
ENGROSSED SECOND SUBSTITUTE HOUSE BILL 1813

State of Washington

69th Legislature

2025 Regular Session

By House Appropriations (originally sponsored by Representatives Macri, Doglio, Parshley, Davis, Ormsby, Scott, and Pollet)

READ FIRST TIME 02/28/25.

1 AN ACT Relating to the reprocurement of medical assistance
2 services, including the realignment of behavioral health crisis
3 services for medicaid enrollees; amending RCW 71.24.380; reenacting
4 and amending RCW 71.24.045; adding a new section to chapter 74.09
5 RCW; and creating a new section.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 74.09
8 RCW to read as follows:

9 (1)(a) The authority, in consultation with the office of the
10 insurance commissioner, the department of health, and relevant
11 stakeholders, shall develop a base model of crisis service delivery
12 that should exist in every region. The authority must include in the
13 model the minimum number and type of crisis services, regardless of
14 population size, and recommendations for how to scale the service
15 delivery model for regions with larger populations.

16 (b) The authority shall consult with the department of commerce
17 and the department of health quarterly for all agencies to plan and
18 prepare for new or expanded services in each regional service area,
19 which must include, but are not limited to, incorporating regional
20 capacity changes reported to the authority by managed care
21 organizations, behavioral health administrative services

1 organizations, providers, or provider networks. When programs or
2 facilities including, but not limited to, those programs and
3 facilities described in RCW 71.24.045(1)(e) are newly established or
4 closed or existing services are expanded or reduced in a region:

5 (i) The authority shall direct the state's medicaid contractor
6 for actuarial services to promptly and prospectively adjust medicaid
7 managed care rates to include a programmatic adjustment related to
8 the new or expanded service prior to the facility opening or the
9 service expansion, consistent with the rate-setting cycles directed
10 by the authority. If a facility closes or services are reduced,
11 managed care and fee-for-service rates must be adjusted accordingly
12 in the rate-setting cycle following the facility closure; and

13 (ii) Subject to appropriations, the state contracted nonmedicaid
14 budget and reserve maximum and minimum limits with each regional
15 behavioral health administrative services organization must be
16 promptly and prospectively adjusted to reflect the projected increase
17 or decrease in service facilities and capacity. Adjustments must be
18 based on the reasonable and appropriate operational costs of the new
19 or expanded facility or program, including staffing and resources
20 required to support the delivery of services and the projected number
21 of individuals served, assuring that nonmedicaid populations are
22 served effectively.

23 (2)(a) Within existing funds, the authority shall prepare for the
24 reprocurement of services to enrollees of medical assistance programs
25 authorized under this chapter, including by providing the opportunity
26 for comment by key stakeholders, to the extent allowed by applicable
27 state and federal procurement standards, including tribes, patient
28 groups, health care providers and facilities, counties, and
29 behavioral health administrative services organizations. Preparation
30 for the reprocurement of services must be completed within existing
31 resources by July 1, 2026, and include:

32 (i) The full participation and inclusion of the interests of
33 tribes and Indian health care providers in the contract development
34 process to assure that there is no disruption to the Indian health
35 care delivery system and that opportunities to promote the health of
36 American Indians and Alaska Natives are considered;

37 (ii) Contract standards to maximize care coordination between the
38 managed care organizations and the behavioral health administrative
39 services organizations;

1 (iii) The most effective methodologies for measuring network
2 access and adequacy for each provider type subject to network access
3 and adequacy standards and tailored to the particular needs of the
4 regional service areas, to be implemented in the reprocurement to
5 assure access to appropriate and timely behavioral health services in
6 each region;

7 (iv) The optimal number of managed care organizations for each
8 regional service area;

9 (v) Appropriate outcome measures for inclusion in managed care
10 contracts;

11 (vi) Timelines for new contracts to be executed and each step in
12 the procurement process to reach the finalization of the new
13 contracts;

14 (vii) Provisions for best practices regarding contract revisions
15 and future reprocurement timelines;

16 (viii) Opportunities to amend managed care contract requirements
17 to further streamline and standardize processes to reduce
18 administrative burden for providers; and

19 (ix) Exploration of contracting directly with behavioral health
20 administrative services organizations, rather than managed care
21 organizations, for the crisis services described in RCW
22 71.24.380(3)(b).

