



## Washington State Behavioral Health System: Funding and Accountability

The financing of behavioral health services has dramatically changed over the last seven years as part of Washington State’s transformation of the public health care system. The purpose of this document is to outline the current public health funding system for behavioral health services and document the corresponding roles and responsibilities of the various funding entities.

Medicaid transformation and behavioral health integration efforts started in 2009 with the passing of the Accountable Care Act which expanded Medicaid and established mental health parity. This set the stage for several Washington State efforts seeking to improve behavioral health services to better meet the needs of individuals receiving services through the public system of care.

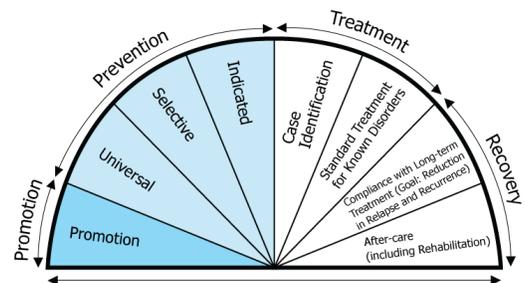
Washington’s transition to integrated care began in 2014, when Governor Jay Inslee requested legislation to advance whole person care. The Legislature passed Senate Bill 6312, which directed the state to fully integrate all Medicaid physical health, mental health, and substance use disorder services through managed care by 2020. [\(1\)](#)

As of January 2020, all ten regions of the state have transitioned to an integrated system for physical health, mental health, and substance use disorder services in the Washington Apple Health (Medicaid) program. This new system is referred to as integrated managed care (IMC). Subsequent legislation and initiatives (State Innovative Model grant from Center for Medicare and Medicaid Innovation, 1115 Medicaid waiver, and House Bill 1388) offer continuing structure and support for health care integration. [\(2\)](#)

This massive, statewide transition from a centralized, regional and county-driven behavioral health care authority in nine regions to having multiple competing, privately managed care organizations (MCOs) in each region integrating physical and behavioral health coverage for all Medicaid recipients is a major change in the way health care is purchased at the state level and implemented at the regional level. The next section outlines the financing structure of the current behavioral health care system.

### Behavioral Health System of Care

The behavioral health system of care is best conceptualized by the continuum of care model that spans from health promotion to prevention and early intervention, to treatment, and through to full recovery services.

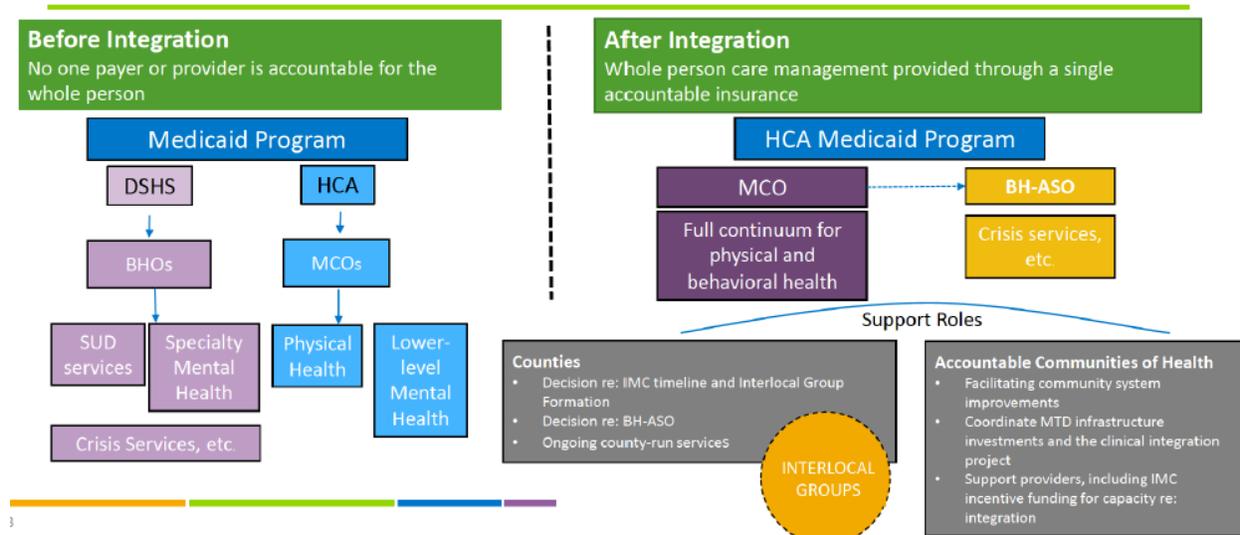


Under the Integrated Managed Care model, the majority of Apple Health care treatment services are provided through managed care organizations. However, some services in the community, such as services for individuals experiencing a mental health or substance use disorder crisis, are available regardless of insurance status or income level. In the Northwest region, these crisis services are



provided through the North Sound Behavioral Health Administrative Services Organization (BH-ASO). The Skagit Public Health Department manages locally generated funds through the 0.1% Behavioral Health Sales Tax to address key gaps in the system that are not funded through other means.

