SUBSTITUTE HOUSE BILL 1813

State of Washington 69th Legislature 2025 Regular Session

By House Health Care & Wellness (originally sponsored by Representatives Macri, Doglio, Parshley, Davis, Ormsby, Scott, and Pollet)

READ FIRST TIME 02/21/25.

- AN ACT Relating to the reprocurement of medical assistance services, including the realignment of behavioral health crisis services for medicaid enrollees; amending RCW 71.24.380 and 74.09.871; reenacting and amending RCW 71.24.045; adding a new section to chapter 74.09 RCW; and providing an effective date.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- NEW SECTION. **Sec. 1.** A new section is added to chapter 74.09 RCW to read as follows:
- (1)(a) As provided in RCW 71.24.380, the authority shall contract 9 10 with the behavioral health administrative services organizations to 11 provide all of the behavioral health services identified in RCW 71.24.045, as they exist on January 1, 2027. Consistent with RCW 12 71.24.380(3)(b), beginning January 1, 2027, this contract must 13 14 include administration of behavioral health crisis services, 15 defined in RCW 71.24.045(1), for medicaid enrollees eligible for 16 enrollment in managed care organizations. The authority shall distribute the funds through contracts with the behavioral health 17 18 administrative services organizations.
- 19 (b) The authority shall conduct a comprehensive funding analysis 20 by January 1, 2026, to determine the financial needs of each 21 behavioral health administrative services organization region for the

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delivery of the behavioral health services identified in RCW 71.24.045, as they exist on January 1, 2027. This funding analysis must evaluate both medicaid and nonmedicaid financial needs to assure that funding supports all individuals in need, regardless of their insurance status. The funding analysis must include:

- (i) A review of service delivery models within each behavioral health administrative services organization region, including mobile crisis response, facility-based crisis stabilization services, and other crisis services;
- (ii) A calculation of the funding required to maintain the region's 24 hour a day, continuously operating crisis response system that fulfills the requirements of the authority's contract with the behavioral health administrative services organization and is available to the region's population regardless of insurance status, factoring in both medicaid reimbursements and any additional funding requirements to support nonmedicaid populations, including individuals with private insurance or no insurance; and
- (iii) Recommendations for establishing budgets for each region to assure adequate service delivery, including staffing levels, infrastructure, and service accessibility with a continuous review policy that includes analysis of utilization trends or other measures of regional need.
- (c) When new programs or facilities including, but not limited to, those programs and facilities described in RCW 71.24.045(1)(e) as it exists on January 1, 2027, are established or existing services are expanded in a region, the authority shall direct the state's medicaid actuaries to promptly adjust the region's medicaid rates to include a programmatic adjustment related to the new or expanded service. The state contract with the relevant behavioral health administrative services organization must be promptly adjusted to reflect the projected increase or decrease in service capacity. Adjustments must be based on the operational costs of the new or expanded facility or program, including staffing and resources required to support the delivery of services and the projected number of individuals served, assuring that both medicaid and nonmedicaid populations are served effectively.
- (2)(a) The authority shall collaborate with the behavioral health administrative services organizations, managed care organizations, and tribes and Indian health care providers to establish a comprehensive transition plan for those behavioral health crisis

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services that will transition from the managed care organizations to the behavioral health administrative services organizations no later than January 1, 2027.

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- (b) The transition plan must address, at a minimum, strategies for:
- (i) Assuring seamless coordination between behavioral health administrative services organizations, managed care organizations, tribes and Indian health care providers, and local behavioral health services providers during the transition period;
- (ii) Establishing timelines and milestones for phasing in the behavioral health crisis services that will transition administration by the managed care organizations to the behavioral health administrative services organizations, including key responsibilities for the authority, the behavioral health administrative services organizations, and the managed care organizations; and
- 16 (iii) Developing plans for managing the opening of new programs, 17 facilities, and services, as they become available.
- 18 (c) The authority shall complete and submit the transition plan 19 to the governor and both houses of the legislature by December 31, 20 2025.
 - (3) (a) Within existing funds, the authority shall adopt a strategic plan to prepare for the reprocurement of services to enrollees of medical assistance programs authorized under this chapter. The strategic plan development process shall include the opportunity for comment by key stakeholders, to the extent allowed by applicable state and federal procurement standards, including tribes, patient groups, health care providers and facilities, counties, and behavioral health administrative services organizations. The strategic plan must consider:
 - (i) The full participation and inclusion of the interests of tribes, tribal health care providers, and urban Indian health care providers in the contract development process to assure that there is no disruption to the tribal health care delivery system and that opportunities to promote the health of American Indians are considered;
 - (ii) Contract standards to maximize care coordination between the managed care organizations and the behavioral health administrative services organizations;
- 39 (iii) The most effective methodologies for measuring network 40 access and adequacy for each provider type subject to network access

