

# SENATE BILL REPORT

## SB 6541

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As of February 10, 2016

**Title:** An act relating to the establishment of performance management systems at state hospitals.

**Brief Description:** Requiring the establishment of performance management systems at state hospitals.

**Sponsors:** Senators Miloscia, Dammeier, O'Ban, Padden, Roach, Becker, Angel and Parlette.

**Brief History:**

**Committee Activity:** Accountability & Reform: 1/27/16, 2/03/16 [DP-WM, DNP].  
Ways & Means: 2/08/16.

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### SENATE COMMITTEE ON ACCOUNTABILITY & REFORM

**Majority Report:** Do pass and be referred to Committee on Ways & Means.  
Signed by Senators Miloscia, Chair; Padden, Vice Chair; Dandel.

**Minority Report:** Do not pass.  
Signed by Senator McAuliffe.

**Staff:** Karen Barrett (786-7413)

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### SENATE COMMITTEE ON WAYS & MEANS

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

**Background:** Management of State Hospitals. The secretary of the State Department of Social and Health Services appoints and is responsible to oversee the executive - statutorily, superintendent - who manages one or more of three psychiatric residential and inpatient facilities for persons with behavioral health disorders. These institutions are known as Western State Hospital, the Child Study and Treatment Center, and Eastern State Hospital located in Steilacoom and Medical Lake, respectively. Title 72 of the Revised Code of Washington (RCW) outlines the duties and responsibilities of officers who manage these state hospitals. All agencies of the state are expected to have an organized system in place to promote, ensure, and account for quality and performance results.

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*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.*

Baldrige Performance Assessments. A 1987 act established a federal program to evaluate management quality of U.S. businesses. Both the Baldrige Performance Excellence Program and the Malcolm Baldrige National Quality Award are administered by the National Institute of Standards and Technology, within the U.S. Department of Commerce. The program currently publishes performance excellence frameworks used by trained examiners to evaluate management in both for-profit and nonprofit organizations, including medical facilities. Following an assessment, an examiner scores an organization's management quality.

Lean Performance Management. Lean performance management is an approach to increase efficiency and eliminate waste from operations with input from front-line employees. Results Washington was established in 2013, through Executive Order 13-04, for the stated purpose of creating a data-driven performance management initiative to affect government operations through Lean thinking. According to a Results Washington 2016 progress report, this process includes a series of goal areas, including: healthy and safe communities; and efficient, effective, and accountable government. Within each goal area there are relevant improvement measures along with strategies and action items designed to meet those measures.

**Summary of Bill:** Establishes Performance Management Planning Requirements. Each state hospital must develop a robust Lean performance management plan to be overseen by the Department of Social and Health Services (DSHS). DSHS must coordinate activities between the state hospitals to develop common performance frameworks and measures that enhance the ability to compare performance between state hospitals. State hospitals performance management plans must define the mission and set goals for achievement that are expressed to the extent practicable in outcome-based, objective, and measurable form. Together with DSHS, state hospitals must work toward implementation of real-time, web-based tracking and reporting of their performance management activities.

Requires Baldrige Assessments. These performance management plans must conform to the Baldrige Excellence Framework most applicable to state hospital operations. Additionally, state hospitals must undergo a Baldrige assessment every two years until it achieves a 60 percent Baldrige score, with a goal of doing so within seven years of its first assessment. If this is achieved, the state hospital must apply for a Malcolm Baldrige National Quality Award. If not, the state hospital must attempt to achieve certification under an internationally recognized quality management system, such as ISO 9001 or its equivalent.

Directs Audits. The State Auditor must evaluate state hospital management systems and metrics one year after implementation.

Establishes Reporting Requirements. DSHS must examine the applicability of Baldrige to its entire operation and report findings to the Governor and Legislature by December 1, 2016. DSHS must develop a clear timeline and strategies to establish state hospital performance management plans and report these to Results Washington and Legislature within 60 days of the effective date of this bill, and periodic reports to the Legislature on the status of state hospital management plans to include performance goals, projects, results of audits or assessments, objectives, and fiscal savings attributable to projects undertaken to transform the state hospital.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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

**Staff Summary of Public Testimony (Accountability & Reform):** PRO: Additional resources will be necessary to correct, improve and strive for better quality of care for patients and safer working conditions for employees. The department supports the bill; appreciates the sponsor's goal and preference among excellence frameworks. The secretary asks lawmakers for flexibility to avoid redundant or duplicative processes as Western State Hospital rolls out new benchmarks, measures with oversight from the Center for Medicaid and Medicare Services.

**Persons Testifying (Accountability & Reform):** PRO: Carla Reyes (DSHS).

**Persons Signed In To Testify But Not Testifying:** No one.

**Staff Summary of Public Testimony (Ways & Means):** PRO: We support the nudge this bill would give the agency to build a performance based system within the state hospitals. I would like to remind you that we are at a time when the state hospitals are being mandated under timeline to not only expand capacity at an unprecedented level, but also fix an infrastructure. These timelines need to be managed carefully. There are several things going on at the state hospitals to be aware of.

**Persons Testifying (Ways & Means):** OTHER: Matt Zuvich, Washington Federation of State Employees.

**Persons Signed In To Testify But Not Testifying:** No one.