



Memorandum

TO: JACK LOUWS
FROM: Anne Deacon
DATE: May 23, 2019
RE: Discussion of Crisis Stabilization Facility operational issues

This discussion is scheduled during the June 4, 2019 Finance and Administrative Services Committee of the County Council. Whatcom County is finalizing design and permitting activities in preparation for the construction bid process of the Crisis Stabilization Facility (CSF). This 24,450 square feet facility will encompass two distinct treatment units. One 16-bed unit will provide substance withdrawal management services (commonly known as “detox”), and the other 16-bed unit will provide mental health stabilization services (commonly known as “triage”). Some potential operational challenges have prompted the need for the county to discuss options and make some decisions soon.

As background, following is a sequence of critical events to date:

1. The county received state general fund dollars from the North Sound Behavioral Health Organization (BHO) and the Department of Commerce in the amount of \$9.5 million to be used for capital design and construction costs.
2. The county dedicated \$3 million from the local Behavioral Health Program Fund to support construction.
3. The BHO also dedicated up to \$104,880 in Medicaid funds to support the purchase of furniture, fixtures and equipment for the new facility. The funds must be encumbered no later than June 30, 2019 (purchase order submitted and freight paid).
4. The county released Requests for Qualifications (RFQ) seeking tenants for the new facility who were qualified to provide the treatment services, along with food service. Two separate Behavioral Health Agencies were selected as tenants from this process. Compass Health (triage) and Pioneer Human Services (detox) have been working with the architect and the county facilities department on final design issues. They are currently negotiating with Managed Care Organizations (MCOs) for reimbursement rates for the services they will deliver in the CSF.
5. On July 1, 2019, the BHO will convert to a BH ASO (Administrative Service Organization). This changes their obligation to that of administering only behavioral health crisis services. Although





they calculated the need to retain 90% of available state general fund dollars to maintain the current crisis system services, they are only allotted 70% of the available funds. The MCOs will receive the remainder of state general fund dollars.

- a. MCOs will be responsible to pay for stabilization services to Medicaid enrolled people
 - b. The BH ASO will be responsible to pay for stabilization services to non-Medicaid people
 - c. Stabilization services are considered “discretionary” in the contracts with the state Health Care Authority and can be provided as funds are available.
6. Historically, approximately 69% of the utilization of the current CSF services was by Medicaid enrollees. It is assumed that MCOs will continue to pay for these services for their Medicaid enrollees at the new CSF since they provide a cost saving from hospital visits/stays. MCOs will not pay for services to non-Medicaid people, and the BH ASO does not have sufficient state general fund dollars to cover the cost of services for the remaining 31% of the population. (Commercial Health Plans rarely pay for these services currently.)
 7. County staff and elected officials worked with the state legislature, and specifically Representative Shewmake, to seek additional state general fund dollars to support operational costs of the facility for the next two state fiscal years. \$500,000 per year was approved by the state legislature for the Whatcom facility, and appreciation is extended to Representative Shewmake for her successful efforts.
 8. The narrative accompanying the budget allocation of \$1 million over two fiscal years also directs the Health Care Authority to “...coordinate with crisis stabilization providers, managed care organizations, and behavioral health administrative services organizations throughout the state to identify payment models that reflect the unique needs of crisis stabilization and crisis triage providers. The report must also include an analysis of the estimated gap in nonmedicaid funding for crisis stabilization and triage facilities throughout the state. The authority must provide a report to the office of financial management and the appropriate committees of the legislature on the estimated nonmedicaid funding gap and payment models by December 1, 2019.” (see attachment, item #38 of the state budget bill.) This directive provides some hope that the state will attend to the operational funding challenges and attempt to address them.
 9. The County Council, County Executive, county staff, and the Incarceration Prevention and Reduction Task Force have communicated extensively with the Governor’s office and the Health Care Authority about the concerns for operational funding.

The county has sufficient funds to cover construction costs, but ongoing operational funding presents some challenges. Considerations for discussion include the following:

1. Should the county move forward with the construction of the CSF given the uncertainty of sufficient operational funds?





2. Should the county move forward now to order the furniture for the CSF so that the \$104,880 is utilized?
3. What other information is needed to make final decisions?

