
SENATE BILL 5705

State of Washington

65th Legislature

2017 Regular Session

By Senators Becker, O'Ban, Rivers, Bailey, Miloscia, Schoesler, Warnick, Brown, Zeiger, and Honeyford

Read first time 02/03/17. Referred to Committee on Human Services, Mental Health & Housing.

1 AN ACT Relating to inspection and review of state contracted
2 behavioral health and recovery agencies; and amending RCW 43.20A.894.

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

4 **Sec. 1.** RCW 43.20A.894 and 2014 c 225 s 3 are each amended to
5 read as follows:

6 (1) Any agreement or contract by the department or the health
7 care authority to provide behavioral health services as defined under
8 RCW 71.24.025 to persons eligible for benefits under medicaid, Title
9 XIX of the social security act, and to persons not eligible for
10 medicaid must include the following:

11 (a) Contractual provisions consistent with the intent expressed
12 in RCW 71.24.015, 71.36.005, (~~70.96A.010,~~) and 70.96A.011;

13 (b) Standards regarding the quality of services to be provided,
14 including increased use of evidence-based, research-based, and
15 promising practices, as defined in RCW 71.24.025;

16 (c) Accountability for the client outcomes established in RCW
17 43.20A.895, 70.320.020, and 71.36.025 and performance measures linked
18 to those outcomes;

19 (d) Standards requiring behavioral health organizations to
20 maintain a network of appropriate providers that is supported by
21 written agreements sufficient to provide adequate access to all

1 services covered under the contract with the department or the health
2 care authority and to protect essential existing behavioral health
3 system infrastructure and capacity, including a continuum of chemical
4 dependency services;

5 (e) Provisions to require that medically necessary chemical
6 dependency and mental health treatment services be available to
7 clients;

8 (f) Standards requiring the use of behavioral health service
9 provider reimbursement methods that incentivize improved performance
10 with respect to the client outcomes established in RCW 43.20A.895 and
11 71.36.025, integration of behavioral health and primary care services
12 at the clinical level, and improved care coordination for individuals
13 with complex care needs;

14 (g) Standards related to the financial integrity of the
15 responding organization. The department shall adopt rules
16 establishing the solvency requirements and other financial integrity
17 standards for behavioral health organizations. This subsection does
18 not limit the authority of the department to take action under a
19 contract upon finding that a behavioral health organization's
20 financial status jeopardizes the organization's ability to meet its
21 contractual obligations;

22 (h) Mechanisms for monitoring performance under the contract and
23 remedies for failure to substantially comply with the requirements of
24 the contract including, but not limited to, financial deductions,
25 termination of the contract, receivership, reprocurement of the
26 contract, and injunctive remedies;

27 (i) Provisions to maintain the decision-making independence of
28 designated mental health professionals or designated chemical
29 dependency specialists; and

30 (j) Provisions stating that public funds appropriated by the
31 legislature may not be used to promote or deter, encourage, or
32 discourage employees from exercising their rights under Title 29,
33 chapter 7, subchapter II, United States Code or chapter 41.56 RCW.

34 (2) The following factors must be given significant weight in any
35 purchasing process:

36 (a) Demonstrated commitment and experience in serving low-income
37 populations;

38 (b) Demonstrated commitment and experience serving persons who
39 have mental illness, chemical dependency, or co-occurring disorders;

1 (c) Demonstrated commitment to and experience with partnerships
2 with county and municipal criminal justice systems, housing services,
3 and other critical support services necessary to achieve the outcomes
4 established in RCW 43.20A.895, 70.320.020, and 71.36.025;

5 (d) Recognition that meeting enrollees' physical and behavioral
6 health care needs is a shared responsibility of contracted behavioral
7 health organizations, managed health care systems, service providers,
8 the state, and communities;

9 (e) Consideration of past and current performance and
10 participation in other state or federal behavioral health programs as
11 a contractor; and

12 (f) The ability to meet requirements established by the
13 department.

14 (3) For purposes of purchasing behavioral health services and
15 medical care services for persons eligible for benefits under
16 medicaid, Title XIX of the social security act and for persons not
17 eligible for medicaid, the department and the health care authority
18 must use common regional service areas. The regional service areas
19 must be established by the department and the health care authority
20 as provided in RCW 43.20A.893.

21 (4) Consideration must be given to using multiple-biennia
22 contracting periods.

23 (5) Each behavioral health organization operating pursuant to a
24 contract issued under this section shall enroll clients within its
25 regional service area who meet the department's eligibility criteria
26 for mental health and chemical dependency services.

27 (6) The state finds that the department should not engage in the
28 improper and inappropriate reduction of the number of license
29 violations found by field inspectors for the purpose of allowing
30 agency licensees to avoid liability in a manner that permits the
31 violating agency to stay open at the risk of public safety. Any
32 settlement agreement entered into between the department and
33 behavioral health provider licensees to resolve administrative
34 complaints, license violations, license suspensions, or license
35 revocations may not reduce the number of violations reported by the
36 department unless the department concludes, based on evidence
37 gathered by inspectors, that the agency did not commit one or more of
38 the violations.

39 (7) The department shall issue an annual report to the
40 legislature containing a detailed overview of each settlement

1 agreement entered into between the department and behavioral health
2 licensees concerning the resolution of administrative complaints,
3 license violations, license suspensions, and license revocations. The
4 report must summarize the settlement agreements and include the full
5 agreements in an appendix. The report must provide background
6 information on the agency licensee and include details of the
7 circumstances that triggered the license suspension or revocation
8 process.

9 (8) The state recognizes the need to prohibit sham transfers of
10 licenses between behavioral health licensees found in violation of
11 the terms of their license agreement and their family members. In
12 cases where an agency in violation of their license attempts to
13 transfer title of the license to a family member, such transfers
14 should be made solely for the purpose of remedying license violations
15 and achieving full compliance with the terms of their license.
16 Transfers to family members should be prohibited in cases where the
17 purpose of the transfer is to avoid liability or reset the number of
18 license violations found before the transfer.

--- END ---