

CERTIFICATION OF ENROLLMENT  
**ENGROSSED SUBSTITUTE SENATE BILL 5583**

Chapter 334, Laws of 2001  
(partial veto)

57th Legislature  
2001 Regular Session

MENTAL HEALTH SYSTEM--PERFORMANCE AUDIT RECOMMENDATIONS

EFFECTIVE DATE: 5/15/01

Passed by the Senate April 18, 2001  
YEAS 42 NAYS 0

BRAD OWEN  
**President of the Senate**

Passed by the House April 17, 2001  
YEAS 95 NAYS 0

FRANK CHOPP  
**Speaker of the  
House of Representatives**

CLYDE BALLARD  
**Speaker of the  
House of Representatives**

Approved May 15, 2001, with the  
exception of section 8, which is  
vetoed.

GARY LOCKE  
**Governor of the State of Washington**

CERTIFICATE

I, Tony M. Cook, Secretary of the  
Senate of the State of Washington, do  
hereby certify that the attached is  
**ENGROSSED SUBSTITUTE SENATE BILL 5583**  
as passed by the Senate and the House  
of Representatives on the dates hereon  
set forth.

TONY M. COOK  
**Secretary**

FILED

May 15, 2001 - 3:30 p.m.

**Secretary of State  
State of Washington**

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**ENGROSSED SUBSTITUTE SENATE BILL 5583**

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AS AMENDED BY THE HOUSE

Passed Legislature - 2001 Regular Session

**State of Washington**

**57th Legislature**

**2001 Regular Session**

**By** Senate Committee on Human Services & Corrections (originally sponsored by Senators Long, Hargrove, Stevens, Costa, Carlson, Hewitt, Kohl-Welles, Franklin, Kastama, Winsley and Regala)

READ FIRST TIME 02/26/01.

1 AN ACT Relating to the implementation of recommendations of the  
2 joint legislative audit and review committee's performance audit of the  
3 public mental health system; amending RCW 71.24.015 and 71.24.035;  
4 creating new sections; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** The legislature affirms its support for  
7 those recommendations of the performance audit of the public mental  
8 health system conducted by the joint legislative audit and review  
9 committee relating to: Improving the coordination of services for  
10 clients with multiple needs; improving the consistency of client,  
11 service, and fiscal data collected by the mental health division;  
12 replacing process-oriented accountability activities with a uniform  
13 statewide outcome measurement system; and using outcome information to  
14 identify and provide incentives for best practices in the provision of  
15 public mental health services.

16 NEW SECTION. **Sec. 2.** The legislature supports recommendations 1  
17 through 10 and 12 through 14 of the mental health system performance  
18 audit conducted by the joint legislative audit and review committee.

1 The legislature expects the department of social and health services to  
2 work diligently within available funds to implement these  
3 recommendations.

4 NEW SECTION. **Sec. 3.** In addition to any follow-up requirements  
5 prescribed by the joint legislative audit and review committee, the  
6 department of social and health services shall submit reports to the  
7 legislature on the status of the implementation of recommendations 1  
8 through 10 and 12 through 14 of the performance audit report. The  
9 implementation status reports must be submitted to appropriate policy  
10 and fiscal committees of the legislature by June 1, 2001, and each year  
11 thereafter through 2004.

12 NEW SECTION. **Sec. 4.** The initial implementation status reports  
13 must discuss the status of implementing recommendations 1 through 8,  
14 which are due to be implemented by June 2001, and must also include a  
15 plan for implementing recommendations 9, 10, and 12 through 14, which  
16 are due to be implemented subsequent to June 2001. The initial  
17 implementation status report must also discuss what actions the  
18 department of social and health services has taken and will take in the  
19 future in response to recommendation 11 of the performance audit  
20 report.

21 NEW SECTION. **Sec. 5.** The Washington institute for public policy  
22 shall conduct a longitudinal study of long-term client outcomes to  
23 assess any changes in client status at two, five, and ten years. The  
24 measures tracked shall include client change as a result of services,  
25 employment and/or education, housing stability, criminal justice  
26 involvement, and level of services needed. The institute shall report  
27 these long-term outcomes to the appropriate policy and fiscal committee  
28 of the legislature annually beginning not later than December 31, 2005.

