



Transition Document (Tier 2)
Department of Social and Health Services

*Our mission is to improve the quality of life for individuals and families in need.
We help people achieve safe, self-sufficient, healthy and secure lives.*



Washington State
Department of Social
& Health Services

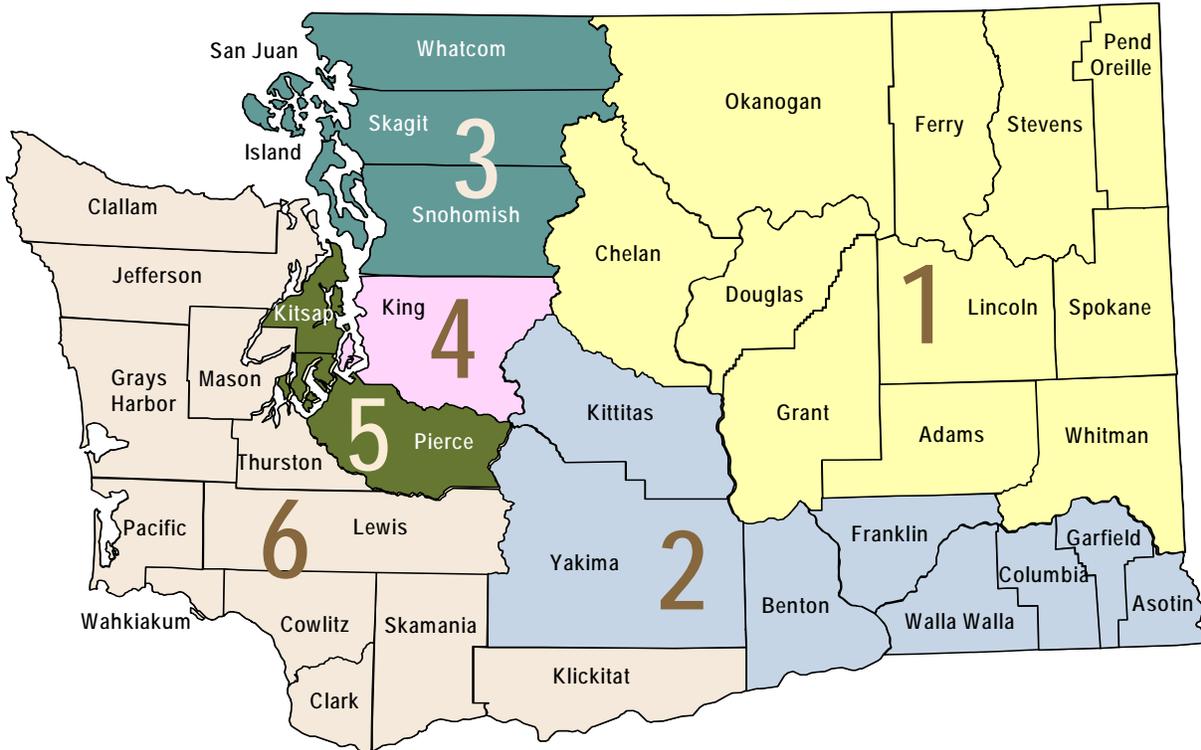
Dennis Braddock
Secretary
October 29, 2004

Headquarters: OB-2, 1115 Washington Street, PO Box: 45010, Olympia, Washington 98504-5010
Websites: <http://www1.dshs.wa.gov/index.html> (Internet); <http://intra.dshs.wa.gov/> (Intranet)
Contact: Alice Liou, Special Assistant to the Secretary
E-Mail & Phone: <mailto:liouah@dshs.wa.gov>; (360) 902-7783

REGIONAL OFFICE LOCATIONS

The Department of Social and Health Services (DSHS) is structured as an umbrella agency that delivers state administered Medicaid programs, economic assistance, child welfare services, and other human services through many field offices, institutions and hospitals, located in six Regions (see **Chart A**).