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- and adequacy standards and tailored to the particular needs of the regional service areas, to be implemented in the reprocurement to assure access to appropriate and timely behavioral health services in each region;
- 5 (iv) The optimal number of managed care organizations for each 6 regional service area;
- 7 (v) Appropriate outcome measures for inclusion in managed care 8 contracts;
- 9 (vi) Timelines for new contracts to be executed and each step in 10 the procurement process to reach the finalization of the new 11 contracts;
- 12 (vii) Provisions for best practices regarding contract revisions 13 and future reprocurement timelines; and
- (viii) Opportunities to amend managed care contract requirements to further streamline and standardize processes to reduce administrative burden for providers.
- 17 (b) The authority shall submit the strategic plan to the governor 18 and the legislature by July 1, 2026.
- 19 **Sec. 2.** RCW 71.24.045 and 2024 c 368 s 3 and 2024 c 209 s 30 are 20 each reenacted and amended to read as follows:
- 21 (1) The behavioral health administrative services organization 22 contracted with the authority pursuant to RCW 71.24.381 shall:
- 23 (a) Administer crisis services for the assigned regional service 24 area. Such services must include:
- 25 (i) A behavioral health crisis hotline that operates 24 hours a
 26 day every day for its assigned regional service area that provides
 27 immediate support, triage, and referral for individuals experiencing
 28 behavioral health crises, including the capacity to connect
 29 individuals with trained crisis counselors and, when appropriate,
 30 dispatch additional crisis services;
- 31 (ii) Crisis response services 24 hours a day, seven days a week, 32 365 days a year;
- 33 (iii) Services related to involuntary commitments under chapters 34 71.05 and 71.34 RCW;
- 35 (iv) Tracking of less restrictive alternative orders issued 36 within the region by superior courts, and providing notification to a 37 managed care organization in the region when one of its enrollees 38 receives a less restrictive alternative order so that the managed 39 care organization may ensure that the person is connected to services

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- and that the requirements of RCW 71.05.585 are complied with. If the person receives a less restrictive alternative order and is returning to another region, the behavioral health administrative services organization shall notify the behavioral health administrative services organization in the home region of the less restrictive alternative order so that the home behavioral health administrative services organization may notify the person's managed care organization or provide services if the person is not enrolled in medicaid and does not have other insurance which can pay for those services;
 - (v) Additional noncrisis behavioral health services, within available resources, to individuals who meet certain criteria set by the authority in its contracts with the behavioral health administrative services organization. These services may include services provided through federal grant funds, provisos, and general fund state appropriations;
- (vi) Care coordination, diversion services, and discharge planning for nonmedicaid individuals transitioning from state hospitals or inpatient settings to reduce rehospitalization and utilization of crisis services, as required by the authority in contract;
- (vii) Regional coordination, cross-system and cross-jurisdiction coordination with tribal governments, and capacity building efforts, such as supporting the behavioral health advisory board and efforts to support access to services or to improve the behavioral health system; and

(viii) Duties under RCW 71.24.432;

- (b) Administer and provide for the availability of an adequate network of evaluation and treatment services to ensure access to treatment, investigation, transportation, court-related, and other services provided as required under chapter 71.05 RCW;
 - (c) Coordinate services for individuals under RCW 71.05.365;
- (d) Administer and provide for the availability of resource management services, residential services, and community support services as required under its contract with the authority;
- (e) Contract with a sufficient number, as determined <u>and funded</u>
 by the authority, of licensed or certified providers for crisis
 services ((and other)), including:

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- 1 <u>(i) Mobile crisis response to provide behavioral health</u>
 2 <u>assessments, interventions, and support in response to behavioral</u>
 3 <u>health crises;</u>
 - (ii) In-home and in-community crisis stabilization services;

