

**2017-19 Omnibus Operating Budget -- 2018 Supplemental**  
**G5M 2018 OMN/TRN Supp Enacted**  
**Dept of Social and Health Services**  
**Mental Health**  
(Dollars In Thousands)

	FTEs	GF-S	Total
<b>2017-19 Original Appropriations</b>	<b>3,365.7</b>	<b>1,386,064</b>	<b>2,672,124</b>
<b><i>Maintenance Other Changes:</i></b>			
1. Hospital Revenue Adjustment	0.0	(9,291)	0
2. Facility Maintenance Costs	0.0	276	276
3. Mandatory Caseload Adjustments	0.0	(23,533)	(67,879)
4. BHO Rate Adjustment	0.0	12,992	15,675
5. Hospital Operations: Hepatitis C	0.0	(110)	(100)
6. Disproportionate Share Hospital	0.0	(31,165)	0
7. IMD Federal Rule Change	0.0	3,168	3,168
8. Technical Adjustment	0.0	0	0
<b>Maintenance -- Other Total</b>	<b>0.0</b>	<b>(47,663)</b>	<b>(48,860)</b>
<b><i>Maintenance Comp Changes:</i></b>			
9. Move Pension Fund Shift to Agencies	0.0	(35,932)	0
10. Wellness \$25 Gift Card	0.0	12	12
<b>Maintenance -- Comp Total</b>	<b>0.0</b>	<b>(35,920)</b>	<b>12</b>
<b><i>Maintenance Transfer Changes:</i></b>			
11. Transfers	0.0	16	53
12. Transfers Within Program	0.0	0	0
<b>Maintenance -- Transfer Total</b>	<b>0.0</b>	<b>16</b>	<b>53</b>
<b><i>Maintenance Central Services Changes:</i></b>			
13. Workers' Compensation	0.0	389	418
<b>Maintenance -- Central Svcs Total</b>	<b>0.0</b>	<b>389</b>	<b>418</b>
<b>Total Maintenance Changes</b>	<b>0.0</b>	<b>(83,178)</b>	<b>(48,377)</b>
<b>2017-19 Maintenance Level</b>	<b>3,365.7</b>	<b>1,302,886</b>	<b>2,623,747</b>
Difference from 2017-19 Original	0.0	(83,178)	(48,377)
% Change from 2017-19 Original	0.0%	-6.0%	-1.8%
<b><i>Policy Other Changes:</i></b>			
14. CSTC Treatment Staff	2.1	369	369
15. Personal Needs Allowance Increase	0.0	11	11
16. Assisted Outpatient BH	0.0	290	691
17. Equipment Replacement Costs	0.0	1,055	1,055

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18. BHO Enhancements	0.0	23,090	69,312
19. Implement Discharge Standard	0.5	100	100
20. High Risk Identification	1.0	188	188
21. Forecasting Bed Need	0.5	100	100
22. Behavioral Health Risk Model	0.5	200	200
23. State Hospital Compliance	42.0	12,190	12,190
24. Trueblood Lawsuit Fines	0.0	46,401	46,401
25. Forensic Mental Health Services	3.2	1,655	1,655
26. Forensic Ward Staffing	53.2	9,574	9,574
27. Youth Long Term Inpatient Access	0.0	2,000	4,000
28. GBHIF-Contracted Forensic Beds	0.0	(9,180)	(9,180)
29. UW Psychiatry Collaboration	0.5	140	140
30. Behavioral Health State Plan Study	0.0	150	150
31. IMD Waiver	0.0	3,398	3,398
32. Consolidated Maintenance/Operations	6.7	1,148	1,148
33. Hospital Overspend	0.0	34,584	34,584
34. Crisis Services Reserve Funds	0.0	14,500	14,500
<b>Policy -- Other Total</b>	<b>110.1</b>	<b>141,963</b>	<b>190,586</b>
<b>Policy Comp Changes:</b>			
35. Updated PEBB Rate	0.0	(1,556)	(1,671)
36. PERS & TRS Plan 1 Benefit Increase	0.0	113	122
37. Paid Family Leave--Employer Premium	0.0	15	16
<b>Policy -- Comp Total</b>	<b>0.0</b>	<b>(1,428)</b>	<b>(1,533)</b>
<b>Policy Transfer Changes:</b>			
38. BH - Integration Transfer	(31.8)	(459,404)	(1,044,605)
39. Transfer Diversion Funding	0.0	0	0
<b>Policy -- Transfer Total</b>	<b>(31.8)</b>	<b>(459,404)</b>	<b>(1,044,605)</b>
<b>Total Policy Changes</b>	<b>78.3</b>	<b>(318,869)</b>	<b>(855,552)</b>
<b>2017-19 Policy Level</b>	<b>3,444.0</b>	<b>984,017</b>	<b>1,768,195</b>
Difference from 2017-19 Original	78.3	(402,047)	(903,929)
% Change from 2017-19 Original	2.3%	-29.0%	-33.8%

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**Comments:**

**1. Hospital Revenue Adjustment**

State, federal, and local appropriations are adjusted to reflect variation in expected federal and local revenues. Revenue projections of inpatient contributions and Medicaid earnings are based on a 12 month average.