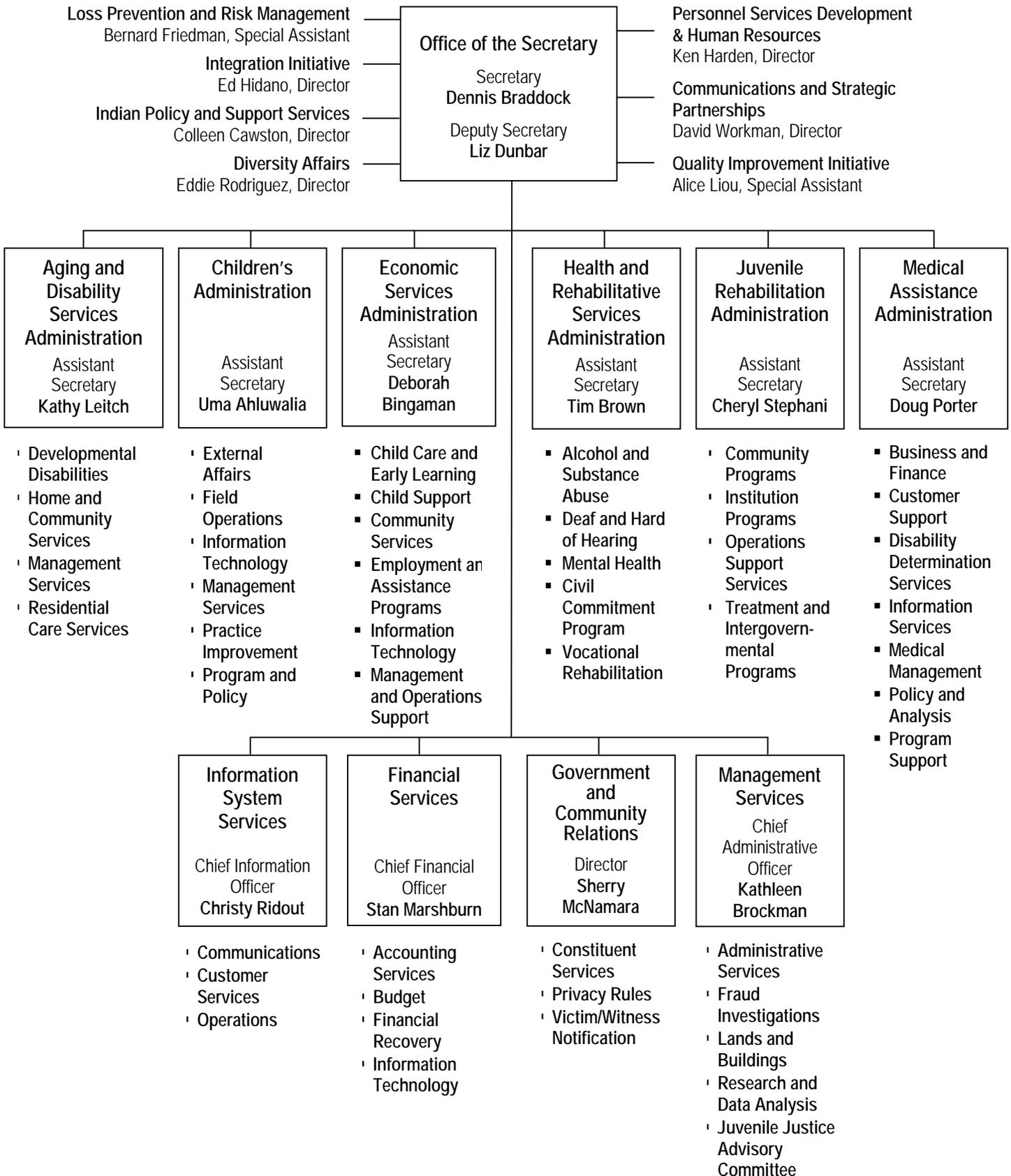
Chart A: DSHS Delivers Services in Six Regions



Listed below are 75 cities where DSHS offices and institutions are located. The main Regional Office of each Region is located in the city noted by bolded font type.

