SENATE BILL REPORT
SB 6573

As Reported by Senate Committee On:
Human Services & Corrections, January 30, 2018
Ways & Means, February 6, 2018

Title: An act relating to establishing the capacity to purchase community long-term involuntary psychiatric treatment services through managed care.

Brief Description: Establishing the capacity to purchase community long-term involuntary psychiatric treatment services through managed care.

Sponsors: Senator O'Ban.

Brief History:
Committee Activity: Human Services & Corrections: 1/29/18, 1/30/18 [DP-WM].
Ways & Means: 2/05/18, 2/06/18 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires the Health Care Authority (HCA) to integrate risk for long-term involuntary civil treatment into managed care contracts by July 1, 2021.
- Requires the Department of Social and Health Services (DSHS) to collaborate with HCA and appropriate stakeholders to develop a detailed transition plan to move the cost of state hospital civil treatment into managed care by December 30, 2019.
- Requires HCA to develop a psychiatric managed care capitation risk model and submit a final draft by May 15, 2021.
- Requires DSHS to purchase a portion of the state's long-term treatment capacity allocated to Behavioral Health Organizations (BHOs) from willing and able community hospitals.
- Requires DSHS to enter into performance based contracts with willing and able facilities certified to provide 90 and 180-day involuntary treatment.
- Clarifies that 90 and 180-day treatment under the Involuntary Treatment Act (ITA) may be provided at a state hospital or any willing and able community facility certified to provide such care.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Darneille, Chair; Dhingra, Vice Chair; O'Ban, Ranking Member; Carlyle, Frockt and Miloscia.

Staff: Keri Waterland (786-7490)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6573 be substituted therefor, and the substitute bill do pass.
Signed by Senators Rolfes, Chair; Frockt, Vice Chair; Braun, Ranking Member; Bailey, Billig, Brown, Carlyle, Conway, Darneille, Fain, Hunt, Keiser, Mullet, Palumbo, Pedersen, Ranker, Rivers, Schoesler, Van De Wege, Wagoner and Warnick.

Minority Report: Do not pass.
Signed by Senator Becker.

Minority Report: That it be referred without recommendation.
Signed by Senator Hasegawa.

Staff: Travis Sugarman (786-7446)

Background: The Office of Financial Management (OFM) contracted with Public Consulting Group (PCG) to examine the structure and financing of the adult mental health system, as provided for in the 2016 supplemental Operating Budget and directed in the Governor's veto message for ESSB 6656 (2016). The study identified key challenges in the state's existing mental health system and recommended solutions to address critical challenges related to the state's 2020 transition to full integration of physical and behavioral health. The findings and recommendations are provided in the *Washington Mental Health System Assessment: Final Alternative Options and Recommendations Report* submitted in November 2016. One of the report's recommendations was for HCA to develop a risk model to support placing Medicaid managed care organizations, including BHOs and their successor fully-integrated managed care entities, at risk for state psychiatric hospital services by January 1, 2020.

The 2017-2019 Operating Budget provided funding for HCA to continue its work with PCG to develop the risk model, requesting analysis on how to:

- integrate civil inpatient psychiatric hospital services, including 90- and 180-day commitments provided in state hospitals or community settings, into Medicaid managed care capitation rates and non-Medicaid contracts;
- phase in the financial risk such that managed care entities bear full financial risk for long-term civil inpatient psychiatric hospital commitments beginning January 2020; and
- address strategies to ensure that Washington is able to maximize the state's allotment of federal disproportionate share funding.

This resulted in the production of an *Inpatient Psychiatric Care Risk Model Report* submitted to the Legislature in December 2017, which contains 18 recommendations designed to address policy questions integral to supporting the aim of enabling fully-integrated managed care organizations to manage care for patients with complex behavioral health needs and reduce the need for institutional care at state hospitals for these patients.

Summary of Bill (First Substitute): Integrating Risk for State Hospital Treatment Into Managed Care. HCA must develop a psychiatric managed care capitation risk model and submit a final draft to the Legislature by November 15, 2019. HCA must request legislation extending institution for mental health diseases disproportionate to the share of hospital payments to community hospitals as an option to maximize any reductions brought on by changes in the forensic to civil ratio for the state hospital population. HCA must integrate the risk for long-term involuntary civil treatment into managed care contracts by July 1, 2021

DSHS must collaborate with HCA and the named stakeholders to develop a detailed transition plan to move the cost of state hospital civil treatment into managed care, taking into account 17 recommendations derived from the PCG *Washington Mental Health System Assessment: Final Alternative Options and Recommendations Report* and the *Inpatient Psychiatric Care Risk Model Report*, including:

- a methodology for division of the current state hospital beds between each of the BHOs and full integration regions;
- development of acuity-based payment rates for western and eastern state hospitals that accurately reflect case complexity;
- discharge planning procedures adapted to account for functional needs assessments upon admission;
- a means of tracking expenditures related to successful reductions of state hospital utilization by regional service areas;
- updated requirements related to civil commitments that retain the integrity of the process; and
- recommendations for contractual performance measures and withhold for BHOs and full integration regions.