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- (iii) Behavioral health agency facility-based crisis services to care for individuals in behavioral health crises; and
 - (iv) Other behavioral health services required by the authority;
- (f) ((Maintain adequate reserves or secure a bond as required by its contract with the authority)) Collaborate with the authority to identify a business-sound model for establishing adequate reserve thresholds during the implementation of the contract in section 1(1) of this act;
 - (g) Establish and maintain quality assurance processes;
- (h) Meet established limitations on administrative costs for agencies that contract with the behavioral health administrative services organization; and
- (i) Maintain patient tracking information as required by the authority.
- (2) The behavioral health administrative services organization must collaborate with the authority and its contracted managed care organizations to develop and implement strategies to coordinate care with tribes and community behavioral health providers for individuals with a history of frequent crisis system utilization.
- 24 (3) The behavioral health administrative services organization 25 shall:
 - (a) Assure that the special needs of minorities, older adults, individuals with disabilities, children, and low-income persons are met;
 - (b) Collaborate with local and tribal government entities to ensure that policies do not result in an adverse shift of persons with mental illness into state, local, and tribal correctional facilities; and
 - (c) Work with the authority to expedite the enrollment or reenrollment of eligible persons leaving state or local correctional facilities and institutions for mental diseases.
- 36 (4) The behavioral health administrative services organization 37 shall employ an assisted outpatient treatment program coordinator to 38 oversee system coordination and legal compliance for assisted 39 outpatient treatment under RCW 71.05.148 and 71.34.815.

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(5) The behavioral health administrative services organization shall comply and ensure their contractors comply with the tribal crisis coordination plan agreed upon by the authority and tribes for coordination of crisis services, care coordination, and discharge and transition planning with tribes and Indian health care providers applicable to their regional service area.

- (6) (a) The authority shall collect data on the outcomes and utilization of behavioral health crisis services by medicaid enrollees including, but not limited to:
 - (i) The number of individuals served by crisis services;
 - (ii) Demographic data of individuals accessing services; and
- (iii) Key outcomes such as reductions in hospital admissions, law enforcement involvement, and recidivism to crisis care.
 - (b) Beginning December 1, 2027, and each December 1st thereafter, the authority shall submit an annual report to the governor and each house of the legislature detailing the utilization and effectiveness of the provision of behavioral health crisis and stabilization services for medicaid enrollees by behavioral health administrative services organizations and fee-for-service providers, including recommendations for further improvements or adjustment in funding.
 - (c) Each behavioral health administrative services organization shall submit annual reports to the authority outlining their regional performance in serving medicaid enrollees, including metrics on service availability, coordination, and outcomes, as well as any identified challenges in implementing the transition plan in section 1(2) of this act.
 - (7) (a) The authority shall collaborate with public health agencies, tribes and Indian health care providers, community organizations, and law enforcement agencies to develop an outreach campaign informing the public of the availability of behavioral health crisis services, including the 988 crisis line, mobile crisis response, and other programs and facilities described in section 1(1)(b)(i) and (ii) of this act.
- (b) Each behavioral health administrative services organization shall coordinate regionally to implement local outreach and education campaigns to increase public awareness and encourage access to available crisis services, subject to the availability of funding from the authority for this purpose.

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Sec. 3. RCW 71.24.380 and 2023 c 51 s 32 are each amended to read as follows:

- (1) The director shall purchase behavioral health services primarily through managed care contracting, but may continue to purchase behavioral health services directly from providers serving medicaid clients who are not enrolled in a managed care organization.
- (2) The director shall require that contracted managed care organizations have a sufficient network of providers to provide adequate access to behavioral health services for residents of the regional service area that meet eligibility criteria for services, and for maintenance of quality assurance processes. Contracts with managed care organizations must comply with all federal medicaid and state law requirements related to managed health care contracting, including RCW 74.09.522.
- (3) ((A))(a) Until January 1, 2027, a managed care organization must contract with the authority's selected behavioral health administrative services organization for the assigned regional service area for the administration of crisis services. The contract shall require the managed care organization to reimburse the behavioral health administrative services organization for behavioral health crisis services delivered to individuals enrolled in the managed care organization.
- (b) Beginning January 1, 2027, as provided in section 1 of this act, the director shall contract with the authority's selected behavioral health administrative services organization for the assigned regional service area for the administration of behavioral health crisis services, as defined in RCW 71.24.045(1), for medicaid enrollees enrolled in managed care organizations.
- (4) The authority must contract with the department of commerce for the provision of behavioral health consumer advocacy services delivered to individuals enrolled in a managed care organization by the advocacy organization selected by the state office of behavioral health consumer advocacy established in RCW 71.40.030. The contract shall require the authority to reimburse the department of commerce for the behavioral health consumer advocacy services delivered to individuals enrolled in a managed care organization.
- (5) ((A managed care organization)) Managed care organizations and behavioral health administrative services organizations must collaborate with the authority ((and its contracted behavioral health administrative services organization)) to develop and implement

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strategies to coordinate care with tribes and community behavioral health providers for individuals with a history of frequent crisis system utilization.