29 **Sec. 6.** RCW 71.24.015 and 1999 c 214 s 7 are each amended to read  
30 as follows:

31 It is the intent of the legislature to establish a community mental  
32 health program which shall help people experiencing mental illness to  
33 retain a respected and productive position in the community. This will  
34 be accomplished through programs which provide for:

1 (1) Access to mental health services for adults of the state who  
2 are acutely mentally ill, chronically mentally ill, or seriously  
3 disturbed and children of the state who are acutely mentally ill,  
4 severely emotionally disturbed, or seriously disturbed, which services  
5 recognize the special needs of underserved populations, including  
6 minorities, children, the elderly, disabled, and low-income persons.  
7 Access to mental health services shall not be limited by a person's  
8 history of confinement in a state, federal, or local correctional  
9 facility. It is also the purpose of this chapter to promote the early  
10 identification of mentally ill children and to ensure that they receive  
11 the mental health care and treatment which is appropriate to their  
12 developmental level. This care should improve home, school, and  
13 community functioning, maintain children in a safe and nurturing home  
14 environment, and should enable treatment decisions to be made in  
15 response to clinical needs in accordance with sound professional  
16 judgment while also recognizing parents' rights to participate in  
17 treatment decisions for their children;

18 (2) Accountability of efficient and effective services through  
19 statewide standards for monitoring and reporting of client and system  
20 outcome information;

21 (3) Minimum service delivery standards;

22 (4) Priorities for the use of available resources for the care of  
23 the mentally ill;

24 (5) Coordination of services within the department, including those  
25 divisions within the department that provide services to children,  
26 between the department and the office of the superintendent of public  
27 instruction, and among state mental hospitals, county authorities,  
28 community mental health services, and other support services, which  
29 shall to the maximum extent feasible also include the families of the  
30 mentally ill, and other service providers; and

31 (6) Coordination of services aimed at reducing duplication in  
32 service delivery and promoting complementary services among all  
33 entities that provide mental health services to adults and children.

34 It is the policy of the state to encourage the provision of a full  
35 range of treatment and rehabilitation services in the state for mental  
36 disorders. The legislature intends to encourage the development of  
37 county-based and county-managed mental health services with adequate  
38 local flexibility to assure eligible people in need of care access to  
39 the least-restrictive treatment alternative appropriate to their needs,

1 and the availability of treatment components to assure continuity of  
2 care. To this end, counties are encouraged to enter into joint  
3 operating agreements with other counties to form regional systems of  
4 care which integrate planning, administration, and service delivery  
5 duties assigned to counties under chapters 71.05 and 71.24 RCW to  
6 consolidate administration, reduce administrative layering, and reduce  
7 administrative costs.

8 It is further the intent of the legislature to integrate the  
9 provision of services to provide continuity of care through all phases  
10 of treatment. To this end the legislature intends to promote active  
11 engagement with mentally ill persons and collaboration between families  
12 and service providers.

13 **Sec. 7.** RCW 71.24.035 and 1999 c 10 s 4 are each amended to read  
14 as follows:

15 (1) The department is designated as the state mental health  
16 authority.

17 (2) The secretary may provide for public, client, and licensed  
18 service provider participation in developing the state mental health  
19 program.

20 (3) The secretary shall provide for participation in developing the  
21 state mental health program for children and other underserved  
22 populations, by including representatives on any committee established  
23 to provide oversight to the state mental health program.

24 (4) The secretary shall be designated as the county authority if a  
25 county fails to meet state minimum standards or refuses to exercise  
26 responsibilities under RCW 71.24.045.