23 (b) Within existing resources and in compliance with state and
24 federal medicaid procurement requirements, a description of the
25 preparation for the reprocurement, including each element required by
26 (a) of this subsection (2), must be made publicly available on the
27 authority's website by July 1, 2026.

28 **Sec. 2.** RCW 71.24.045 and 2024 c 368 s 3 and 2024 c 209 s 30 are
29 each reenacted and amended to read as follows:

30 (1) The behavioral health administrative services organization
31 contracted with the authority pursuant to RCW 71.24.381 shall:

32 (a) Administer crisis services for the assigned regional service
33 area. Such services must include:

34 (i) A behavioral health crisis hotline that operates 24 hours a
35 day every day for its assigned regional service area that provides
36 immediate support, triage, and referral, including tribal and Indian
37 health care provider crisis services, for individuals experiencing
38 behavioral health crises, including the capacity to connect
39 individuals with trained crisis counselors and, when appropriate,

1 dispatch additional crisis services consistent with existing
2 strategies and operations of the 988 system;

3 (ii) Crisis response services 24 hours a day, seven days a week,
4 365 days a year;

5 (iii) Services related to involuntary commitments under chapters
6 71.05 and 71.34 RCW;

7 (iv) Tracking of less restrictive alternative orders issued
8 within the region by superior courts, and providing notification to a
9 managed care organization in the region when one of its enrollees
10 receives a less restrictive alternative order so that the managed
11 care organization may ensure that the person is connected to services
12 and that the requirements of RCW 71.05.585 are complied with. If the
13 person receives a less restrictive alternative order and is returning
14 to another region, the behavioral health administrative services
15 organization shall notify the behavioral health administrative
16 services organization in the home region of the less restrictive
17 alternative order so that the home behavioral health administrative
18 services organization may notify the person's managed care
19 organization or provide services if the person is not enrolled in
20 medicaid and does not have other insurance which can pay for those
21 services;

22 (v) Additional noncrisis behavioral health services, within
23 available resources, to individuals who meet certain criteria set by
24 the authority in its contracts with the behavioral health
25 administrative services organization. These services may include
26 services provided through federal grant funds, provisos, and general
27 fund state appropriations;

28 (vi) Care coordination, diversion services, and discharge
29 planning for nonmedicaid individuals transitioning from state
30 hospitals or inpatient settings to reduce rehospitalization and
31 utilization of crisis services, as required by the authority in
32 contract;

33 (vii) Regional coordination, cross-system and cross-jurisdiction
34 coordination with tribal governments, and capacity building efforts,
35 such as supporting the behavioral health advisory board and efforts
36 to support access to services or to improve the behavioral health
37 system; and

38 (viii) Duties under RCW 71.24.432;

39 (b) Administer and provide for the availability of an adequate
40 network of evaluation and treatment services to ensure access to

1 treatment, investigation, transportation, court-related, and other
2 services provided as required under chapter 71.05 RCW;

3 (c) Coordinate services for individuals under RCW 71.05.365;

4 (d) Administer and provide for the availability of resource
5 management services, residential services, and community support
6 services as required under its contract with the authority;

7 (e) Contract with a sufficient number, as determined and funded
8 by the authority, of licensed or certified providers for crisis
9 services, which may include crisis services delegated to the
10 behavioral health administrative services organization consistent
11 with RCW 71.24.380(3)(b) and other behavioral health services
12 required by the authority;

13 (f) ~~((Maintain adequate reserves or secure a bond as required by~~
14 ~~its contract with the authority)) Collaborate with the authority to
15 develop a funding model for establishing adequate reserve thresholds,
16 considering service utilization, crisis system operations, and crisis
17 service needs for the medicaid and nonmedicaid populations;~~

18 (g) Establish and maintain quality assurance processes;

19 (h) Meet established limitations on administrative costs for
20 agencies that contract with the behavioral health administrative
21 services organization; and

22 (i) Maintain patient tracking information as required by the
23 authority.