- (6) A managed care organization must work closely with designated crisis responders, behavioral health administrative services organizations, and behavioral health providers to maximize appropriate placement of persons into community services, ensuring the client receives the least restrictive level of care appropriate for their condition. Additionally, the managed care organization shall work with the authority to expedite the enrollment or reenrollment of eligible persons leaving state or local correctional facilities and institutions for mental diseases.
- (((7) As an incentive to county authorities to become early adopters of fully integrated purchasing of medical and behavioral health services, the standards adopted by the authority shall provide for an incentive payment to counties which elect to move to full integration by January 1, 2016. Subject to federal approval, the incentive payment shall be targeted at ten percent of savings realized by the state within the regional service area in which the fully integrated purchasing takes place. Savings shall be calculated in alignment with the outcome and performance measures established in RCW 71.24.435, 70.320.020, and 71.36.025, and incentive payments for early adopter counties shall be made available for up to a six-year period, or until full integration of medical and behavioral health services is accomplished statewide, whichever comes sooner, according to rules to be developed by the authority.))
- **Sec. 4.** RCW 74.09.871 and 2023 c 292 s 2 are each amended to 28 read as follows:
 - (1) Any agreement or contract by the 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:
- 34 (a) Contractual provisions consistent with the intent expressed 35 in RCW 71.24.015 and 71.36.005;
- 36 (b) Standards regarding the quality of services to be provided, 37 including increased use of evidence-based, research-based, and 38 promising practices, as defined in RCW 71.24.025;

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(c) Accountability for the client outcomes established in RCW 71.24.435, 70.320.020, and 71.36.025 and performance measures linked to those outcomes;

- (d) Standards requiring behavioral health administrative services organizations and managed care 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 authority and to protect essential behavioral health system infrastructure and capacity, including a continuum of substance use disorder services;
- (e) Provisions to require that medically necessary substance use disorder 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 71.24.435 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 contracting entity. This subsection does not limit the authority of the authority to take action under a contract upon finding that a contracting entity's financial status jeopardizes the contracting entity'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 crisis responders; 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) At least six months prior to releasing a medicaid integrated managed care procurement, but no later than January 1, 2025, the authority shall adopt statewide network adequacy standards that are assessed on a regional basis for the behavioral health provider networks maintained by managed care organizations pursuant to

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subsection (1)(d) of this section. The standards shall require a network that ensures access to appropriate and timely behavioral health services for the enrollees of the managed care organization who live within the regional service area. At a minimum, these standards must address each behavioral health services type covered by the medicaid integrated managed care contract. This includes, but is not limited to: Outpatient, inpatient, and residential levels of care for adults and youth with a mental health disorder; outpatient, inpatient, and residential levels of care for adults and youth with a substance use disorder; ((crisis and stabilization services;)) providers of medication for opioid use disorders; specialty care; other facility-based services; and other providers as determined by the authority through this process. The authority shall apply the standards regionally and shall incorporate behavioral health system needs and considerations as follows:

(a) Include a process for an annual review of the network adequacy standards;

- (b) Provide for participation from counties and behavioral health providers in both initial development and subsequent updates;
- (c) Account for the regional service area's population; prevalence of behavioral health conditions; types of minimum behavioral health services and service capacity offered by providers in the regional service area; number and geographic proximity of providers in the regional service area; an assessment of the needs or gaps in the region; and availability of culturally specific services and providers in the regional service area to address the needs of communities that experience cultural barriers to health care including but not limited to communities of color and the LGBTQ+community;
- (d) Include a structure for monitoring compliance with provider network standards and timely access to the services;
 - (e) Consider how statewide services, such as residential treatment facilities, are utilized cross-regionally; and
- (f) Consider how the standards would impact requirements for behavioral health administrative service organizations.
 - (3) Before releasing a medicaid integrated managed care procurement, the authority shall identify options that minimize provider administrative burden, including the potential to limit the number of managed care organizations that operate in a regional service area.