27 (5) The secretary shall:

28 (a) Develop a biennial state mental health program that  
29 incorporates county biennial needs assessments and county mental health  
30 service plans and state services for mentally ill adults and children.  
31 The secretary may also develop a six-year state mental health plan;

32 (b) Assure that any county community mental health program provides  
33 access to treatment for the county's residents in the following order  
34 of priority: (i) The acutely mentally ill; (ii) chronically mentally  
35 ill adults and severely emotionally disturbed children; and (iii) the  
36 seriously disturbed. Such programs shall provide:

37 (A) Outpatient services;

38 (B) Emergency care services for twenty-four hours per day;

1 (C) Day treatment for mentally ill persons which includes training  
2 in basic living and social skills, supported work, vocational  
3 rehabilitation, and day activities. Such services may include  
4 therapeutic treatment. In the case of a child, day treatment includes  
5 age-appropriate basic living and social skills, educational and  
6 prevocational services, day activities, and therapeutic treatment;

7 (D) Screening for patients being considered for admission to state  
8 mental health facilities to determine the appropriateness of admission;

9 (E) Employment services, which may include supported employment,  
10 transitional work, placement in competitive employment, and other work-  
11 related services, that result in mentally ill persons becoming engaged  
12 in meaningful and gainful full or part-time work. Other sources of  
13 funding such as the division of vocational rehabilitation may be  
14 utilized by the secretary to maximize federal funding and provide for  
15 integration of services;

16 (F) Consultation and education services; and

17 (G) Community support services;

18 (c) Develop and adopt rules establishing state minimum standards  
19 for the delivery of mental health services pursuant to RCW 71.24.037  
20 including, but not limited to:

21 (i) Licensed service providers;

22 (ii) Regional support networks; and

23 (iii) Residential and inpatient services, evaluation and treatment  
24 services and facilities under chapter 71.05 RCW, resource management  
25 services, and community support services;

26 (d) Assure that the special needs of minorities, the elderly,  
27 disabled, children, and low-income persons are met within the  
28 priorities established in this section;

29 (e) Establish a standard contract or contracts, consistent with  
30 state minimum standards, which shall be used by the counties;

31 (f) Establish, to the extent possible, a standardized auditing  
32 procedure which minimizes paperwork requirements of county authorities  
33 and licensed service providers;

34 (g) Develop and maintain an information system to be used by the  
35 state, counties, and regional support networks that includes a tracking  
36 method which allows the department and regional support networks to  
37 identify mental health clients' participation in any mental health  
38 service or public program on an immediate basis. The information  
39 system shall not include individual patient's case history files.

1 Confidentiality of client information and records shall be maintained  
2 as provided in this chapter and in RCW 71.05.390, 71.05.400, 71.05.410,  
3 71.05.420, 71.05.430, and 71.05.440;

4 (h) License service providers who meet state minimum standards;

5 (i) Certify regional support networks that meet state minimum  
6 standards;

7 (j) Periodically inspect certified regional support networks and  
8 licensed service providers at reasonable times and in a reasonable  
9 manner;

10 (k) Fix fees to be paid by evaluation and treatment centers to the  
11 secretary for the required inspections;

12 (l) Monitor and audit counties, regional support networks, and  
13 licensed service providers as needed to assure compliance with  
14 contractual agreements authorized by this chapter; and

15 (m) Adopt such rules as are necessary to implement the department's  
16 responsibilities under this chapter.

17 (6) The secretary shall use available resources only for regional  
18 support networks.

19 (7) Each certified regional support network and licensed service  
20 provider shall file with the secretary, on request, such data,  
21 statistics, schedules, and information as the secretary reasonably  
22 requires. A certified regional support network or licensed service  
23 provider which, without good cause, fails to furnish any data,  
24 statistics, schedules, or information as requested, or files fraudulent  
25 reports thereof, may have its certification or license revoked or  
26 suspended.

27 (8) The secretary may suspend, revoke, limit, or restrict a  
28 certification or license, or refuse to grant a certification or license  
29 for failure to conform to: (a) The law; (b) applicable rules and  
30 regulations; (c) applicable standards; or (d) state minimum standards.

31 (9) The superior court may restrain any regional support network or  
32 service provider from operating without certification or a license or  
33 any other violation of this section. The court may also review,  
34 pursuant to procedures contained in chapter 34.05 RCW, any denial,  
35 suspension, limitation, restriction, or revocation of certification or  
36 license, and grant other relief required to enforce the provisions of  
37 this chapter.

