SENATE BILL REPORT
E2SHB 1813

As Reported by Senate Committee On:
Health & Long-Term Care, March 27, 2025
Ways & Means, April 8, 2025

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: House Committee on Appropriations (originally sponsored by Representatives Macri, Doglio, Parshley, Davis, Ormsby, Scott and Pollet).

Brief History: Passed House: 3/11/25, 79-16.
Committee Activity: Health & Long-Term Care: 3/25/25, 3/27/25 [DPA-WM, DNP].
Ways & Means: 4/04/25, 4/08/25 [DPA, DNP, w/oRec].

Brief Summary of Amended Bill

- Directs the Health Care Authority (HCA) to prepare for the reprocurement of Medicaid managed care contracts.
- Requires HCA to direct managed care organizations to establish, continue, or expand delegation arrangements with behavioral health administrative services organizations for crisis services.

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Cleveland, Chair; Orwall, Vice Chair; Bateman, Chapman, Riccelli, Robinson and Slatter.

Minority Report: Do not pass.

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.

Signed by Senators Muzzall, Ranking Member; Christian, Harris and Holy.

Staff: Julie Tran (786-7283)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.
Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Cleveland, Conway, Dhingra, Hansen, Hasegawa, Kauffman, Pedersen, Riccelli, Saldaña, Wellman and Wilson, C..

Minority Report: Do not pass.
Signed by Senators Dozier, Assistant Ranking Member, Capital; Boehnke, Muzzall, Wagoner and Warnick.

Minority Report: That it be referred without recommendation.
Signed by Senators Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Braun.

Staff: Corban Nemeth (786-7736)

Background: The Health Care Authority (HCA) provides medical care services to eligible low-income state residents and their families, primarily through the Medicaid Program. While some clients receive services through HCA 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, HCA 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. HCA 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 Amended Bill: Behavioral Health Crisis Service Delivery. HCA must consult with the Department of Commerce and the Department of Health on a quarterly basis to plan and prepare for new or expanded services in each regional service area, including incorporating regional capacity changes reported to HCA. When programs or facilities are newly established or closed, or existing services are expanded or reduced in a region, HCA must direct the state's Medicaid contractor for actuarial services to adjust Medicaid managed care rates to account for the new, expanded, or reduced service or the facility closure. For new or expanded services, the adjustment must be performed prior to the facility opening or the service expansion.

By July 1, 2026, HCA must direct MCOs to establish, continue, or expand delegation arrangements with BHASOs for crisis services for managed care enrollees. The services may include crisis phone interventions, mobile crisis teams, peer support services in crisis settings, and crisis stabilization services, such as crisis stabilization facilities, in-home crisis stabilization services, and crisis relief centers. HCA must direct MCOs to negotiate with BHASOs on a structure to reimburse delegated network providers for medical services provided at crisis facilities.

The BHASOs' general responsibility to contract with enough providers for crisis services is clarified to include crisis services delegated from an MCO. The MCOs must maintain delegation standards that are consistent with those of the National Committee for Quality Assurance. If a BHASO is not able to meet delegation standards for facility-based crisis stabilization services, HCA and MCOs may provide technical assistance. If HCA determines the BHASO is unable to comply with the delegation standards at the end of the technical assistance period, HCA may require delegation for facility-based crisis stabilization services only be terminated and the responsibility for providing the services reverts back to the MCO. BHASOs are subject to audits of their performance with respect to the quality of services provided to enrollees. The MCOs and BHASOs must collectively establish defined roles, responsibilities, and protocols for care coordination for managed care enrollees with engagement with the crisis system of care.

The scope of the behavioral health crisis hotlines operated by the BHASOs is clarified to require immediate support, triage, and referral, including tribal and Indian health care provider crisis services, for persons experiencing behavioral health crises. The services must include the capacity to connect persons with crisis counselors and dispatch additional crisis services consistent with existing strategies and operations of the 988 system.

The BHASOs must:

- collaborate with HCA to develop a funding model to determine adequate reserve thresholds with consideration of service utilization, crisis system operations, and crisis service needs; and
- contract with a sufficient number or crisis service providers as determined by the HCA and in consultation with the BHASO regarding necessary funds.

By January 1, 2026, the BHASOs, in coordination with MCOs, must develop and implement electronic care coordination data sharing standards that are consistent across regional service areas.

HCA must develop an operational plan for a BHASO that serves American Indians and Alaska Natives. The BHASO must operate statewide and coordinate with tribal governments and Indian health care providers. The HCA Office of Tribal Affairs must coordinate the development of the plan in partnership with the American Indian Health Commission and the Governor's Indian Health Advisory Council, which will be the forum for consultation and collaboration with the tribes and Indian health care providers.

<u>Strategic Plan for Reprocuring Medical Assistance Program Services.</u> HCA's preparation for the reprocurement of medical assistance program services must provide key stakeholders with an opportunity for comment, including tribes, patient groups, health care providers and facilities, counties, and BHASOs and also, include:

- methodologies for measuring network access and adequacy for each provider type; and
- opportunities to amend contracts to streamline and standardize processes to reduce administrative burden for health care providers.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S):

- Changes the deadline for HCA to establish, continue, or expand delegation arrangements with BHASOs for crisis services for Medicaid enrollees from January 1, 2026 to July 1, 2026.