**2. Facility Maintenance Costs**

One-time funding is provided for equipment, goods and services to resolve building component and grounds deficiencies that are beyond the scope of ordinary maintenance but lower than the threshold for capital projects.

**3. Mandatory Caseload Adjustments**

Appropriations are adjusted based on the expected impact of changes in the February 2018 forecast by the Washington State Caseload Forecast Council.

**4. BHO Rate Adjustment**

Under federal Medicaid law, Behavioral Health Organization (BHO) rates must be developed by an independent actuary and certified as being actuarially sound. Appropriations for BHOs are adjusted to reflect new actuarial rate ranges for behavioral health services effective in FY 2018 and fiscal year FY 2019. The changes in rates are largely due to case mix and utilization factors.

**5. Hospital Operations: Hepatitis C**

Funding is provided to cover the increased cost of Hepatitis C treatment for patients at the state hospitals.

**6. Disproportionate Share Hospital**

The federal Affordable Care Act directs changes in federal grants to states for Disproportionate Share Hospitals (DSH). Approximately one-third of the state's DSH grant is appropriated to the state hospitals. State and federal appropriations are adjusted to reflect changes in federal DSH revenue.

**7. IMD Federal Rule Change**

State funds are provided to backfill the loss of federal funds for American Indian and Alaska Native clients receiving services in Institutions of Mental Diseases.

**8. Technical Adjustment**

A technical adjustment is made to align expenditures related to the compensation impact model with the correct program.

**9. Move Pension Fund Shift to Agencies**

In the enacted 2017-19 budget, the Legislature shifted a portion of General Fund-State pension costs to the Pension Funding Stabilization Account, and instructed the Office of Financial Management to allocate this change to agency budgets. This item implements that requirement.

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**10. Wellness \$25 Gift Card**

Some employees are eligible, under the terms of their collective bargaining agreements, to earn a \$25 gift card after completing a health risk assessment. This item provides funding for agencies to pay the employer's share of Social Security and Medicare taxes on the gift cards.

**11. Transfers**

Funding and FTEs are transferred within DSHS programs to align with the programs where costs are incurred. The net impact is zero.

**12. Transfers Within Program**

Funding and FTEs are transferred within mental health programs to align with the programs where costs are incurred. The net impact is zero.

**13. Workers' Compensation**

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation.

**14. CSTC Treatment Staff**

Funding is provided for additional treatment staff to support the operations of a newly constructed secure treatment area at the Child Study and Treatment Center (CSTC) Orcas building. The treatment area will be used to serve youth with a significant history of violent behavior and life-threatening self-harm.

**15. Personal Needs Allowance Increase**

The Personal Needs Allowance (PNA) for Medicaid clients in residential and institutional settings is increased to \$70 per month effective January 1, 2019, pursuant to Substitute House Bill 2651 (personal needs allowance). The PNA for these clients will be adjusted annually in January, rather than in July, by the percentage cost-of-living adjustment for federal social security benefits. The PNA is the amount of a Medicaid client's own income that he or she can keep to spend on personal items.

**16. Assisted Outpatient BH**

Funding is provided to implement Substitute Senate Bill No. 6491 (outpatient behavioral health), which expands assisted outpatient treatment to substance use disorder treatment and reduces the eligibility requirements for participation.

**17. Equipment Replacement Costs**

One-time funding is provided to increase the amount available for the state hospitals to replace furniture, medical, kitchen and other equipment.

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**18. BHO Enhancements**

Funding is provided for enhancements in services provided by Behavioral Health Organizations (BHOs). In order to receive this funding, BHOs must provide a plan to address the following issues: a) reduction in their use of long term commitment beds through community alternatives; b) compliance with RCW 71.05.365 requirements for transition of state hospital patients into community settings within 14 days of the determination that they no longer require active psychiatric treatment at an inpatient level of care; c) improvement of staff recruitment and retention in community behavioral health facilities; d) diversion of individuals with behavioral health issues from the criminal justice system, and e) efforts to improve recovery-oriented services, including but not limited to, expansion of clubhouse models.

**19. Implement Discharge Standard**

Funding is provided for staff costs associated with tracking and reporting progress toward implementing new state hospital discharge standards that become effective in July 2018.

**20. High Risk Identification**

Funding is provided for the development and implementation of a predictive modeling tool which identifies clients who are at high risk of future involvement with the criminal justice system and for identification of interventions and strategies that can be effective in reducing future criminal justice involvement for this population. A report must be submitted to the legislature by December 1, 2018.

