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**SUBSTITUTE SENATE BILL 6541**

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**State of Washington 64th Legislature 2016 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Miloscia, Dammeier, O'Ban, Padden, Roach, Becker, Angel, and Parlette)

AN ACT Relating to the establishment of performance management systems at state hospitals; amending RCW 72.23.020 and 72.01.050; adding a new section to chapter 72.23 RCW; and adding a new section to chapter 43.20A RCW.

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

NEW SECTION. **Sec.**  A new section is added to chapter 72.23 RCW to read as follows:

(1) Subject to the availability of amounts appropriated for this specific purpose, each state hospital must develop a robust lean performance management plan as described in this section to be overseen by the superintendent of the state hospital in collaboration with the department. The department shall coordinate performance management activities between the state hospitals to develop common performance measures and frameworks that enhance the ability to compare performance between the state hospitals and aid in the standardization of practices between state hospitals where appropriate.

(2) The state hospital performance management plans shall conform to the Baldrige excellence framework most applicable to state hospital operations. The state hospitals and the department must develop clear timelines and strategies related to development of the performance management plans and report these to results Washington or its equivalent and the relevant policy and fiscal committees of the legislature within sixty days of the effective date of this section.

(3) The performance management plans must define the mission of the state hospital and set goals for achievement. Goals should be expressed to the extent practicable in outcome-based, objective, and measurable forms. This section does not require the state hospitals to develop new mission statements and goals in place of existing missions and goals if the missions and goals can be fit within the Baldrige excellence framework.

(4) Each state hospital must undergo a Baldrige assessment of its operations every two years until reaching a sixty percent Baldrige assessment score pursuant to subsection (5) of this section. Completed assessments and feedback must be transmitted to the office of financial management and relevant policy and fiscal committees of the legislature.

(5) Each state hospital must establish a goal of achieving a sixty percent Baldrige assessment score within seven years of its first Baldrige assessment. When a sixty percent score is achieved, the state hospital must apply for a Malcolm Baldrige national quality award under 15 U.S.C. Sec. 3711a. If the state hospital is unable to achieve this sixty percent goal, it must move to achieve certification under an internationally recognized quality management system, such as ISO 9001 or its equivalent, within seven years of the first Baldrige assessment, or as soon as practicable after the inability is identified. Nothing in this section prohibits a state hospital from adopting an internationally recognized quality management system at an earlier date or in addition to its other activities.

(6) The state hospitals and the department must work towards implementation of real-time, web-based tracking and reporting of state hospital performance management activities.

(7) The department must provide a periodic report to the relevant policy and fiscal committees of the legislature presenting information from the state hospital performance management plans, including elements such as state hospital performance goals adopted for the reporting period, results of audits or assessments, progress towards achieving the objectives described in subsection (5) of this section, and fiscal savings attributable to performance management projects. The department may propose a schedule for the submission of this periodic report as part of its submission under subsection (2) of this section.

(8) Pursuant to chapter 43.09 RCW, the state auditor must conduct a performance audit of the state hospitals' management systems and metrics one year after their implementation.

NEW SECTION. **Sec.**  A new section is added to chapter 43.20A RCW to read as follows:

The department shall study the application of the Baldrige quality management framework or an equivalent performance management system to its own activities and report its findings to the governor and relevant policy and fiscal committees of the legislature by December 1, 2016.

**Sec.**  RCW 72.23.020 and 1959 c 28 s 72.23.020 are each amended to read as follows:

There are hereby permanently located and established the following state hospitals: Western state hospital at Fort Steilacoom, Pierce county; eastern state hospital at Medical Lake, Spokane county; and ((~~northern state hospital near Sedro Woolley, Skagit county~~)) the child study and treatment center at Fort Steilacoom, Pierce county.

**Sec.**  RCW 72.01.050 and 1992 c 7 s 51 are each amended to read as follows:

(1) The secretary of social and health services shall have full power to manage and govern the following public institutions: The western state hospital, the eastern state hospital, the ((~~northern state hospital~~)) child study and treatment center, the state training school, the state school for girls, Lakeland Village, the Rainier school, and such other institutions as authorized by law, subject only to the limitations contained in laws relating to the management of such institutions.

(2) The secretary of corrections shall have full power to manage, govern, and name all state correctional facilities, subject only to the limitations contained in laws relating to the management of such institutions.

(3) If any state correctional facility is fully or partially destroyed by natural causes or otherwise, the secretary of corrections may, with the approval of the governor, provide for the establishment and operation of additional residential correctional facilities to place those inmates displaced by such destruction. However, such additional facilities may not be established if there are existing residential correctional facilities to which all of the displaced inmates can be appropriately placed. The establishment and operation of any additional facility shall be on a temporary basis, and the facility may not be operated beyond July 1 of the year following the year in which it was partially or fully destroyed.

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