- Region 1: Colfax, Colville, Davenport, East Wenatchee, Ephrata, Mattawa, Medical Lake, Moses Lake, Newport, Omak, Othello, Pullman, Republic, **Spokane**, Wenatchee
- Region 2: Colville, Clarkston, Connell, Ellensburg, Grandview, Kennewick, Pasco, Richland, Selah, Sunnyside, Toppenish, Walla Walla, Wapato, **Yakima**,
- Region 3: Arlington, Bellingham, **Everett**, Friday Harbor, Lynnwood, Monroe, Mount Vernon, Oak Harbor, Woodinville
- Region 4: Bellevue, Burien, Federal Way, Kent, Renton, **Seattle**, SeaTac, Shoreline, Snoqualmie
- Region 5: Auburn, Bremerton, Buckley, Fife, Lakewood, Puyallup, Steilacoom, **Tacoma**, University Place
- Region 6: Aberdeen, Centralia, Chehalis, Forks, Goldendale, Kelso, Lacey, Long Beach, Naselle, Neah Bay, **Olympia**, Port Angeles, Port Townsend, Shelton, South Bend, Stevenson, Tumwater, Vancouver, White Salmon

ORGANIZATION CHART



DSHS CABINET MEMBERS

Secretary

Dennis Braddock Appointed in 2000 to lead DSHS and improve accessibility and accountability. Embarked on initiatives to improve performance, integrate services, and improve partnerships with communities. The Seattle Times said: "Braddock has done much to restore the credibility of DSHS." Was State Representative, Bellingham City Councilperson, CEO of Community Health Plan of Washington.

Deputy Secretary

Liz Dunbar Assists the Secretary in managing DSHS operations. Directly oversees financial services, management services and information systems for all of DSHS. Previously served as Assistant Secretary for Economic Services and was an architect of WorkFirst program. Served as regional administrator and refugee coordinator. Received the Governor's Distinguished Management Award.

Assistant Secretaries

Kathy Leitch *Aging and Disability Services* Appointed in 2000. With DSHS for 27 years. Previous Director of Home and Community Services to increase community living options for elderly and people with disabilities. Governor's Distinguished Management Leadership Award recipient. Long Term Care Board Member for National Academy for State Health Policy. First Vice-President of National Association of State Units on Aging.

Uma Ahluwalia *Children's Administration* Appointed in 2003 to improve children's welfare system. Former Director of External Affairs at the District of Columbia Child and Family Services Agency, and Acting Assistant Chief of Staff to the Governor of Maryland. Executive Committee Member for the American Public Human Services Association (APHSA) and National Association of Public Child Welfare Administrators.

Deborah Bingaman *Economic Services* Has worked in human services for 25 years. Joined DSHS in 2003. Serves on the American Public Human Services Association's Board of Directors. Previously served as Director of Iowa's economic and medical assistance programs. Received Iowa Governor's Leader of the Year Award in 2001 and Top Achievement Award in 1995.

Tim Brown *Health and Rehabilitative Services* Received Ph. D. in clinical psychology in 1970 and worked in community mental health settings in Los Angeles. Joined DSHS in 1975 and has served as Superintendent of Rainier School for clients with developmental disabilities, Director of Research & Data Analysis and Director of Division of Developmental Disabilities. Twice received Governor's Distinguished Manager Award.

Cheryl Stephani *Juvenile Rehabilitation* Appointed in 2000 to lead implementation of integrated, evidence-based treatment services throughout the system, resulting in Washington being recognized as a national leader in this arena. Articulated critical service needs of deep-end juvenile justice youth and strengthened cross-system linkages. Vice president of the national Council of Juvenile Correctional Administrators.