**21. Forecasting Bed Need**

Funding is provided for the department to develop a model to estimate demand for civil and forensic state hospital bed needs. The department must submit a report to the legislature by October 1, 2018.

**22. Behavioral Health Risk Model**

Funding is provided for staff and actuarial costs associated with continuing efforts to shift funding and risk for most civil long-term inpatient commitments into fully integrated care contracts beginning in January 2020.

**23. State Hospital Compliance**

Funding and FTEs are provided to meet the requirements of the systems improvement agreement with the Centers for Medicare and Medicaid Services (CMS) through implementation of an acuity based staffing tool and staffing model for the state hospitals. 84 FTEs are funded to address medical care issues and health and safety conditions identified in a June 2017 survey. In addition, the department must develop and implement an acuity based staffing tool at the state hospitals beginning in FY 2019. The department must also continue developing a state hospital staffing plan which is informed by Oregon State Hospital's staffing model and addresses all positions and functions of the facilities.

**24. Trueblood Lawsuit Fines**

Funding is provided for FY 2018 contempt fines, plaintiff attorney fees, and increases in court monitor costs related to the Trueblood et. al. v. the Department of Social and Health Services (DSHS) lawsuit.

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**25. Forensic Mental Health Services**

The Office of Forensic Mental Health Services was created to manage the adult forensic mental health care system in the state of Washington and address issues related to timeliness of competency evaluation and restoration services. Funding is provided for five FTE positions to increase capacity and effectiveness in providing forensic evaluation services.

**26. Forensic Ward Staffing**

Funding is provided to expand the capacity for providing timely competency restoration services by opening 45 new forensic beds at WSH effective July 2018.

**27. Youth Long Term Inpatient Access**

The Behavioral Health Administration contracts with four organizations to operate 37 community-based Children's Long-Term Program (CLIP) inpatient beds that serve youth in King, Pierce, Spokane, and Yakima counties. Funding is provided to increase the daily bed rate for these services in FY 2019.

**28. GBHIF-Contracted Forensic Beds**

Funding was provided in the enacted operating budget to increase the number of contracted competency beds in Yakima by 24. As part of a recent agreement filed with the court, DSHS will open beds at Western State Hospital rather than increasing beds in Yakima. Funding for the additional contracted beds is removed.

**29. UW Psychiatry Collaboration**

Funding is provided for first year implementation costs of a forensic training program at WSH.

**30. Behavioral Health State Plan Study**

Funding is provided for the cost of actuarial work required to develop estimates for the cost of implementing new behavioral health service types in the medicaid state plan. A report must be submitted to the office of financial management and the appropriate committees of the legislature identifying services that could be added and the estimated costs by November 1, 2018.

**31. IMD Waiver**

Funding is provided to address the loss of federal participation due to recent federal regulations for Institutions of Mental Diseases.

**32. Consolidated Maintenance/Operations**

Funding is provided on a one-time basis to address maintenance issues identified in a recent survey of WSH.

**33. Hospital Overspend**

FY 2018 expenditures at WSH are significantly above current allotments, in part related to efforts to comply with a corrective action plan to address patient quality of care and safety issues. Funding is provided on a one-time basis in FY 2018 to cover the increased staffing and other costs that are being incurred as a result of the corrective action plan.

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**34. Crisis Services Reserve Funds**

Funding is provided on a one-time basis for reserve funds for Administrative Services Organizations providing crisis services in mid-adopter regions transitioning to fully integrated managed behavioral health purchasing.

**35. Updated PEBB Rate**

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted from \$957 to \$916 for FY 2019 to reflect updated actuarial projections, administrative costs, and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program, a change in the waiting period for dental crown replacements in the Uniform Dental Program from seven to five years, and an increase in the Medicare-eligible retiree subsidy from \$150 per month to \$168 per month beginning in calendar year 2019.

**36. PERS & TRS Plan 1 Benefit Increase**

Funding is provided for a 1.5 percent benefit increase for eligible Public Employees' and Teachers' Retirement System Plan 1 members, up to a maximum of \$62.50 per month.

**37. Paid Family Leave--Employer Premium**

Funding is provided for Paid Family and Medical Leave employer premiums for employees not covered by a collective bargaining agreement, as required under Chapter 5, Laws of 2017, 3rd sp.s. (SSB 5975).

**38. BH - Integration Transfer**

2ESHB 1388 (behavioral health authority) transfers responsibilities for the oversight and purchasing of behavioral health services from DSHS to the Health Care Authority effective July 1, 2018. Responsibilities for licensing and certification of behavioral health providers is transferred to the Department of Health. Operation of the state hospitals remains within DSHS. Appropriations for the agencies are adjusted accordingly.

**39. Transfer Diversion Funding**

Funding for services to divert individuals from the forensic mental health system is transferred from the mental health community program to the mental health state hospitals program.