**

Passed House: 2/15/22, 91-7.
Senate Amended.
Passed Senate: 3/3/22, 47-0.
House Concurred.
Passed House: 3/8/22, 90-7.
Passed Legislature.

**Brief Summary of Second Substitute Bill**

- Requires the Performance Measures Coordinating Committee to convene a work group of stakeholders to establish performance measures that track rates of homelessness and housing instability among medical assistance clients.
- Requires the Health Care Authority to include in any contract with a managed care organization (MCO) a requirement to provide housing-related care coordination services to enrollees being discharged from

*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.*

inpatient behavioral health settings.

- Requires psychiatric hospitals to inform the MCO in which the person is enrolled of the discharge.

## HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Cody, Chair; Bateman, Vice Chair; Bronoske, Davis, Macri, Riccelli, Simmons, Stonier and Tharinger.

**Minority Report:** Do not pass. Signed by 6 members: Representatives Schmick, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; Harris, Maycumber, Rude and Ybarra.

**Staff:** Kim Weidenaar (786-7120).

## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Health Care & Wellness. Signed by 25 members: Representatives Ormsby, Chair; Bergquist, Vice Chair; Gregerson, Vice Chair; Macri, Vice Chair; Chambers, Assistant Ranking Minority Member; Chopp, Cody, Dolan, Dye, Fitzgibbon, Frame, Hansen, Hoff, Jacobsen, Johnson, J., Lekanoff, Pollet, Ryu, Schmick, Senn, Springer, Steele, Stonier, Sullivan and Tharinger.

**Minority Report:** Do not pass. Signed by 4 members: Representatives Stokesbary, Ranking Minority Member; Corry, Assistant Ranking Minority Member; Boehnke and Chandler.

**Minority Report:** Without recommendation. Signed by 4 members: Representatives MacEwen, Assistant Ranking Minority Member; Caldier, Harris and Rude.

**Staff:** Meghan Morris (786-7119).

**Background:**

Medicaid and Foundational Community Supports.
The Health Care Authority (HCA) administers the Medicaid program which is a state-federal program that pays for health care for low-income state residents who meet certain eligibility criteria. Washington's Medicaid program, known as Apple Health, offers a medical benefits package to eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women. The HCA contracts with managed care

organizations (MCOs) and behavioral health administrative services organizations to provide integrated medical care services, including behavioral health care services, to Medicaid clients.

In 2017 the HCA received federal waiver approval for the Foundational Community Supports Program which provides supported employment and supported housing services to Medicaid clients that meet certain eligibility criteria. Supported housing services are services that help individuals obtain and keep housing, including supports that assess housing needs, identify appropriate resources, and develop the independent living skills necessary to remain in stable housing. Supported housing services do not pay for rent or other room and board related costs.

Performance Measures.
In 2014 the Performance Measures Coordinating Committee was established to identify and recommend standard statewide measures of health performance to inform health care purchasers and set benchmarks. State law requires the HCA to employ performance measures in contracts with MCOs and these contracts must include performance measures targeting the following outcomes:

- improvements in client health status and wellness;
- increases in client participation in meaningful activities including employment and education;
- reductions in client involvement with criminal justice systems;
- enhanced safety and access to treatment for forensic patients;
- reductions in avoidable costs in hospitals, emergency rooms, crisis services, and jail and prisons;
- increases in stable housing in the community;
- improvements in client satisfaction and quality of life; and
- reductions in population-level health disparities.

Value-based Purchasing.
The HCA has also implemented certain value-based purchasing (VBP) provisions into contracts for Medicaid managed care, plans offered to public employees, and other programs. The stated goal of VBP is to improve the quality and value of health care services, while ensuring that health plans and providers are accountable for providing high-quality and high-value care. This type of purchasing uses value-based payment, which rewards providers for the quality of health care, rather than the volume of patients seen.

Z Codes.
The International Classification of Diseases, Tenth Revision, Clinical Modification (ICD-10-CM) is a classification system of diagnosis code used for medical claim reporting. Since 2016 the ICD-10-CM has included Z codes, which allow providers to note certain social determinants of health.

**Summary of Second Substitute Bill:**

The Performance Measures Coordinating Committee (Committee) must establish performance measures which track rates of homelessness and housing instability among medical assistance clients. The Committee must convene a work group of stakeholders including the Health Care Authority (HCA), Medicaid managed care organizations (MCOs), and others with expertise in housing for low-income populations and with experience understanding the impacts of homelessness and housing instability on health. The work group must review current performance measures that have been adopted in other states or nationally from organizations with experience in similar measures to inform this effort. The HCA must set improvement targets related to these measures.

By January 1, 2023, the HCA must require that any contract with an MCO include a requirement to provide housing-related care coordination services to enrollees who need such services upon being discharged from inpatient behavioral health settings as allowed by the Centers for Medicare and Medicaid services.

By July 1, 2024, the HCA must report to the Governor and appropriate committees of the Legislature options and recommendations for integrating value-based purchasing terms and a collective performance improvement project into managed health care contracts related to increasing stable housing in the community.

For individuals enrolled in a Medicaid MCO, a psychiatric hospital must:

- inform the MCO in which the person is enrolled of the person's discharge or change in care plan:
    - for anticipated discharges, no later than 24 hours before the person's known discharge date; or
    - for all other discharges, no later than the date of discharge or departure from the facility; and
- engage with MCOs in discharge planning, which includes informing and connecting patients to care management resources at the appropriate MCO.