Doug Porter *Medical Assistance* Joined DSHS in 2001 to lead initiatives to contain health care costs and improve services to clients and medical providers. Headed state Medicaid programs in Maine and California. Has broad experience in health care programs including managing psychiatric hospitals and nursing homes. Serves on the Executive Committee of National Association of State Medical Directors.

Chief Officers

Christy Ridout *Chief information Officer* Has worked in information technology for over twenty years – five years as CIO for DSHS. The focus as CIO is developing an enterprise view of Information Technology that aligns with business. She has received national recognition for excellence in technology as well as the Governor's Distinguished Managers Award. Chairs the Information Processing Management Association Board.

| | |
|--|--|
| <p>Stan Marshburn <i>Chief Financial Officer</i></p> | <p>Joined DSHS in 1999 as Budget Director. Became CFO in 2002 when Budget and Finance Divisions were consolidated. Worked for state government in both executive (5 agencies) and legislative branches in public policy and finance over the past 28 years. Co-founder of TVW. Recipient of Governor's Distinguished Managers award.</p> |
| <p>Kathleen Brockman <i>Chief Administrative Officer</i></p> | <p>Leads key business support services for DSHS, which performs 30 million financial transactions per year. Manages facilities, contracts, fraud investigations, research, Juvenile Justice Advisory Committee. Drawing on executive and field experience, has earned reputation for sound management, trouble-shooting and making systems work.</p> |

Initiative Directors and Special Assistants

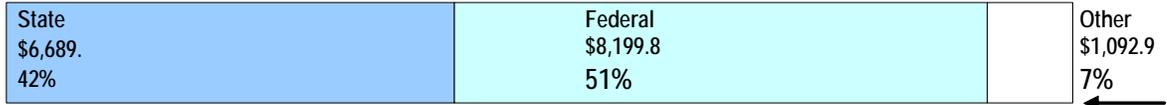
| | |
|--|---|
| <p>Sherry McNamara <i>Government and Community Relations (Director)</i></p> | <p>Appointed to lead Legislative Relations in 1994. Expanded scope of functions to incorporate Federal and local government, HIPPA/Privacy rules, Victim/Witness Notification program, and Constituent Services. Previously served as Assistant Director of Legislative Relations, Legislative Analyst, Health Services Administrator, and Dental Health Administrator.</p> |
| <p>Ken Harden <i>Personnel Services Development (Director)</i></p> | <p>Charged with implementing civil service reform within DSHS. Formerly the Assistant Secretary for Management Services Administration responsible for internal administration activities within DSHS. With DSHS for 27 years. Previously served as Regional Administrator for Aging and Adult Services in Region 5, and Program Manager for Alcohol and Substance Abuse.</p> |
| <p>David Workman <i>Communications and Strategic Partnerships (Director/Special Assistant)</i></p> | <p>Leads strategic communication initiatives and publications management. Established an agency-wide Communications Team representing DSHS programs. Received the Governor's Distinguished Manager Award. Has led communication and public involvement for state agencies and a statewide project in the Governor's Office. Has led project teams for OFM.</p> |
| <p>Alice Liou <i>Quality Improvement Initiative (Special Assistant)</i></p> | <p>Appointed in 2001 to enhance agency strategic planning, quality improvement, performance measurement, employee recognition, and organization development. With DSHS for 13 years. Led a number of workgroups to improve policies and operations. Directed implementation of language service policies. Executive Board Member for the Washington Certified Public Manager Program.</p> |
| <p>Bernard Friedman <i>Loss Prevention and Risk Management (Special Assistant)</i></p> | <p>A lawyer since 1982 with substantial experience in personal injury and commercial litigation. Brought in considerable knowledge in legal and statutory analysis; charged with risk management and loss prevention. Retired as Air Force lieutenant colonel. Served as a manager in a large organization and a state Supreme Court law clerk.</p> |
| <p>Ed Hidano <i>Integration Initiative (Director)</i></p> | <p>An executive catalyst for improving cross-program service delivery to clients. Spearheaded DSHS involvement in Facing the Future Forums. Far-reaching experience in issues and programs - including child welfare, economic services, mental health. Previous Assistant Secretary of Health & Rehabilitative Services Administration. Was Loaned Executive to Seattle Mayor.</p> |
| <p>Colleen Cawston <i>Indian Policy and Support Services (Director)</i></p> | <p>An expert in Tribal governance; was appointed to enhance DSHS government-to-government relationships with Indian Tribes. Has served as the Colville Confederated Tribes Chairperson for three years, and the past Secretary for the National Congress of American Indians. Worked as both provider and administrator of health programs for her tribe for 18 years.</p> |
| <p>Eddie Rodriguez <i>Diversity Affairs (Director)</i></p> | <p>Works to assist DSHS administrations in the recruitment of qualified candidates and contractors from diverse backgrounds. Provides administrations technical assistance as they seek to ensure equal opportunities for employment or contracting opportunities as may be available from the department. Has been with DSHS for 16 years.</p> |

