HOUSE BILL REPORT
HB 1813

As Reported by House Committee On:
Health Care & Wellness

Title: An act relating to the reprocurement of medical assistance services, including the realignment of behavioral health crisis services for medicaid enrollees.

Brief Description: Concerning the reprocurement of medical assistance services, including the realignment of behavioral health crisis services for medicaid enrollees.

Sponsors: Representatives Macri, Doglio, Parshley, Davis, Ormsby, Scott and Pollet.

Brief History:
Committee Activity:
Health Care & Wellness: 2/11/25, 2/18/25 [DPS].

Brief Summary of Substitute Bill

- Shifts responsibilities for facility-based behavioral health crisis services from Medicaid managed care organizations (MCOs) to behavioral health administrative services organizations (BHASOs).
- Directs the Health Care Authority (Authority) to adopt a strategic plan to prepare for the reprocurement of services for enrollees of medical assistance plans.
- Eliminates the requirement that MCOs contract with BHASOs for behavioral health crisis services and directs the Authority to establish new contracts with BHASOs for behavioral health crisis services beginning January 1, 2027.

HOUSE COMMITTEE ON HEALTH CARE & WELLNESS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 18 members: Representatives Bronoske, Chair; Lekanoff, Vice Chair; Rule, Vice

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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 part of the legislation nor does it constitute a statement of legislative intent.

Chair; Caldier, Assistant Ranking Minority Member; Marshall, Assistant Ranking Minority Member; Davis, Engell, Low, Macri, Manjarrez, Obras, Parshley, Shavers, Simmons, Stonier, Stuebe, Thai and Tharinger.

Minority Report: Do not pass. Signed by 1 member: Representative Schmick, Ranking Minority Member.

Staff: Chris Blake (786-7392).

Background:

The Health Care Authority (Authority) provides medical care services to eligible low-income state residents and their families, primarily through the Medicaid program. While some clients receive services through the Authority on a fee-for-service basis, the majority receive coverage for medical services through managed care systems. Managed care is a prepaid, comprehensive system for delivering a complete medical benefits package that is available for eligible families, children under age 19, low-income adults, certain disabled individuals, and pregnant women.

Since January 1, 2020, all physical health, mental health, and substance use disorder services have been integrated in a managed care health system for most Medicaid clients, called Apple Health. Under this arrangement, the Authority contracts with managed care organizations (MCOs) on a regional basis under a comprehensive risk contract to provide health care services to persons enrolled in a managed care plan. The Authority selects MCOs through a competitive procurement process and establishes standards for MCOs that seek to contract to provide services.

While Medicaid clients receive most behavioral health services through an MCO, behavioral health administrative service organizations (BHASOs) administer certain behavioral health services that are not covered by the MCO within a specific regional service area. The services provided by a BHASO include maintaining continuously available crisis response services, administering services related to the involuntary commitment of adults and minors, coordinating planning for persons transitioning from long-term commitments, maintaining an adequate network of evaluation and treatment services, and providing services to non-Medicaid clients in accordance with contract criteria. An MCO must contract with the BHASO within the regional service area for the administration of crisis services and the MCO must reimburse the BHASO for behavioral health crisis services provided to the MCO's enrollees.

Summary of Substitute Bill:

Contracting with Behavioral Health Administrative Services Organizations.
As of January 1, 2027, the general responsibility of the BHASOs to contract with enough

providers for crisis services is expanded to include contracting with in-home and in-community crisis stabilization services and behavioral health agency facility-based crisis services. Additional clarification is provided to specify that the BHASOs must contract with mobile crisis response services for behavioral health assessments, interventions, and support. The scope of the behavioral health crisis hotlines operated by the BHASOs is clarified to require immediate support, triage, and referral, including the capacity to connect persons with crisis counselors and dispatch additional crisis services.

The Authority must contract with the BHASOs to provide statutorily designated behavioral health services as they will exist on January 1, 2027. The requirement that MCOs contract with BHASOs for behavioral health crisis services is discontinued as of January 1, 2027. By January 1, 2026, the Authority must conduct a comprehensive funding analysis to determine the financial needs of each BHASO region to deliver the services under the new contract. The funding analysis must: (1) consider each region's service delivery model; (2) calculate the funding needed to maintain the region's crisis response system and the funding available through both Medicaid payments and additional funding sources; and (3) provide recommendations for establishing regional budgets to assure adequate service delivery, including consideration of utilization trends and other measures of regional need. The Authority must adjust the funding to reflect changes in service capacity, such as the addition of new programs and facilities or the expansion of existing services.

Transition Planning.
The Authority must collaborate with the BHASOs, MCOs, and tribes and Indian health care providers to establish a comprehensive transition plan for the behavioral health crisis services that will shift from the MCOs to the BHASOs. The transition plan must address the coordination between MCOs, BHASOs, tribes and Indian health care providers, and local behavioral health providers; timelines and milestones for phasing in the behavioral health crisis services; and plans for managing the opening of new programs, facilities, and services. The Authority must submit the transition plan to the Governor and the Legislature by December 31, 2025.

Behavioral Health Crisis System Monitoring and Outreach.
The Authority must collect data from BHASO reports on the outcome and utilization of behavioral health crisis services by Medicaid enrollees. The data must include: (1) the number of individuals served by crisis services; (2) demographic data of individuals accessing services; and (3) key outcomes such as reductions in hospital admissions, law enforcement involvement, and recidivism to crisis care. Beginning December 1, 2027, the Authority must submit an annual report to the Governor and the Legislature regarding the utilization and effectiveness of behavioral health crisis and stabilization services provided by BHASOs and fee-for-service providers.