24 (2) (a) The behavioral health administrative services organization
25 must collaborate with the authority and its contracted managed care
26 organizations to develop and implement strategies to coordinate care
27 with tribes and community behavioral health providers for individuals
28 with a history of frequent crisis system utilization.

29 ~~((3))~~ (b) To facilitate care coordination with managed care
30 organizations for managed care enrollees that have engagement with
31 the crisis system, the behavioral health administrative services
32 organizations, in consultation with managed care organizations, shall
33 develop and implement electronic care coordination data-sharing
34 standards that are consistent across regional service areas by
35 January 1, 2026.

36 (3) By January 1, 2027, behavioral health administrative services
37 organizations shall electronically submit all documentation related
38 to encounters and claims information to their payers for crisis
39 services, including the authority and managed care organizations.

1 (4) The behavioral health administrative services organization
2 shall:

3 (a) Assure that the special needs of minorities, older adults,
4 individuals with disabilities, children, and low-income persons are
5 met;

6 (b) Collaborate with local and tribal government entities to
7 ensure that policies do not result in an adverse shift of persons
8 with mental illness into state, local, and tribal correctional
9 facilities; and

10 (c) Work with the authority to expedite the enrollment or
11 reenrollment of eligible persons leaving state or local correctional
12 facilities and institutions for mental diseases.

13 ~~((4))~~ (5) The behavioral health administrative services
14 organization shall employ an assisted outpatient treatment program
15 coordinator to oversee system coordination and legal compliance for
16 assisted outpatient treatment under RCW 71.05.148 and 71.34.815.

17 ~~((5))~~ (6) The behavioral health administrative services
18 organization shall comply and ensure their contractors comply with
19 the tribal crisis coordination plan agreed upon by the authority and
20 tribes for coordination of crisis services, care coordination, and
21 discharge and transition planning with tribes and Indian health care
22 providers applicable to their regional service area.

23 (7) Within existing resources, the authority shall develop an
24 operational plan for a behavioral health administrative services
25 organization that serves American Indians and Alaska Natives that
26 operates statewide and coordinates with tribal governments and Indian
27 health care providers as defined in RCW 43.71B.010. The office of
28 tribal affairs shall coordinate the development of the operational
29 plan in partnership with the American Indian health commission as
30 defined in RCW 43.71B.010 and the governor's Indian health advisory
31 council which shall provide a forum for consultation and
32 collaboration with the tribes and Indian health care providers.

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

35 (1) The director shall purchase behavioral health services
36 primarily through managed care contracting, but may continue to
37 purchase behavioral health services directly from providers serving
38 medicaid clients who are not enrolled in a managed care organization.

1 (2) The director shall require that contracted managed care
2 organizations have a sufficient network of providers to provide
3 adequate access to behavioral health services for residents of the
4 regional service area that meet eligibility criteria for services,
5 and for maintenance of quality assurance processes. Contracts with
6 managed care organizations must comply with all federal medicaid and
7 state law requirements related to managed health care contracting,
8 including RCW 74.09.522.

9 (3) (a) A managed care organization must contract with the
10 authority's selected behavioral health administrative services
11 organization for the assigned regional service area for the
12 administration of crisis services. The contract shall require the
13 managed care organization to reimburse the behavioral health
14 administrative services organization for behavioral health crisis
15 services delivered to individuals enrolled in the managed care
16 organization.

17 (b) By January 1, 2026, the authority shall direct managed care
18 organizations to establish, continue, or expand delegation
19 arrangements with behavioral health administrative services
20 organizations for crisis services for medicaid enrollees, including
21 crisis phone interventions, mobile crisis teams, peer support
22 services in crisis settings, and crisis stabilization services to
23 include crisis stabilization facilities, in-home crisis stabilization
24 services, and crisis relief centers. The authority shall direct
25 managed care organizations to negotiate with behavioral health
26 administrative services organizations on a structure to reimburse
27 delegated network providers for medical services offered at crisis
28 facilities.