BUDGET SUMMARY

DSHS Funding & FTE History 2003-05 Biennium with 2004 Supplemental

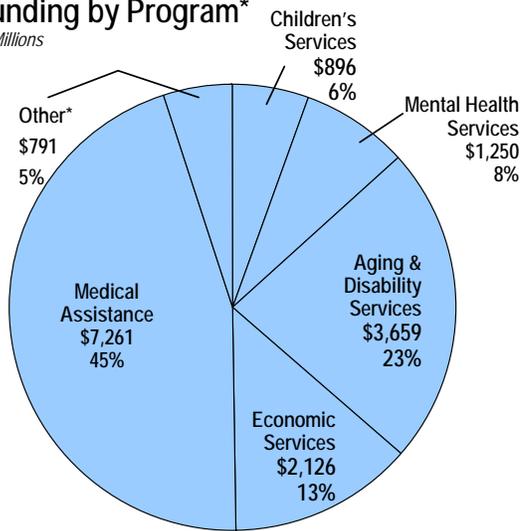
Source of Funding

TOTAL = \$15,982.4 Million



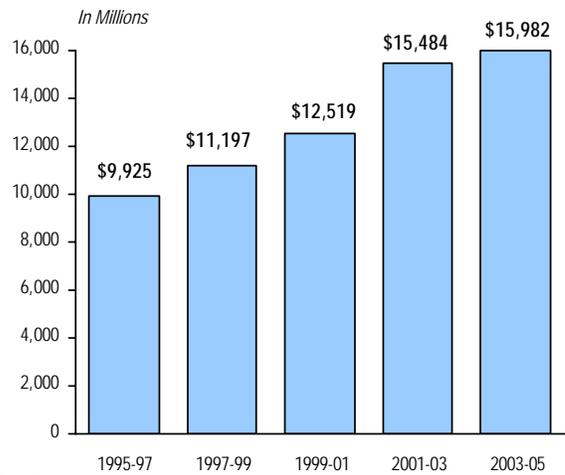
Funding by Program*

In Millions



Funding History (All Funds)

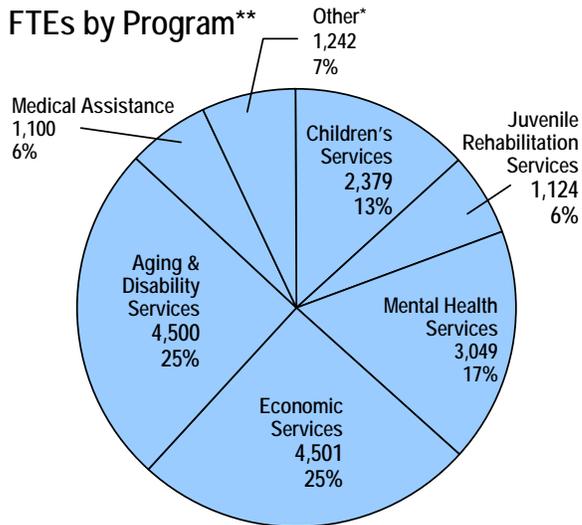
1995-97 to 2003-05



*Other areas include Juvenile Rehabilitation, Alcohol & Substance Abuse, Vocational Rehabilitation, Administrative Support Services and payments to other agencies.