The Authority, in collaboration with public health agencies, tribes and Indian health care providers, community organizations, and law enforcement, must establish an outreach campaign to inform the public of the availability of behavioral health crisis services, such as

the 988 crisis line and mobile crisis response. Similarly, BHASOs must implement local public awareness campaigns and encourage access to crisis services.

Strategic Plan for Reprocuring Medical Assistance Program Services.
The Authority must adopt a strategic plan to prepare for the reprocurement of medical assistance program services. The strategic plan must consider:

- the participation of tribes, tribal health care providers, and urban Indian health care providers in the contract development process;
- care coordination between MCOs and BHASOs;
- methodologies for measuring network access and adequacy;
- the number of MCOs for each region;
- appropriate outcome measures for MCO contracts;
- timelines for new contracts to be executed and the steps in the procurement process;
- best practices for future contract revisions and reprocurements; and
- opportunities to amend contracts to streamline and standardize processes to reduce administrative burden for health care providers.

The Authority must develop the strategic plan within existing resources. The Authority must provide key stakeholders with an opportunity for comment, including tribes, patient groups, health care providers and facilities, counties, and BHASOs. The Authority must submit the strategic plan to the Governor and the Legislature by July 1, 2026.

Substitute Bill Compared to Original Bill:

The substitute bill removes the requirement that the Authority initiate a competitive bid process for the reprocurement of medical assistance services and replaces it with a requirement that the Authority adopt a strategic plan to prepare for the reprocurement of those services. The strategic plan must consider: (1) the participation of tribes, tribal health care providers, and urban Indian health care providers in the contract development process; (2) care coordination between MCOs and BHASOs; (3) methodologies for measuring network access and adequacy; (4) the number of MCOs for each region; (5) outcome measures; (6) timelines for the new contracts; (7) timelines for future contract revisions and reprocurements; and (8) streamlining and standardizing processes to reduce administrative burden. The Authority must develop the strategic plan within existing resources and consult with stakeholders in its development. The Authority must submit the strategic plan to the Governor and the Legislature by July 1, 2026.

The substitute bill includes tribes and Indian health care providers in the development of the transition plan and the outreach campaign. Tribes and Indian health care providers must be considered in annual reports on the utilization and effectiveness of behavioral health crisis and stabilization services and in the transition plan for coordination between MCOs and BHASOs.

The substitute bill clarifies that the contracts with the BHASOs apply to Medicaid enrollees eligible for enrollment in MCOs, rather than actually enrolled in MCOs.

The substitute bill changes the reference to some of the services that a BHASO must contract for, in sufficient number, from facility-based crisis services and peer support services to in-home and in-community crisis stabilization services and behavioral health agency facility-based crisis services. It is specified that the new programs and facilities to be included in rate adjustments are crisis stabilization services, behavioral health agency facility-based crisis services, and mobile crisis services.

Terminology is corrected.

Appropriation: None.

Fiscal Note: Requested on February 5, 2025.

Effective Date of Substitute Bill: The bill contains multiple effective dates. Please see the bill.

Staff Summary of Public Testimony:

(In support) This bill will help improve timely access to care and delivery of services for those who are experiencing a behavioral health crisis as well as counties. This bill is an important step to helping BHASOs ensure that individuals in crisis get the right help when they need it most. Properly funded crisis services save the state money. This bill supports the idea that people experiencing behavioral health crises should have access to a model of services that provides the level of intervention that they need in the moment that they need it. This bill moves funding to regional bodies to lessen administrative burden on providers, increase regional oversight and flexibility to meet community need, and support providers in creating models that work for the community. This bill identifies a pathway for the funding models to be established statewide to get people needed care while also supporting law enforcement and first responders. This bill stabilizes funding and ensures that behavioral health crisis care is available, accessible, effective, and sustainable within the regions. This bill establishes local organizations with deep community ties to be the entities to make sure that people receive the right care at the right time.

(Opposed) None.

(Other) Separating and carving out funding streams for behavioral health and physical health further silos care, increases cost and administrative burden, fragments continuity of care and the enrollee experience, and ultimately does not align with the state's priority of integration. The state should explore other solutions like building new facility costs into rates, exploring braided funding mechanisms, or raising the risk corridor. The bill lacks

good transparency around BHASO spending and the outcomes of that spending. Integrated care has allowed managed care organizations to understand local needs and establish care coordination workflows for seamless transitions between behavioral health and primary care. The timelines need to be adjusted. It is not yet certain that carving behavioral health crisis services out of managed care and paying for them through the BHASO model would address all of the system's needs.

Persons Testifying: (In support) Representative Nicole Macri, prime sponsor; JanRose Ottaway Martin, North Sound BHASO, Executive Director; Trinidad Medina, Great Rivers BHASO, Chief Executive Director; Kelli Miller, Frontier Behavioral Health, CEO; Mark Ozias, WSAC/Clallam County Commissioner; Steve O'Ban, Fmr State Senator and Fmr Sr. Counsel for Behavioral Health (Pierce County Executive's Office); Mary Kuney, Spokane County Commissioner; and Commissioner Rachel Grant, Thurston County.

(Other) Jennifer Ziegler, Association of Washington Health Care Plans; Tory Gildred, Molina Healthcare; Connie Mom-Chhing, Community Health Plan of Washington; and Evan Klein, Health Care Authority (HCA)-Special Assistant, Legislative and Policy Affairs.

Persons Signed In To Testify But Not Testifying: None.