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**SENATE BILL 5705**

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**State of Washington 65th Legislature 2017 Regular Session**

**By** Senators Becker, O'Ban, Rivers, Bailey, Miloscia, Schoesler, Warnick, Brown, Zeiger, and Honeyford

AN ACT Relating to inspection and review of state contracted behavioral health and recovery agencies; and amending RCW 43.20A.894.

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

**Sec.**  RCW 43.20A.894 and 2014 c 225 s 3 are each amended to read as follows:

(1) Any agreement or contract by the department or the health care authority to provide behavioral health services as defined under RCW 71.24.025 to persons eligible for benefits under medicaid, Title XIX of the social security act, and to persons not eligible for medicaid must include the following:

(a) Contractual provisions consistent with the intent expressed in RCW 71.24.015, 71.36.005, ((~~70.96A.010,~~)) and 70.96A.011;

(b) Standards regarding the quality of services to be provided, including increased use of evidence-based, research-based, and promising practices, as defined in RCW 71.24.025;

(c) Accountability for the client outcomes established in RCW 43.20A.895, 70.320.020, and 71.36.025 and performance measures linked to those outcomes;

(d) Standards requiring behavioral health organizations to maintain a network of appropriate providers that is supported by written agreements sufficient to provide adequate access to all services covered under the contract with the department or the health care authority and to protect essential existing behavioral health system infrastructure and capacity, including a continuum of chemical dependency services;

(e) Provisions to require that medically necessary chemical dependency and mental health treatment services be available to clients;

(f) Standards requiring the use of behavioral health service provider reimbursement methods that incentivize improved performance with respect to the client outcomes established in RCW 43.20A.895 and 71.36.025, integration of behavioral health and primary care services at the clinical level, and improved care coordination for individuals with complex care needs;

(g) Standards related to the financial integrity of the responding organization. The department shall adopt rules establishing the solvency requirements and other financial integrity standards for behavioral health organizations. This subsection does not limit the authority of the department to take action under a contract upon finding that a behavioral health organization's financial status jeopardizes the organization's ability to meet its contractual obligations;

(h) Mechanisms for monitoring performance under the contract and remedies for failure to substantially comply with the requirements of the contract including, but not limited to, financial deductions, termination of the contract, receivership, reprocurement of the contract, and injunctive remedies;

(i) Provisions to maintain the decision-making independence of designated mental health professionals or designated chemical dependency specialists; and

(j) Provisions stating that public funds appropriated by the legislature may not be used to promote or deter, encourage, or discourage employees from exercising their rights under Title 29, chapter 7, subchapter II, United States Code or chapter 41.56 RCW.

(2) The following factors must be given significant weight in any purchasing process:

(a) Demonstrated commitment and experience in serving low-income populations;

(b) Demonstrated commitment and experience serving persons who have mental illness, chemical dependency, or co-occurring disorders;

(c) Demonstrated commitment to and experience with partnerships with county and municipal criminal justice systems, housing services, and other critical support services necessary to achieve the outcomes established in RCW 43.20A.895, 70.320.020, and 71.36.025;

(d) Recognition that meeting enrollees' physical and behavioral health care needs is a shared responsibility of contracted behavioral health organizations, managed health care systems, service providers, the state, and communities;

(e) Consideration of past and current performance and participation in other state or federal behavioral health programs as a contractor; and

(f) The ability to meet requirements established by the department.

(3) For purposes of purchasing behavioral health services and medical care services for persons eligible for benefits under medicaid, Title XIX of the social security act and for persons not eligible for medicaid, the department and the health care authority must use common regional service areas. The regional service areas must be established by the department and the health care authority as provided in RCW 43.20A.893.

(4) Consideration must be given to using multiple-biennia contracting periods.

(5) Each behavioral health organization operating pursuant to a contract issued under this section shall enroll clients within its regional service area who meet the department's eligibility criteria for mental health and chemical dependency services.

(6) The state finds that the department should not engage in the improper and inappropriate reduction of the number of license violations found by field inspectors for the purpose of allowing agency licensees to avoid liability in a manner that permits the violating agency to stay open at the risk of public safety. Any settlement agreement entered into between the department and behavioral health provider licensees to resolve administrative complaints, license violations, license suspensions, or license revocations may not reduce the number of violations reported by the department unless the department concludes, based on evidence gathered by inspectors, that the agency did not commit one or more of the violations.

(7) The department shall issue an annual report to the legislature containing a detailed overview of each settlement agreement entered into between the department and behavioral health licensees concerning the resolution of administrative complaints, license violations, license suspensions, and license revocations. The report must summarize the settlement agreements and include the full agreements in an appendix. The report must provide background information on the agency licensee and include details of the circumstances that triggered the license suspension or revocation process.

(8) The state recognizes the need to prohibit sham transfers of licenses between behavioral health licensees found in violation of the terms of their license agreement and their family members. In cases where an agency in violation of their license attempts to transfer title of the license to a family member, such transfers should be made solely for the purpose of remedying license violations and achieving full compliance with the terms of their license. Transfers to family members should be prohibited in cases where the purpose of the transfer is to avoid liability or reset the number of license violations found before the transfer.

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