Washington State
House of Representatives
Office of Program Research

BILL ANALYSIS

Health Care & Wellness Committee

HB 1515

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

Sponsors: Representatives Macri, Davis, Simmons, Orwall, Taylor, Leavitt, Riccelli, Callan, Farivar, Alvarado, Reed, Fosse, Doglio, Berg, Ryu, Peterson, Fitzgibbon, Bateman, Eslick, Ormsby, Stonier and Tharinger.

Brief Summary of Bill

- Requires the Health Care Authority to make certain changes to the managed care procurement process, including adopting regional standards for behavioral health networks managed by managed care organizations, providing for behavioral health provider participation in the process, and evaluating whether limiting the number of managed care organizations operating in a regional service area reduces provider administrative burden.

Hearing Date: 2/3/23

Staff: Ingrid Lewis (786-7293).

Background:

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.

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.

Since January 1, 2020, all physical health, mental health, and substance use disorder services have been fully integrated in a 10 regional service area 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 a managed care Apple Health plan. The MCOs must have a sufficient network of providers to provide adequate access to behavioral health services for the residents of their regional areas.

The HCA selects plans through a competitive procurement process and establishes standards for MCOs 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.

Summary of Bill:

Prior to the next procurement and no later than July 1, 2024, the Health Care Authority (HCA) is required to adopt regional standards for behavioral health networks managed by managed care organizations (MCOs). Standards must assure access to appropriate and timely behavioral health services for MCO enrollees within the regional service area and must include a process for at least one annual update; county and behavioral health provider participation in initial development and updates; an accounting of regional needs; and a structure for monitoring compliance with provider network standards.

Services covered by the standard must, at a minimum, include certified residential treatment providers; licensed community mental health agencies; certified substance use disorder provider

agencies; certified medication assisted treatment providers; certified opiate substitution providers; licensed and certified free-standing facilities, hospitals, or psychiatric inpatient facilities that provide evaluation and treatment services; licensed and certified withdrawal management and stabilization facilities, including secure withdrawal management and stabilization facilities; licensed and certified residential treatment facilities to provide crisis stabilization services; and wraparound and intensive services providers recognized by the HCA.

The HCA must evaluate whether limiting the number of MCOs operating in a regional service area reduces provider administrative burden. Managed care organizations participating in procurement are required to demonstrate 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.

During the procurement process, additional factors are to be weighed, including:
- an MCO's ability to meet the crisis service needs of enrollees;
- a demonstrated commitment to establish, continue, or expand delegation arrangements with provider networks that leverage multiple funding sources; and
- a demonstrated commitment by the MCO to use alternative pricing and payment structures with providers and provider networks.

The HCA is authorized to use existing cross-system outcomes data to determine that value-based purchasing efforts or payments that secure enough capacity regardless of fluctuating utilization 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 is required to develop contracting methods that increase MCO accountability in the long-term involuntary treatment system.

The HCA is required to include county and behavioral health provider representatives in the development and scoring 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.

Appropriation: None.

Fiscal Note: Requested on January 24, 2023.

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