29 (i) Managed care organizations shall maintain standards of
30 delegation consistent with their required national committee for
31 quality assurance accreditation. If a managed care organization finds
32 that a behavioral health administrative services organization is
33 unable to meet delegation standards for certain facility-based crisis
34 stabilization services, the authority, in partnership with the
35 managed care organization, shall provide technical assistance for up
36 to 12 months to the behavioral health administrative services
37 organization to develop its ability to comply with the full scope of
38 delegated services. If, upon conclusion of the technical assistance
39 period, the behavioral health administrative services organization
40 remains unable to comply with the delegation standards, the

1 delegation shall be terminated and the responsibility for the
2 provision of facility-based crisis stabilization services shall
3 revert to the managed care organization.

4 (ii) Under managed care delegation arrangements, behavioral
5 health administrative services organizations are subject to audits of
6 their performance to assure the quality of services being provided to
7 their enrollees. If, at any time, a behavioral health administrative
8 services organization fails the audit, the managed care organization
9 shall proceed with findings or corrective action plans according to
10 their requirements as a national committee for quality assurance
11 accreditation entity. The managed care organization shall notify the
12 authority of these findings and corrective actions within 72 hours.
13 The authority, in partnership with the managed care organization,
14 shall provide technical assistance to behavioral health
15 administrative services organizations to address any deficiencies
16 identified in the audit.

17 (4) Managed care organizations and behavioral health
18 administrative services organizations shall collectively, and in
19 contract, establish defined roles, responsibilities, and protocols
20 for care coordination of managed care enrollees that have engagement
21 with the crisis system of care.

22 (5) The authority must contract with the department of commerce
23 for the provision of behavioral health consumer advocacy services
24 delivered to individuals enrolled in a managed care organization by
25 the advocacy organization selected by the state office of behavioral
26 health consumer advocacy established in RCW 71.40.030. The contract
27 shall require the authority to reimburse the department of commerce
28 for the behavioral health consumer advocacy services delivered to
29 individuals enrolled in a managed care organization.

30 ~~((5) A managed care organization))~~ (6) Managed care
31 organizations and behavioral health administrative services
32 organizations must collaborate with the authority ((and its
33 contracted behavioral health administrative services organization))
34 to develop and implement strategies to coordinate care with tribes
35 and community behavioral health providers for individuals with a
36 history of frequent crisis system utilization.

37 ~~((6))~~ (7) A managed care organization must work closely with
38 designated crisis responders, behavioral health administrative
39 services organizations, and behavioral health providers to maximize
40 appropriate placement of persons into community services, ensuring

1 the client receives the least restrictive level of care appropriate
2 for their condition. Additionally, the managed care organization
3 shall work with the authority to expedite the enrollment or
4 reenrollment of eligible persons leaving state or local correctional
5 facilities and institutions for mental diseases.

6 ~~((7) As an incentive to county authorities to become early
7 adopters of fully integrated purchasing of medical and behavioral
8 health services, the standards adopted by the authority shall provide
9 for an incentive payment to counties which elect to move to full
10 integration by January 1, 2016. Subject to federal approval, the
11 incentive payment shall be targeted at ten percent of savings
12 realized by the state within the regional service area in which the
13 fully integrated purchasing takes place. Savings shall be calculated
14 in alignment with the outcome and performance measures established in
15 RCW 71.24.435, 70.320.020, and 71.36.025, and incentive payments for
16 early adopter counties shall be made available for up to a six-year
17 period, or until full integration of medical and behavioral health
18 services is accomplished statewide, whichever comes sooner, according
19 to rules to be developed by the authority.))~~

20 NEW SECTION. **Sec. 4.** If specific funding for the purposes of
21 this act, referencing this act by bill or chapter number, is not
22 provided by June 30, 2025, in the omnibus appropriations act, this
23 act is null and void.

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