38 (10) Upon petition by the secretary, and after hearing held upon  
39 reasonable notice to the facility, the superior court may issue a

1 warrant to an officer or employee of the secretary authorizing him or  
2 her to enter at reasonable times, and examine the records, books, and  
3 accounts of any regional support network or service provider refusing  
4 to consent to inspection or examination by the authority.

5 (11) Notwithstanding the existence or pursuit of any other remedy,  
6 the secretary may file an action for an injunction or other process  
7 against any person or governmental unit to restrain or prevent the  
8 establishment, conduct, or operation of a regional support network or  
9 service provider without certification or a license under this chapter.

10 (12) The standards for certification of evaluation and treatment  
11 facilities shall include standards relating to maintenance of good  
12 physical and mental health and other services to be afforded persons  
13 pursuant to this chapter and chapters 71.05 and 71.34 RCW, and shall  
14 otherwise assure the effectuation of the purposes of these chapters.

15 (13)(a) The department, in consultation with affected parties,  
16 shall establish a distribution formula that reflects county needs  
17 assessments based on the number of persons who are acutely mentally  
18 ill, chronically mentally ill, severely emotionally disturbed children,  
19 and seriously disturbed. The formula shall take into consideration the  
20 impact on counties of demographic factors in counties which result in  
21 concentrations of priority populations as set forth in subsection  
22 (5)(b) of this section. These factors shall include the population  
23 concentrations resulting from commitments under chapters 71.05 and  
24 71.34 RCW to state psychiatric hospitals, as well as concentration in  
25 urban areas, at border crossings at state boundaries, and other  
26 significant demographic and workload factors.

27 (b) The formula shall also include a projection of the funding  
28 allocations that will result for each county, which specifies  
29 allocations according to priority populations, including the allocation  
30 for services to children and other underserved populations.

31 (c) After July 1, 2003, the department may allocate up to two  
32 percent of total funds to be distributed to the regional support  
33 networks for incentive payments to reward the achievement of superior  
34 outcomes, or significantly improved outcomes, as measured by a  
35 statewide performance measurement system consistent with the framework  
36 recommended in the joint legislative audit and review committee's  
37 performance audit of the mental health system. The department shall  
38 annually report to the legislature on its criteria and allocation of  
39 the incentives provided under this subsection.



1 (14) The secretary shall assume all duties assigned to the  
2 nonparticipating counties under chapters 71.05, 71.34, and 71.24 RCW.  
3 Such responsibilities shall include those which would have been  
4 assigned to the nonparticipating counties under regional support  
5 networks.

6 The regional support networks, or the secretary's assumption of all  
7 responsibilities under chapters 71.05, 71.34, and 71.24 RCW, shall be  
8 included in all state and federal plans affecting the state mental  
9 health program including at least those required by this chapter, the  
10 medicaid program, and P.L. 99-660. Nothing in these plans shall be  
11 inconsistent with the intent and requirements of this chapter.

12 (15) The secretary shall:

13 (a) Disburse funds for the regional support networks within sixty  
14 days of approval of the biennial contract. The department must either  
15 approve or reject the biennial contract within sixty days of receipt.

16 (b) Enter into biennial contracts with regional support networks.  
17 The contracts shall be consistent with available resources. No  
18 contract shall be approved that does not include progress toward  
19 meeting the goals of this chapter by taking responsibility for: (i)  
20 Short-term commitments; (ii) residential care; and (iii) emergency  
21 response systems.

22 (c) Allocate one hundred percent of available resources to the  
23 regional support networks in accordance with subsection (13) of this  
24 section. Incentive payments authorized under subsection (13) of this  
25 section may be allocated separately from other available resources.

26 (d) Notify regional support networks of their allocation of  
27 available resources at least sixty days prior to the start of a new  
28 biennial contract period.

29 (e) Deny funding allocations to regional support networks based  
30 solely upon formal findings of noncompliance with the terms of the  
31 regional support network's contract with the department. Written  
32 notice and at least thirty days for corrective action must precede any  
33 such action. In such cases, regional support networks shall have full  
34 rights to appeal under chapter 34.05 RCW.

35 (f) Identify in its departmental biennial operating and capital  
36 budget requests the funds requested by regional support networks to  
37 implement their responsibilities under this chapter.