EFFECT OF HEALTH & LONG-TERM CARE COMMITTEE AMENDMENT(S):

- Removes the requirement that the HCA develop a base model of crisis service delivery for every region.
- Requires that HCA's quarterly review of regional capacity include changes reported by Indian health services providers, Indian health care providers, and urban Indian health organizations.
- Removes the requirement that HCA adjust non-Medicaid budgets and minimum and maximum reserve limits with BHASOs be adjusted to reflect projected increases or decreases in service facilities and capacity.
- Removes requirements that HCA's preparation for the reprocurement of services

include participation of tribes and Indian health care providers, contract standards related to care coordination between MCOs and BHASOs, the optimal number of MCOs, outcome measures for managed care contracts, timelines for the execution of new contracts, best practices for contract revisions and future reprocurement timelines, and the exploration of contracting directly with BHASOs for specified crisis services.
- Eliminates the July 1, 2026, deadline for HCA to complete the reprocurement preparation and post a description of the preparations on its website.
- Removes the requirement that the BHASOs electronically submit all documentation related to encounters and claims information to their payers for crisis services by January 1, 2027.
- Requires BHASOs to contract with a sufficient number or crisis service providers as determined by the HCA and in consultation with the BHASO regarding necessary funds—rather than as determined and funded by HCA.
- Removes the regional service area limitation on the BHASO's requirement to ensure compliance with tribal coordination plans.
- Allows, rather than requires, HCA to provide technical assistance to BHASOs that are unable to meet delegation standards for facility-based crisis stabilization service.
- Removes the limitation of the technical assistance to 12 months.
- Clarifies that, if the BHASO is unable to meet delegation standards after the technical assistance period, HCA may require that delegation for facility-based crisis stabilization services, rather than all crisis services, be terminated and revert to the MCO.
- Makes technical corrections.

Appropriation: The bill contains a section or sections to limit implementation to the availability of amounts appropriated for that specific purpose and a null and void clause requiring specific funding be provided in an omnibus appropriation act.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Health & Long-Term Care): *The committee recommended a different version of the bill than what was heard.* PRO: A lot has been done in recent years to improve access to behavioral health services and in building up a more robust behavioral health crisis response system in the state. This is a bipartisan bill to try to improve the way that we find crisis services and offer an opportunity to address ongoing challenges to providing and paying for the crisis system. The current funding system for crisis services is flawed and as a result, there are empty crisis facilities. It can be a difficult system to access crisis services for patients and for individuals who need those services, and there remains an administrative

burden for providers.

This bill, if funding is improved and the way that crisis care is done in the state is improved, will save a lot of money. BHASOs are well-positioned for collaboration and streamline innovative services. Tribes have felt as though they have not been included in the system and it is important to pay attention to those concerns. This bill starts to create what would be known as a tribal ASO. Delegation is a delicate process that includes a lot of requirements. There needs to be a system that works best across the state for everyone, and there needs to be some level of standards and quality metrics that everyone is adhering to. These changes will help rural areas where residents still struggle to access crucial behavioral health services and crisis support. There is work being done for an amendment.

OTHER: The Legislature recognized the value of care coordination across the continuum of needs, as well as the MCO's ability to solve specific population health challenges with creative solutions and moving to value-based contracts. It is the reason why the state transitioned to integrated managed care. The bill should be narrowed and there should be discussions during the interim on how a crisis system would look in the state, with all stakeholders included. There are concerns that BHASOs need additional infrastructure components in place before they are ready to take on the services delegated to them. More conversations are needed about structure, resources, and how to move forward to protect the most vulnerable citizens.

Persons Testifying (Health & Long-Term Care): PRO: Representative Nicole Macri, Prime Sponsor; Mike Jackson, Clark-Cowlitz Fire Rescue; Rachel Grant, Thurston County Commissioner; Wendy Sisk, Peninsula Behavioral Health & WA Council for Behavioral Health; Chief Cole Langdon, Lynnwood Police Department; Richard Uri, San Juan County; Evan Klein, Health Care Authority (HCA) - Special Assistant, Legislative & Policy Affairs; Caitlin Safford, Office of the Governor, Sr. Policy Advisor; Commissioner Mark Ozias, WSAC / Clallam County Commissioner; Dennis Neal, Northwest Resources II Inc; Steve O'Ban, Former State Senator.

OTHER: Marissa Ingalls, Coordinated Care; Kristen Federici, Molina Healthcare; Brian Enslow, in for Dunia Faulx.

Persons Signed In To Testify But Not Testifying (Health & Long-Term Care): No one.

Staff Summary of Public Testimony on Bill as Amended by Health & Long-Term Care (Ways & Means): *The committee recommended a different version of the bill than what was heard.* PRO: A lot of work has been done to improve access to services in the behavioral health system, particularly related to crisis services. This bill seeks to improve the system by aligning funding and accountability, and will benefit those working on the frontline of the crisis system, including counties, BH-ASOs, and first responders. BH-ASOs effectively utilize blended and braided funding to support communities. This bill strengthens local coordination, stabilizes funding, and ensures that crisis care is accessible,

effective, and sustainable.

Persons Testifying (Ways & Means): PRO: Brad Banks, Washington State Association of Counties (WSAC) & BHASOs; Trinidad Medina, Great Rivers BHASO.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.