

SENATE BILL REPORT

SB 6404

As Reported By Senate Committee On:
Human Services & Corrections, February 07, 2008

Title: An act relating to community-based behavioral health services.

Brief Description: Modifying the process for designating regional support networks.

Sponsors: Senators Hargrove and Pridemore; by request of Department of Social and Health Services.

Brief History:

Committee Activity: Human Services & Corrections: 1/29/08, 2/7/08 [DPS-WM, DNP].

SENATE COMMITTEE ON HUMAN SERVICES & CORRECTIONS

Majority Report: That Substitute Senate Bill No. 6404 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Hargrove, Chair; Stevens, Ranking Minority Member; Brandland, Marr and McAuliffe.

Minority Report: Do not pass.

Signed by Senators Regala, Vice Chair; Carrell.

Staff: Kevin Black (786-7747)

Background: The Department of Social and Health Services (DSHS), as the designated state mental health authority, contracts with Regional Support Networks (RSNs) to oversee the delivery of mental health services for adults and children who suffer from mental illness or severe emotional disturbance. RSNs contract with local providers to provide an array of mental health services, monitor the activities of local providers, and oversee the distribution of funds under the state managed care plan. An RSN must be a non-profit entity. In 2007 the Pierce County RSN voluntarily terminated its contract with DSHS, causing DSHS to take over administration of mental health services in Pierce County on January 1, 2008.

Summary of Bill (Recommended Substitute): The definition of "regional support network" is altered to permit an RSN to be a for-profit entity. In the event that an existing RSN notifies DSHS that it will no longer serve as an RSN, the Secretary of DSHS must utilize a procurement process in which entities recognized by the Secretary may bid to serve as the RSN. The procurement process must include incentives for coverage and disincentives for excess profit. An RSN which voluntarily terminates its contract is prohibited from participating in the procurement process, or from serving as an RSN for five years after a

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contract is signed with a new entity. An RSN selected through the procurement process is not required to contract for services with any county-owned or operated community mental health services and delivery facilities. Either party to the RSN contract must provide 90 days advance notice of its intent to voluntarily terminate its contract as an RSN.

EFFECT OF CHANGES MADE BY HUMAN SERVICES & CORRECTIONS COMMITTEE (Recommended Substitute): Length of prohibition for a county that has voluntarily terminated its contract to be an RSN from serving as an RSN is changed to five years. The procurement process must include incentives for coverage and disincentives for excess profit. Notice requirement for termination of an RSN contract changed to 90 days and will apply to both parties.

Appropriation: None.

Fiscal Note: Preliminary fiscal note available for HB 2750 (companion).

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: PRO: This legislation will improve DSHS' ability to manage transitions when an RSN does not renew its contract. This is critical to maintain the integrity of the mental health system. Nonprofit managed care systems have many advantages over for-profit systems. If the priority is to serve shareholders, stakeholders are at risk. Priority should be given in the procurement process for nonprofit bidders. Counties who voluntarily terminate the contractual relationship should have the ability to serve as an RSN in the future.

CON: We should not act precipitously and risk creating a bad precedent. We have strong concerns about for-profit providers. Pierce County's decision was made by a governing board which did not include Human Services. There was no ill intent, and all contract terms were followed. It would be a loss to the citizens of the county if it is prohibited from bidding to serve again as an RSN. The only problem was with funding for the state-only part of the contract. It will be hard to attract other bidders for that side of the contract.

Persons Testifying: PRO: Richard Kellogg, DSHS Mental Health Division; John Masterson, Washington Community Mental Health Council; Jonathan Rosenblum, SEIU 1199; Rashi Gupta, Washington Association of Counties.

CON: Dave Stewart, Pierce County Human Services; David Dula, Pierce County Human Services.