38 (16) The department, in cooperation with the state congressional  
39 delegation, shall actively seek waivers of federal requirements and

1 such modifications of federal regulations as are necessary to allow  
2 federal medicaid reimbursement for services provided by free-standing  
3 evaluation and treatment facilities certified under chapter 71.05 RCW.  
4 The department shall periodically report its efforts to the health care  
5 and corrections committee of the senate and the human services  
6 committee of the house of representatives.

7 (17) The secretary shall establish a task force to examine the  
8 recruitment, training, and compensation of qualified mental health  
9 professionals in the community, which shall include the advantages and  
10 disadvantages of establishing a training academy, loan forgiveness  
11 program, or educational stipends offered in exchange for commitments of  
12 employment in mental health.

13 **\*NEW SECTION.** *Sec. 8. The legislature finds that an excessive*  
14 *amount of public funds are spent on administrative activities in the*  
15 *community mental health system. The department of social and health*  
16 *services shall develop a plan to reduce administrative expenses in the*  
17 *community mental health system, including the mental health division,*  
18 *to no more than ten percent of available funds. The plan shall*  
19 *identify and prioritize core administrative functions that must be*  
20 *continued to comply with federal or state statutes. The department*  
21 *shall submit their plan to the appropriate committees of the senate and*  
22 *house of representatives no later than December 15, 2001. The plan*  
23 *shall assume an implementation date of July 1, 2003.*

24 *\*Sec. 8 was vetoed. See message at end of chapter.*

25 **NEW SECTION.** **Sec. 9.** If specific funding for the purposes of  
26 section 5 of this act, referencing section 5 of this act by bill or  
27 chapter and section number, is not provided by June 30, 2001, in the  
28 omnibus appropriations act, section 5 of this act is null and void.

29 **NEW SECTION.** **Sec. 10.** This act is necessary for the immediate  
30 preservation of the public peace, health, or safety, or support of the  
31 state government and its existing public institutions, and takes effect  
32 immediately.

Passed the Senate April 18, 2001.

Passed the House April 17, 2001.

Approved by the Governor May 15, 2001, with the exception of  
certain items that were vetoed.

Filed in Office of Secretary of State May 15, 2001.

1 Note: Governor's explanation of partial veto is as follows:

2 "I am returning herewith, without my approval as to section 8,  
3 Engrossed Substitute Senate Bill No. 5583 entitled:

4 "AN ACT Relating to the implementation of recommendations of the  
5 joint legislative audit and review committee's performance audit of  
6 the public mental health system;"

7 Engrossed Substitute Senate Bill No. 5583 expresses the  
8 legislature's support for most of the recommendations of a recent  
9 performance audit of the community mental health system by the Joint  
10 Legislative Audit and Review Committee (JLARC). I too support those  
11 recommendations, relating to funding flexibility, performance  
12 measurement, performance incentives, and other improvements. I also  
13 support the bill's goal of minimizing the percentage of available  
14 funding that is spent on administrative activities at all levels of the  
15 mental health system.

16 However, section 8 of the bill would have required the Department  
17 of Social and Health Services (DSHS) to develop a plan to reduce  
18 administrative expenses in the system, including the Regional Support  
19 Networks and community-based treatment providers, to ten percent of  
20 available funds, and submit the plan to the legislature by December 15,  
21 2001, with an assumed implementation date of July 1, 2003.

22 Minimizing administrative costs is an important goal for any  
23 program. But the Secretary of DSHS advises me that developing a  
24 realistic plan to achieve that goal for the mental health system as a  
25 whole will take longer than seven months, in part because it requires  
26 the active participation of mental health providers and Regional  
27 Support Networks.

28 The legislature's intent to see a plan implemented in July 2003  
29 allows enough time to develop such a plan properly. Therefore, I have  
30 vetoed section 8 and direct DSHS to work with appropriate stakeholders  
31 to complete the plan, and make recommendations to me and to the  
32 legislature by October 1, 2002.

33 For these reasons, I have vetoed section 8 of Engrossed Substitute  
34 Senate Bill No. 5583.

35 With the exception of section 8, Engrossed Substitute Senate Bill  
36 No. 5583 is approved."