This requirement for psychiatric hospitals applies to:

- an establishment caring for any person with mental illness or substance use disorder excluding acute care hospitals licensed under chapter 70.41 RCW;
- state psychiatric hospitals established under chapter 72.23 RCW; and
- residential treatment facilities, which are establishments in which 24-hour on-site care is provided for the evaluation, stabilization, or treatment of residents for substance use, mental health, co-occurring disorders, or for drug-exposed infants.

To improve health outcomes and address health inequities, the HCA must evaluate incentive approaches and recommend funding options to increase the collection of Z codes on individual Medicaid claims, in accordance with standard billing guidance and regulations.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony (Health Care & Wellness):**

(In support) In 2013 a bill created the Performance Measures Coordinating Committee and last year a similar bill required performance measures for the criminal justice system to be established. It is known that value-based purchasing works and creates incentives for Medicaid managed care organization (MCOs) to prioritize whole-person care. The current MCO contracts already require this type of care coordination for individuals exiting civil commitments and jail. Discharge from behavioral health settings is a huge opportunity that should not be lost. It is incredibly important to not destroy the hope the patient created in treatment by discharging them homeless.

It takes an act of courage to go inpatient into a behavioral health facility and is often an off-ramp to recovery and exiting homelessness. However, it is not a straight line to recovery. If people are discharged into homelessness, it is nearly guaranteed that they are not going to take advantage of the opportunity the inpatient treatment provided. Youth are often discharged to a drop-in center on a day the center is closed and has no beds. These care coordination services are best accessed while the patient is still inpatient.

Everyone deserves a safe and stable place to call home, but in Washington nearly 23,000 people are experiencing homelessness right now and a disproportionate number are Black, Indigenous, and People of Color. Lack of housing is one of the biggest barriers to recovery. Following a treatment plan without a home can be difficult if not impossible. People lose the momentum they had when discharged if they are discharged without housing. It is very hard for people to find and keep housing.

Homelessness is a significant problem for young people exiting inpatient behavioral health settings. An analysis found that 19 percent of youth exiting were homeless within a year of exit. If we want to stop creating homelessness as a state, we must address housing upon discharge. This bill aligns with the importance of connecting health care and housing.

(Opposed) Discharge to housing is an important factor for recovery, however it not understood why people stop taking their psychiatric drugs. According to some of the largest studies, the main reasons people stop taking these drugs are side effects and lack of impact based on patient's perspective. Psychiatric drugs over a long term create disability in the person, but medications are effective in the short term.

(Other) There are a number of aspects in this bill that are good and supported, but there are some areas of concern. There is support for access to housing for all members. Health plans take pride in care coordination and trying to help clients find that next best setting.

However, it is important to note that these plans are only a small portion of a complex ecosystem around housing.

The MCOs agree housing is a fundamental right and have long been supporters of more housing capital. However, there is limited housing capacity. The MCOs are able to help members work through the complicated system, but cannot assure members housing.

The metrics tracking homelessness should not be limited only to those exiting inpatient facilities. The metrics should not be tied to value-based purchasing as this stage and doing so would be premature.

The MCOs already have pretty robust contracting requirements for those who are discharging from inpatient and residential facilities. These requirements should stay in the contracts, rather than statute, because of the changing nature of these requirements. It would also be helpful to see more reporting on when a member is experiencing homelessness and that can be done through the use of Z codes.

**Staff Summary of Public Testimony (Appropriations):**

(In support) A positive transformation can come from successful completion of inpatient behavioral health treatment. Unfortunately, the state data is very clear. Two thirds of young people who are homeless within six to 12 months after discharge from a state system are coming from inpatient behavioral health. The Department of Social and Health Services Research and Data Analysis Division found that 19 percent of youth and young adults exiting residential treatments are homeless within a year. Young people facing addiction and/or mental illness are too often discharged to a program that has no beds or that is not even open. When young people take the incredibly courageous step of seeking inpatient treatments, and the medical system wraps around them to support recovery, a discharge into homelessness undoes that amazing work. It is also much harder to reengage that person and services. Without stable housing, and often without a reliable phone number, it can be hard for a Medicaid managed care organization to find that young person, even months later. The state can and must do better. If the state wants to stop creating homelessness, the state must address homelessness among those exiting residential treatment. The cost savings of ensuring safe housing and community services post discharge are enormous, as are the savings to life, family, and community. The state must seize every opportunity to support and maintain housing stability for those exiting residential treatment.

(Opposed) There are concerns about the bill's ramifications on this population. If 20 percent of the children exiting treatment become homeless within a year, the state also needs to look at the treatments being given to these children. There is plenty of information about why people stop their treatments. Studies show that 74 percent of the patients who stop taking their antipsychotic drugs is due to its inefficacy or intolerable side effects. If the state is putting people into housing, which is essential to health, individuals need to be engaged in programs that restore human rights, autonomy, and the individual. Requiring a

drug treatment will maintain individuals in a state of disability. The state must look at that side of things.

**Persons Testifying (Health Care & Wellness):** (In support) Representative Lauren Davis, prime sponsor; Jim Theofelis, NorthStar Advocates; Zyna Bakari, Urban League of Metropolitan Seattle; and Liz Trautman, Mockingbird Society.

(Opposed) Steven Pearce, Citizens Commission on Human Rights.

(Other) Chris Bandoli, Association of Washington Healthcare Plans; Kristen Federici, Molina; and Caitlin Safford.

**Persons Testifying (Appropriations):** (In support) Jim Theofelis, NorthStar Advocates; Liz Trautman; and Jennifer Ziegler, Association of Washington Health Care Plans.

(Opposed) Steven Pearce, Citizens Commission on Human Rights.

**Persons Signed In To Testify But Not Testifying (Health Care & Wellness):** None.

**Persons Signed In To Testify But Not Testifying (Appropriations):** None.