FINAL BILL REPORT
E2SHB 1515

C 292 L 23
Synopsis as Enacted

Brief Description: Concerning contracting and procurement requirements for behavioral health services in medical assistance programs.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Macri, Davis, Simmons, Orwall, Taylor, Leavitt, Riccelli, Callan, Farivar, Alvarado, Reed, Fosse, Doglio, Berg, Ryu, Peterson, Fitzgibbon, Bateman, Eslick, Ormsby, Stonier and Tharinger).

House Committee on Health Care & Wellness
House Committee on Appropriations
Senate Committee on Health & Long Term Care
Senate Committee on Ways & Means

Background:

Medicaid Managed Care Contracting.
The Health Care Authority (HCA) provides medical care services to eligible low-income state residents and their families, primarily through the Medicaid program. While some clients receive services through the HCA on a fee-for-service basis, the large majority receive coverage for medical services through managed care systems. Managed care is a prepaid, comprehensive system for delivering a complete medical benefits package that is available for eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women. Since January 1, 2020, all physical health, mental health, and substance use disorder services have been fully integrated in a managed care health system for most Medicaid clients, called Apple Health. The HCA contracts with managed care organizations (MCOs) under a comprehensive risk contract to provide prepaid health care services to persons enrolled in Apple Health. The HCA contracts for these services in each of 10 regional service areas. The MCOs must have a sufficient network of providers to provide adequate access to behavioral health services for the residents of their regional service areas.

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.

The HCA selects MCOs through a competitive procurement process and establishes standards for those that seek to contract to provide services. Several factors must be given significant weight in a procurement process including:

- demonstrated commitment and experience in serving low-income populations; serving persons who have mental illness, substance use disorders, or co-occurring disorders; and partnering with county and municipal criminal justice systems, housing services, and other critical support services;
- recognition that meeting the physical and behavioral health care needs of enrollees is a shared responsibility;
- consideration of past and current performance and participation in other state or federal behavioral health programs as a contractor; and
- the ability to meet requirements established by the HCA.

While most Medicaid clients receive behavioral health services through an MCO, behavioral health administrative service organizations (BHASOs) administer certain behavioral health services that are not covered by the MCO within a specific regional service area. The services provided by a BHASO include maintaining continuously available crisis response services, administering services related to the involuntary commitment of adults and minors, coordinating planning for persons transitioning from long-term commitments, maintaining an adequate network of evaluation and treatment services, and providing services to non-Medicaid clients in accordance with contract criteria. An MCO must contract with the BHASO within the regional service area for the administration of crisis services and the MCO must reimburse the BHASO for behavioral health crisis services provided to the MCO's enrollees.

Involuntary Treatment Act Work Group.
The Involuntary Treatment Act Work Group was established in 2020 to evaluate the effects of the implementation of Chapter 302, Laws of 2020 (Second Engrossed Second Substitute Senate Bill 5720) and vulnerabilities in the crisis system. Recommendations were developed for operating the crisis system based on the evaluations and submitted to the Governor and the Legislature in 2022. The Involuntary Treatment Act Work Group expired in 2022.

Behavioral Health System Coordination Subcommittee.
The Behavioral Health System Coordination Subcommittee was established in 2019 as an avenue for state agencies, counties, and the BHASOs to address systemic issues within the behavioral health system.

Summary:

At least six months prior to releasing a Medicaid integrated managed care procurement and no later than January 1, 2025, the Health Care Authority (HCA) is required to adopt statewide network adequacy standards that are assessed on a regional basis for behavioral health networks maintained by managed care organizations (MCOs). Standards must

ensure access to appropriate and timely behavioral health services for MCO enrollees within the regional service area. In addition, the standards must include: a process for at least one annual review; county and behavioral health provider participation in initial development and updates; an accounting of regional needs; a structure for monitoring compliance with provider network standards; and a consideration of how statewide services are utilized cross-regionally and how the standards would impact requirements for behavioral health administrative services organizations.

Service types covered by the network adequacy standards must, at a minimum, include outpatient, inpatient, and residential levels of care for adults and youth with a mental health disorder; outpatient, inpatient, and residential levels of care for adults and youth with a substance use disorder; crisis and stabilization services; providers of medication for opioid use disorders; specialty care; facility-based services; and other providers, as determined by the HCA.

Before releasing a Medicaid integrated managed care procurement, the HCA must identify options that minimize provider administrative burden, including the potential to limit the number of MCOs that operate in a regional service area.

During the procurement process, the HCA must weigh additional factors, including:

- the MCO's ability to meet the crisis service needs of enrollees, consistent with the degree the services are funded;
- the MCO's prior national or in-state experience with contracting and network development for a full continuum of behavioral health services using past and current data on performance, quality, and outcomes;
- the extent to which the MCO simplifies billing and contracting burdens for community behavioral health provider agencies, including the use of delegation arrangements with provider networks that leverage multiple funding sources in any regional service area that has such a network; and
- a demonstrated commitment by the MCO to use alternative pricing and payment structures with behavioral health providers and behavioral health administrative services organizations.

The HCA is authorized to use existing cross-system outcomes data to determine whether value-based purchasing efforts and payments that secure capacity through stand-by services have advanced community-based behavioral health outcomes more effectively than a fee-for-service model.

The HCA must expand the types of behavioral health crisis services funded with Medicaid to the extent allowable by federal law.

The HCA, in consultation with MCOs, must review reports and recommendations of the Involuntary Treatment Act Work Group and develop a plan for adding contract provisions that increase MCO accountability in the long-term involuntary treatment system and

explore opportunities to maximize Medicaid funding as appropriate.

The HCA is required to include county and behavioral health provider representatives in the development of any procurement process. At minimum, involvement should include two representatives chosen by the Association of County Human Services and two representatives chosen by the Washington Council for Behavioral Health.

The Behavioral Health System Coordination Subcommittee must address the data-sharing needs of behavioral health system partners.

Votes on Final Passage:

House	96	0	
Senate	49	0	(Senate amended)
House	96	0	(House concurred)

Effective: July 23, 2023