The following diagram from a Washington Health Care Authority presentation provides a visual representation of the funding system before and after integration efforts. (3)



A full narrative description of the services offered through the MCOs, BH-ASOs and Skagit county funding is outlined below.

### Managed Care Organizations (MCOs)

The North Sound (Skagit, Whatcom, Snohomish, San Juan, and Island Counties) managed care integration was implemented in July 2019 and provides Apple Care options by the following managed care organizations: Amerigroup, Community Health Plan, Coordinated Care, Molina Healthcare, and United Healthcare. The Managed Care Organizations are responsible for the physical and behavioral health services of the Apple Health Clients they serve.

The Managed Care Organizations (MCOs) fund the following mental health services for Apple Health clients per eligibility:

- Intake evaluation
- Individual treatment services
- Medication management
- Medication monitoring
- Group treatment services



- Peer support
- Family treatment
- High-intensity treatment
- Therapeutic psychoeducation
- Day support
- Evaluation and treatment/community hospitalization
- Stabilization services
- Rehabilitation case management
- Residential services
- Evaluations for special populations

In addition, the Managed Care Organizations fund the following substance use disorder services per eligibility:

- Brief intervention and referral to treatment
- Assessment- ASAM Patient Placement Criteria (PPC)
- Withdrawal management (detoxification)
- Outpatient treatment
- Intensive outpatient treatment
- Residential treatment (Inpatient)
- Opioid substitution treatment services
- Case management

Additional information about Apple Care Health services is available at [Managed care | Washington State Health Care Authority](#). Under the new system, Managed Care Organizations are responsible for providing treatment services and have assumed the primary responsibility for the behavioral and physical health care needs of individuals with Medicaid.

## Behavioral Health Administrative Service Organizations (BH-ASO)

The North Sound Behavioral Health Administration transitioned into the North Sound BH-ASO in 2019 as a mid-adopter of the integrated managed care system and is one of ten regions in WA State responsible--through a mix of federal, state, and local funds--for funding behavioral health crisis services and services for the uninsured. The services shown in the table to the right may be provided by the BH-ASO to anyone in the region who is experiencing a mental health or SUD crisis. Crisis services refer to a set of services and supports intended to ameliorate a psychiatric crisis and avoid harm to self or others. The North Sound BHO-ASO

### **BH-ASO Services available to anyone**

- ❖ 24/7 regional crisis MH/SUD hotline
- ❖ Mental health crisis outreach services
- ❖ Substance use disorder outreach crisis services
- ❖ Application of MH and SUD involuntary commitment statutes – available 24/7/365



may also provide the following behavioral health services to people who are low-income, uninsured, and/or not eligible for Apple Health.

Additional administrative functions the North Sound BH-ASO performs include: acting as behavioral health ombudsman to assist individuals with grievances and appeals; management of federal Mental Health and Substance Disorder Treatment block grants, as well as management of committees formerly led by the regional BHOs such as the Behavioral Health Advisory Board, Wraparound with Intensive Services, Children’s Long Term Inpatient Program, and Family Youth System Partner Round Table. [\(4\)](#)

## Skagit County Public Health Department

The Skagit County Public Health Department supports and supplements the behavioral health care system through 0.1% Behavioral Health Sales Tax allocations funds. These funds support a range of direct care programs in the areas of Criminal Justice & Therapeutic Courts, Access to Treatment, Intervention & Outreach for Children and Adolescents, and Recovery Support Services. To see a full list of programs funded through Skagit County Public Health see Appendix A.

Washington regulations (RCW 82.14.460) governing the use of 0.1% funding outline five funding priorities for these sales tax dollars: 1) individuals in the criminal justice system, including new or expanded therapeutic courts; 2) individuals in need of treatment who do not have access to other forms of funding or benefits to obtain such services; 3) crisis and acute services; 4) interventions and outreach services for children and adolescents; and 5) creation expansion of access to services that support people in recovery. These funds are designed to meet gaps in the system and are not meant to fund services already covered through Apple Care (Medicaid) or the BH-ASO. Skagit County has invested these funds to address gaps (e.g., housing for individuals with behavioral health issues, serving the criminal justice system clients, prevention and early intervention school services) in the system. Counties are also able to access additional funding for services through local, state, and federal grant opportunities when, and if, they become available.

