SENATE BILL REPORT

ESB 6318

AS PASSED SENATE, FEBRUARY 13, 1992

Brief Description: Refining mental health care.

SPONSORS: Senators Niemi, West and Bailey

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.
Signed by Senators West, Chairman; L. Smith, Vice Chairman; Amondson, M. Kreidler, Niemi, and Wojahn.

Staff: Sarena Seifer (786-7417)

Hearing Dates: February 4, 1992; February 5, 1992

BACKGROUND:

In 1989, the Legislature reformed the state's mental health system by encouraging development of a county-based mental health service system. The new system moves the authority and responsibility for planning, developing and administering community mental health and involuntary treatment services from the state to communities by allowing a county or group of counties to form Regional Support Networks (RSNs). The goal of the reform is to provide a coordinated array of services and supports that will allow individuals with mental illness to remain active in their communities.

By July 1993, the Secretary of the Department of Social and Health Services (DSHS) is to allocate 100 percent of available resources in single block grants to RSNs created by January 1, 1990. The block grants are intended to include funds currently being provided for residential, evaluation and treatment, and community support services according to a distribution formula submitted to the Legislature. Available resources includes federal funds, with the exception of Medicaid funds, and state funds appropriated under the Community Mental Health Services Act or the Involuntary Treatment Act for the purpose of providing residential, resource management, community support, and other mental health services.

Currently, DSHS' Division of Medical Assistance contracts with individual providers or community mental health centers as Medicaid providers who are reimbursed on a fee-for-service basis. For Medicaid funds to be included in the block grants to RSNs, the state would need to either apply for a federal Medicaid waiver or take advantage of managed care arrangements that may be allowed currently under federal law.

SUMMARY:

The act intends to focus, restate, and emphasize the Legislature's commitment to the mental health reforms enacted in 1989; to repeal statutes that are no longer relevant to the regulation of the state's mental health program; and to reaffirm the state's commitment to provide incentives that reduce reliance on inappropriate state hospital or other inpatient care.

The Department of Social and Health Services (DSHS) is required to report to the Legislature by August 1, 1992 on options and recommendations for using allowable Medicaid payment systems and other methods to support regionally managed mental health care.

DSHS is required to seek federal waivers which will allow federal Medicaid reimbursement for services provided by free-standing evaluation and treatment facilities and to allow RSNs to retain savings that accrue from their ability to avoid the use of Medicaid or state general fund reimbursed hospital bed days. DSHS must report its efforts to the Senate Health and Long-Term Care Committee and the House Human Services Committee by January 1993.

DSHS is required to track by region and county diagnosis and, to the extent information is available, state funded nonmental health services, the use and cost of state hospital and local evaluation and treatment facilities, voluntary care in state hospitals and voluntary community inpatient care covered by medical assistance. Service use and cost reports must be provided to regions and appropriate operating divisions of DSHS. The RSN portion of the mental health information system must be fully operational by June 30, 1993.

DSHS is required to administer a fund to enhance contracts with RSNs that agree to provide periods of stable community living. The fund may be appropriated by the Legislature from state hospital and RSN funds. Beginning with the contracting period July 1, 1993, the funding formula for participating RSNs may include a factor related to use of state hospitals. RSNs are to retain any savings achieved through reduction in the use of state, local hospital, or freestanding evaluation and treatment facility bed days.

All state and federal plans, contracts or agreements affecting the state mental health program must be consistent with the intent and requirements of mental health reform.

DSHS contracts with RSNs must include progress toward meeting the goals of mental health reform by taking responsibility for short term commitments, residential care, crisis response systems, and the return to the community of long-term state hospital patients who no longer need state hospital level care.

DSHS is required to cooperate with other state agencies to disseminate educational information about mental illness.

DSHS and state hospitals for the mentally ill are required to cooperate with local mental health programs by providing information, making recommendations relating to the proper care of paroled or discharged patients, and supplying the services of available persons specialized in mental illness.

Statutes that are no longer relevant to mental health reform are repealed.

Appropriation: none

Revenue: none

Fiscal Note: available

TESTIMONY FOR:

Including Medicaid funds in the funds available to RSNs will allow the RSNs to better manage resources and provide appropriate community mental health care. Federal waivers will allow the state to maximize federal Medicaid funding for mental health services. RSNs should be given incentives for the appropriate use of state hospitals.

TESTIMONY AGAINST:

Including Medicaid funds in block grants to RSNs is controversial, may not be possible without federal waivers, and requires further study. Requiring the state to provide federal funds to RSNs to operate freestanding evaluation and treatment programs or to contract with local hospitals is not consistent with federal regulations. Requiring that rules, plans, contracts and agreements be modified to allow flat payments to hospitals for full-term civil commitments is unnecessary in light of a recent state/community hospital settlement. DSHS is midstream in implementing the statute requiring RSNs to manage part of the state hospital budget, and creating a fund comprised of appropriations from state hospitals and RSNs would be untimely.

TESTIFIED: Doug Stevenson, Mental Health Coalition; Steve Norsen, Mental Health Coalition; Bernie Buchett, Mental Health Coalition; Patricia DeBoer, Washington Alliance for the Mentally Ill (pro); Frank Winslow, Alzheimer's Society of Washington; Eleanor Owen, Washington Alliance for the Mentally Ill (pro); Thelma Struck, Department of Social and Health Services; Sharon Stewart Johnson, Department of Social and Health Services