
HOUSE BILL 2067

State of Washington

65th Legislature

2017 Regular Session

By Representatives Schmick and Cody

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 to provide the services; amending RCW 71.24.310
4 and 71.24.380; and adding new sections to chapter 71.24 RCW.

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

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

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

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

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

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

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

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

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

38 (5) The department (~~(is encouraged to)~~) shall enter into
39 performance-based contracts with behavioral health organizations to
40 provide some or all of the behavioral health organization's allocated

1 long-term inpatient treatment capacity in the community, rather than
2 in the state hospital. The performance contracts shall specify the
3 number of patient days of care available for use by the behavioral
4 health organization in the state hospital and the number of patient
5 days of care available for use by the behavioral health organization
6 in a facility certified by the department to provide treatment to
7 adults on a ninety or one hundred eighty day inpatient involuntary
8 commitment order, including hospitals licensed under chapters 70.41
9 and 71.12 RCW.

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

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

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

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

36 (2)(a) The secretary shall request a detailed plan from the
37 entities identified in (b) of this subsection that demonstrates
38 compliance with the contractual elements of RCW 43.20A.894 and
39 federal regulations related to medicaid managed care contracting((7))

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

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

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

20 (B) In the event that a county has made a decision prior to
21 January 1, 2014, not to contract as a regional support network, any
22 private entity that serves as the regional support network for that
23 area;

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

29 (ii) In the event that a regional service area is comprised of
30 multiple counties including one that has made a decision prior to
31 January 1, 2014, not to contract as a regional support network the
32 counties shall adopt an interlocal agreement and may respond to the
33 request for a detailed plan under (a) of this subsection and the
34 private entity may also respond to the request for a detailed plan.
35 If both responding entities meet the requirements of this section,
36 the responding entities shall follow the department's procurement
37 process established in subsection (3) of this section.

38 (3) If an entity that has received a request under this section
39 to submit a detailed plan does not respond to the request, a
40 responding entity under subsection (1) of this section is unable to

1 substantially meet the requirements of the request for a detailed
2 plan, or more than one responding entity substantially meets the
3 requirements for the request for a detailed plan, the department
4 shall use a procurement process in which other entities recognized by
5 the secretary may bid to serve as the behavioral health organization
6 in that regional service area.

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

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

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

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

35 The department and the entities identified in RCW 71.24.310 and
36 71.24.380 shall: (1) Work with willing community hospitals licensed
37 under chapters 70.41 and 71.12 RCW to assess their capacity to become
38 certified to provide long-term mental health placements and to meet
39 the requirements of this chapter; and (2) enter into contracts and

1 payment arrangements with such hospitals choosing to provide long-
2 term mental health placements. Nothing in this chapter requires any
3 community hospital to be certified to provide long-term mental health
4 placements.

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