**The changes to the system have moved the locus of responsibility for funding core behavioral health services away from the counties and BHOs to the Managed Care Organizations. The counties’ role in funding and developing the Behavioral Health system has thus been substantially diminished in this new system of care.**

## Accountable Communities of Health (ACHs)

The Accountable Communities of Health were initially funded through the State Innovation Model grant and 1115 Waiver with the goal of providing an entity to advance a more extensive transformation through promoting both financial and clinical integration. The ACHs initially had some funding to support the initiation of innovative practices, however, they typically do not fund programs. The ACH’s role is to bring together cross-sector regional stakeholders to implement practice transformation efforts across three domains: (1) health system capacity building; (2) care delivery redesign; and (3) prevention and health promotion.



The North Sound Accountable Community of Health is an independent, non-profit, regional organization working with Skagit, Whatcom, Snohomish, San Juan, and Island Counties on specific health care- and social needs-related projects and activities. ACHs were designed to be a neutral convener, acting as a coordinating body, investor, and connection point between the health care delivery system and local communities. The ACHs support the MCOs and BH-ASOs to promote high-quality integrated services and advise state agencies on how to best address health needs within their geographic areas.

As outlined above, the MCOs, BH-ASOs, county, and ACHs work together to address the behavioral health needs of individuals receiving services in the public system of care. While the system has made strides in increasing insurance coverage and integrating the physical and behavioral health services under the Health Care Authority, there continue to be significant opportunities to advance the system in providing whole person care. [\(5\)](#)

### Opportunities and limitations of the current behavioral health care system

On the positive side, the transformation of the system of care has resulted in financial integration of mental health and substance use disorder services with physical health under the managed care system. However, financial integration is just one step along the way to better serve individuals with highly complex behavioral and physical health care needs. Clinical integration is the next step in the process and the system is continuing to sort out how to achieve this transformation aim. The vision of the system transformation efforts is that financial integration will set the stage for clinical integration of services.

The expansion of eligibility for Medicaid (Apple Care) has resulted in a greater number of individuals with access to insurance; however, the behavioral health system continues to have significant capacity issues. So, while people are eligible to have behavioral health services reimbursed, the access to inpatient and outpatient mental health and substance use disorder treatment services is limited due to capacity issues. The current need and demand for behavioral health services exceeds the capacity of the system. This gap appears to be due to several factors, some related to how the behavioral health service providers are reimbursed under the new system of care, as well as a behavioral health workforce shortage. The situation has also been exacerbated by the COVID-19 pandemic.

Another limitation of the new system appears to be supporting the infrastructure for new services and facilities. Southwest Washington leaders noted in early interviews around health care integration that a gap was emerging in the new system related to structures and funding mechanisms to support the development of new programs and facilities. [\(6\)](#) MCOs historically have not provided capital funding for new programs or facilities and the BH-ASOs and counties are no longer in a key position to lead these types of efforts, in the same way they did under the previous system. The new system, under MCOs, is less focused on capacity building and community development and more on individual member needs. One unintended consequence of the new system appears to be less influence at the local level. **Within this new system, all community partner voices are needed to advocate for change and influence the system of care under the leadership of the Washington Health Care Authority and MCOs.**



At the state level, there are initiatives underway through the Governor's office and Department of Commerce to address the gaps in long-term residential treatment facility beds, which will hopefully help to address some of the acute crisis and long-term residential bed capacity issues. The BH-ASO is also attempting to address this issue to the degree they are able, given their limited access to funding for these types of initiatives. There also remains significant needs in the current system related to supportive housing, prevention and recovery support services. These services are not typically not funded through MCOs.

The behavioral health system of care remains in transition between the old system and the new system. And there remain several capacity and quality-of-care issues to be resolved to actualize the vision of truly integrated managed care. At the same time, having new structures in place presents an opportunity to assess what is working and what remains to be resolved to provide whole person care in the way the transformation efforts envisioned.

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For Skagit County Public Health Department



## References

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3. Washington Health Care Authority (2018) *Update on Medicaid Transformation Waiver and Behavioral Health Integration* Presentation to the Health Care & Wellness Committee. Available at:
4. Washington Health Care Authority. Behavioral health administrative service organization (BH-ASO) fact sheet. Available at: [bhaso-fact-sheet.pdf \(wa.gov\)](#)
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6. Northsound Behavioral Health Organization (2016) *Southwest Washington Lessons Learned in Implementing Fully Integrated Managed Care: A Summary of Interviews with Key Southwest Washington Health Care Leaders*.