

# SENATE BILL REPORT

## SB 5595

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As Passed Senate, February 28, 2017

**Title:** An act relating to maintaining the quarterly average census method for calculating state hospital reimbursements.

**Brief Description:** Concerning maintaining the quarterly average census method for calculating state hospital reimbursements.

**Sponsors:** Senators Billig, O'Ban, Darneille and Padden.

**Brief History:**

**Committee Activity:** Human Services, Mental Health & Housing: 2/07/17, 2/14/17 [DP-WM].

Ways & Means: 2/20/17, 2/23/17 [DP].

**Floor Activity:**

Passed Senate: 2/28/17, 49-0.

**Brief Summary of Bill**

- Requires the Department of Social and Health Services to use quarterly average census data to calculate reimbursements for excess use of the state hospitals.

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### SENATE COMMITTEE ON HUMAN SERVICES, MENTAL HEALTH & HOUSING

**Majority Report:** Do pass and be referred to Committee on Ways & Means.

Signed by Senators O'Ban, Chair; Miloscia, Vice Chair; Darneille, Ranking Minority Member; Carlyle, Hunt, Padden and Walsh.

**Staff:** Kevin Black (786-7747)

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking Minority Member, Operating Budget; Frockt, Assistant Ranking Minority Member, Capital

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Budget; Bailey, Becker, Billig, Carlyle, Conway, Darneille, Fain, Hasegawa, Keiser, Miloscia, Padden, Pedersen, Rivers, Schoesler, Warnick and Zeiger.

**Staff:** Travis Sugarman (786-7446)

**Background:** The Involuntary Treatment Act (ITA) allows for the civil commitment of a person for involuntary inpatient mental health treatment if the person is found:

- to have a mental disorder;
- as a result of the mental disorder to present a likelihood of serious harm or to be gravely disabled;
- to be unwilling to accept voluntary treatment; and
- there is no less restrictive alternative that will adequately meet the person's needs of health and safety.

Patients who qualify for treatment under the ITA may be detained for 72 hours by a designated mental health professional and subsequently court-committed for 14 days, 90 days, or 180 days. Patients who are detained for 72 hours or committed for 14 days are considered to be short-term patients. These patients receive treatment in evaluation and treatment facilities (E&Ts). An E&T is a community facility certified to provide short-term involuntary treatment. Patients who are committed for 90 days or 180 days are considered to be long-term patients. These patients receive treatment at state hospitals. Three state hospitals are operated by the Department of Social and Health Services (DSHS): Western State Hospital, Eastern State Hospital, and the Child Study and Treatment Center. If there are no E&T or state hospital treatment beds available to serve the immediate needs of a patient, a facility which is willing and able to provide timely and appropriate mental health treatment may be temporarily certified to provide either short-term or long-term treatment through the means of a single-bed certification granted by DSHS.

Community mental health services for patients who meet access-to-care standards are provided in nine regions of the state. Eight regions are served by Behavioral Health Organizations (BHOs), and one region, consisting of Clark and Skamania counties, is served by Fully-Integrated Managed Care Organizations (FIMCOs). The BHOs and FIMCOs each receive an allocation of state hospital beds which are provided free of charge to serve the long-term treatment needs of the region. DSHS is required to charge the BHOs and FIMCOs for the use of any state hospital beds that exceed their bed allocations. As an incentive to control utilization of state hospital beds, DSHS is required to return one half of the money it collects to BHOs or FIMCOs which are under their state hospital bed allocations.

Historically, DSHS has used two methods to calculate whether a BHO or FIMCO's use of state hospital beds exceeds its bed allocation. One is to calculate an average daily census of state hospital bed usage and charge the BHO or FIMCO for any days of care that exceed the bed allocation for the region. A second method is to calculate an average quarterly census and to charge the BHO or FIMCO for the average number of days of care by which it exceeded its state hospital bed allocation for the quarter. The former method is potentially more costly for the BHO or FIMCO, because the BHO or FIMCO is not able to compensate for exceeding its bed allocation on one day by using less than its bed allocation on another day. On January 1, 2017, DSHS executed a contract amendment with the BHOs and

FIMCOs switching from the quarterly average census calculation method to the average daily census calculation method.

**Summary of Bill:** DSHS must calculate BHO reimbursements for use of state hospital days of care that exceed the BHO's state hospital bed allocation using quarterly average census data. DSHS must use this data to determine an average number of days used in excess of the bed allocation for the quarter.

**Appropriation:** None.

**Fiscal Note:** Available.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony (Human Services, Mental Health & Housing):** PRO: There are two different ways to calculate bed penalties for the BHOs. I want to thank BHOs for delaying the change until May 2017. The goal of the penalties is to hold BHOs accountable for their state hospital bed usage by providing community alternatives. The BHOs can control their census on a quarterly basis, but they can't control who walks through the front door day to day. This quarterly method is more fair and still accomplishes the goal. The difference is millions of dollars for some BHOs in non-Medicaid dollars, which are critical to fund services in the community.

**Persons Testifying (Human Services, Mental Health & Housing):** PRO: Senator Andy Billig, Prime Sponsor; Brad Banks, County Behavioral Health Organizations.

**Persons Signed In To Testify But Not Testifying (Human Services, Mental Health & Housing):** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: This maintains what we've done right now which is really the fair way to do it. The penalties are to encourage the BHOs to have community resources and not use as many hospital beds but a BHO can't really control on a daily basis who walks through the front door of their system. We do think this is a bill that remains in the status quo. If we were to move this policy, it could be a 35 percent to 40 percent increase to the BHOs. This would equate to nearly \$2 million for Spokane. These funds wouldn't be utilized for other crisis services, such as court costs.

**Persons Testifying (Ways & Means):** PRO: Senator Andy Billig, Prime Sponsor; Brad Banks, County Behavioral Health Organizations.

**Persons Signed In To Testify But Not Testifying (Ways & Means):** No one.