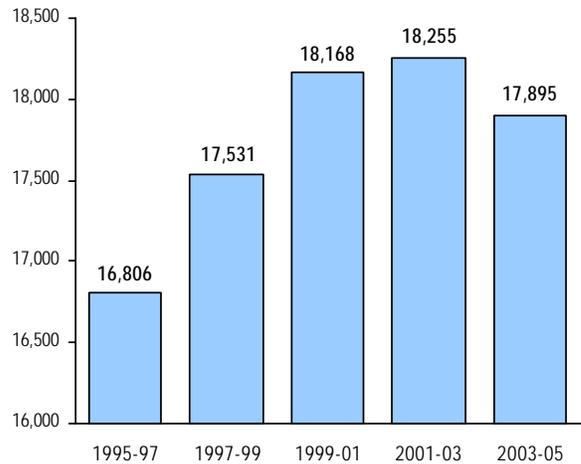
FTEs by Program**

In Millions



FTE History

1995-97 to 2003-05



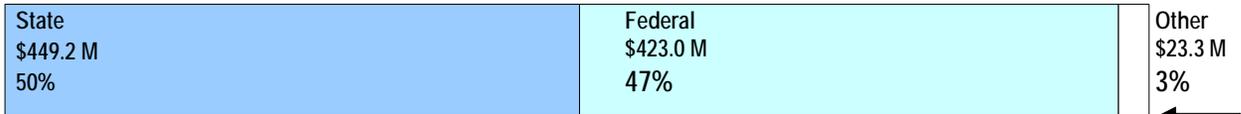
** Other areas include Alcohol & Substance Abuse, Vocational Rehabilitation, and Administrative and Information Support Services.

Children's Administration

2003-05 Biennium with 2004 Supplemental

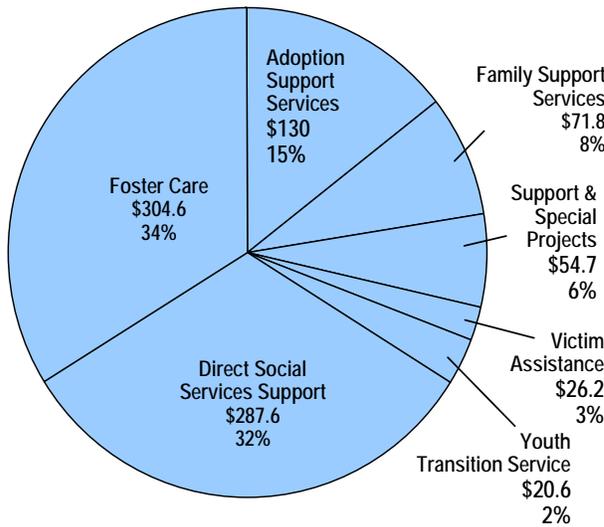
Source of Funding

TOTAL = \$895.5 Million



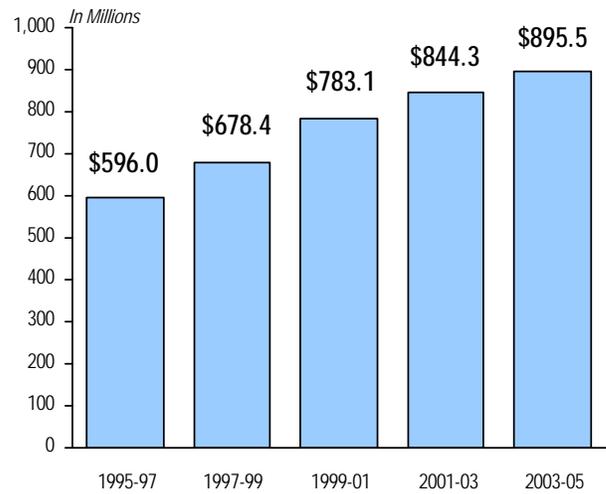
Funding by Activity

In Millions



Funding History* (All Funds)