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1 (4) The following factors must be given significant weight in any 2 medicaid integrated managed care procurement process under this 3 section:

- (a) Demonstrated commitment and experience in serving low-income populations;
- (b) Demonstrated commitment and experience serving persons who have mental illness, substance use disorders, 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 71.24.435, 70.320.020, and 71.36.025;
- (d) The ability to provide for the crisis service needs of medicaid enrollees, consistent with the degree to which such services are funded;
 - (e) Recognition that meeting enrollees' physical and behavioral health care needs is a shared responsibility of contracted behavioral health administrative services organizations, managed care organizations, service providers, the state, and communities;
- 20 (f) Consideration of past and current performance and 21 participation in other state or federal behavioral health programs as 22 a contractor;
- 23 (g) The ability to meet requirements established by the 24 authority;
 - (h) The extent to which a managed care organization's approach to contracting simplifies billing and contracting burdens for community behavioral health provider agencies, which may include but is not limited to a delegation arrangement with a provider network that leverages local, federal, or philanthropic funding to enhance the effectiveness of medicaid-funded integrated care services and promote medicaid clients' access to a system of services that addresses additional social support services and social determinants of health as defined in RCW 43.20.025;
 - (i) Demonstrated prior national or in-state experience with a full continuum of behavioral health services that are substantially similar to the behavioral health services covered under the Washington medicaid state plan, including evidence through past and current data on performance, quality, and outcomes; and
 - (j) Demonstrated commitment by managed care organizations to the use of alternative pricing and payment structures between a managed

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care organization and its behavioral health services providers, including provider networks described in subsection (b) of this section, and between a managed care organization and a behavioral administrative service organization, in any of their agreements or contracts under this section, which may include but are not limited to:

- (i) Value-based purchasing efforts consistent with the authority's value-based purchasing strategy, such as capitated payment arrangements, comprehensive population-based payment arrangements, or case rate arrangements; or
- (ii) Payment methods that secure a sufficient amount of ready and available capacity for levels of care that require staffing 24 hours per day, 365 days per year, to serve anyone in the regional service area with a demonstrated need for the service at all times, regardless of fluctuating utilization.
- (5) The authority may use existing cross-system outcome data such as the outcomes and related measures under subsection (4)(c) of this section and chapter 338, Laws of 2013, to determine that the alternative pricing and payment structures referenced in subsection (4)(j) of this section have advanced community behavioral health system outcomes more effectively than a fee-for-service model may have been expected to deliver.
- (6) (a) The authority shall urge managed care organizations to establish, continue, or expand delegation arrangements with a provider network that exists on July 23, 2023, and that leverages local, federal, or philanthropic funding to enhance the effectiveness of medicaid-funded integrated care services and promote medicaid clients' access to a system of services that addresses additional social support services and social determinants of health as defined in RCW 43.20.025. Such delegation arrangements must meet the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards.
- (b) The authority shall recognize and support, and may not limit or restrict, a delegation arrangement that a managed care organization and a provider network described in (a) of this subsection have agreed upon, provided such arrangement meets the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards. The authority may periodically review such arrangements for effectiveness according to the requirements of the integrated managed care contract

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and the national committee for quality assurance accreditation standards.

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- (c) Managed care organizations and the authority may evaluate whether to establish or support future delegation arrangements with any additional provider networks that may be created after July 23, 2023, based on the requirements of the integrated managed care contract and the national committee for quality assurance accreditation standards.
- (7) The authority shall expand the types of behavioral health crisis services that can be funded with medicaid to the maximum extent allowable under federal law, including seeking approval from the centers for medicare and medicaid services for amendments to the medicaid state plan or medicaid state directed payments that support the 24 hours per day, 365 days per year capacity of the crisis delivery system when necessary to achieve this expansion.
- (8) The authority shall, in consultation with managed care organizations, review reports and recommendations of the involuntary treatment act work group established pursuant to section 103, chapter 302, Laws of 2020 and develop a plan for adding contract provisions that increase managed care organizations' accountability when their enrollees require long-term involuntary inpatient behavioral health treatment and shall explore opportunities to maximize medicaid funding as appropriate.
- (9) In recognition of the value of community input and consistent with past procurement practices, the authority shall include county and behavioral health provider representatives in the development of any medicaid integrated managed care procurement process. This shall include, at a minimum, two representatives identified by the association of county human services and two representatives identified by the Washington council for behavioral health to participate in the review and development of procurement documents.
- (10) 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 authority must use regional service areas. The regional service areas must be established by the authority as provided in RCW 74.09.870.
- 38 (11) Consideration must be given to using multiple-biennia 39 contracting periods.

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1 (12) Each behavioral health administrative services organization operating pursuant to a contract issued under this section shall serve clients within its regional service area who meet the 3 authority's eligibility criteria for mental health and substance use 4 disorder services within available resources.

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NEW SECTION. Sec. 5. Section 2 of this act takes effect January 6 1, 2027. 7

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