A preliminary draft of this transition plan is due to the Legislature by November 15, 2019, with a final draft due December 30, 2019.

Developing Capacity for Long-Term Involuntary Treatment in the Community. DSHS must use performance-based contracts to purchase a portion of the state's long-term treatment capacity allocated to BHOs and fully-integrated managed care entities from willing community hospitals certified to provide 90 and 180-day involuntary treatment. The contracts must specify the number of patient days of care to be provided in community hospitals and evaluation and treatment facilities. Data reporting requirements are established for facilities which contract with DSHS to provide these services, including admission and discharge data and a requirement to report to DSHS all instances where a patient on a 90 or 180-day involuntary commitment order experiences an adverse event required to be reported to the Department of Health (DOH), and all hospital-based inpatient psychiatric service core measures reported to the joint commission or other accrediting body occurring from psychiatric departments.

DSHS must confer with DOH and community hospitals to review laws and regulations and identify changes that may be necessary to address care delivery and cost-effective treatment for adults involuntarily civilly committed for 90- or 180-days, which may be different than the requirements for short-term psychiatric hospitalization, and must report its findings to the select committee on quality improvement in state hospitals by November 1, 2018.

Court orders for 90-day treatment under the ITA must remand the person to the custody of DSHS or a designee, instead of to a specific facility. The entity responsible for the cost of care, whether a prepaid inpatient health plan, managed care organization, or DSHS, may designate a willing and able certified facility to provide care. The designation of a treatment facility must not result in a delay of the transfer of the person to a state hospital or certified treatment facility, if there is an available bed at either a state hospital or certified facility.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (First Substitute):

- Clarifies that 90 and 180-day involuntary commitments may be provided in willing and able facilities.
- Extends out the date implementation for integrating the risk of long-term involuntary civil treatment into managed care contracts from January 1, 2020 to July 1, 2021.
- Extends other due dates within the bill.
- Requires DSHS and HCA to invite specific stakeholders to participate in the planning process.
- Requires DSHS and HCA and stakeholders to consider tracking bed capacity for long-term inpatient beds and developing rates that reflect patient acuity and case complexity.
- Requires state hospital discharge planning to involve community providers.

Appropriation: None.

Fiscal Note: Requested on January 27, 2018.

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

Effective Date: The bill contains several effective dates. Please refer to the bill.

Staff Summary of Public Testimony on Original Bill (Human Services & Corrections): PRO: Capacity is still needed in the community, but keeping people close to their family increases involvement in counseling, staying connection with loved ones, this is a humanistic proposal. In support, but if the implementation date is extended, it may increase success.

OTHER: No concerns with the substance of the bill, just about timing of when it would go in effect. Proposed to move implementation date from January 1, 2020, to July 1, 2021. BHO's phase out soon, and this only gives MCO's 18 months of experience in this population. Capacity is still needed in the community.

Persons Testifying (Human Services & Corrections): PRO: Seth Dawson, Washington State Psychiatric Association; Michael Hatchett, Washington Council for Behavioral Health.

Persons Signed In To Testify But Not Testifying (Human Services & Corrections): No one.

Staff Summary of Public Testimony on Original Bill (Ways & Means): *The committee recommended a different version of the bill than what was heard.* OTHER: We support the vision of this bill and the vision as set forth in the consultant report. Our concerns are with the timeline. The Legislature has put forth significant resources over the last few biennium, but there is not an adequate network for 90 and 180-day commitments. Western State Hospital is full and people are boarding in emergency rooms. Managed care organizations managed networks that already exist and adequate networks do not exist. There are also parts of this bill that suggest forensic flips would go to community hospitals and we would question whether you want to do that. Community Health Plan of Washington supports the policy, but not the timeline as the BHOs and managed care organizations are working on integrating health care and behavioral health care right now. We suggest beginning this in July of 2021.

Persons Testifying (Ways & Means): OTHER: Len McComb, Washington State Hospital Association; David Knutson, Community Health Plan of Washington.

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