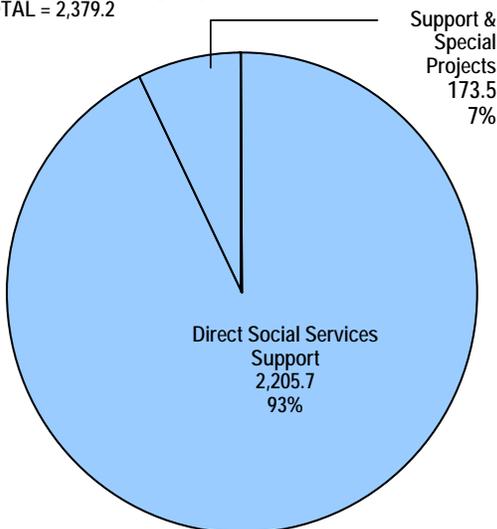
1995-97 to 2003-05



*The child care policy and licensing functions were transferred to Economic Services Administration in 2001, resulting in a \$58.5 million reduction in funding.

FTEs by Category**

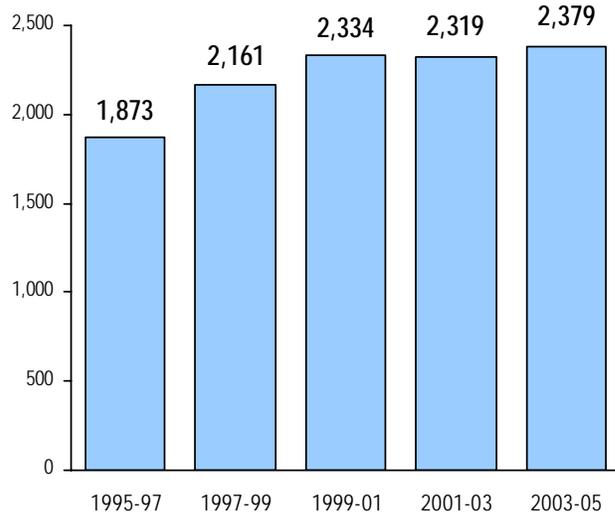
TOTAL = 2,379.2



** Adoption Support, Family Support, Foster Care, Transitional Services, and Victim Assistance are contracted services.

FTE History***

1995-97 to 2003-05



*** The child care policy and licensing functions were transferred to Economic Services Administration in 2001, resulting in a reduction of 125.2 FTEs.

Juvenile Rehabilitation

2003-05 Biennium with 2004 Supplemental

Source of Funding

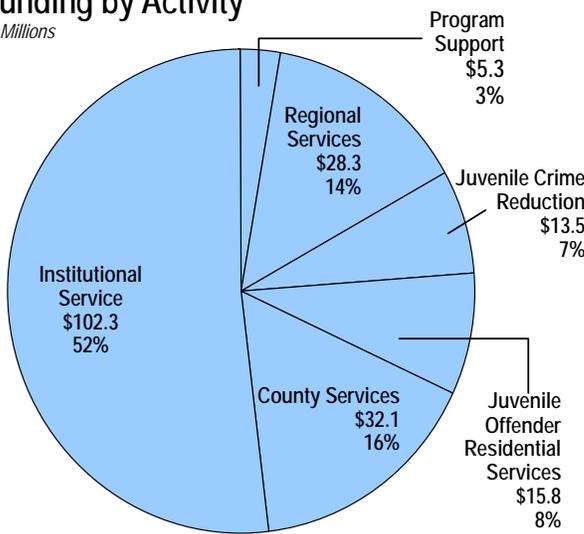
TOTAL = \$197.3 Million

Federal
\$6.3 M
3%



Funding by Activity

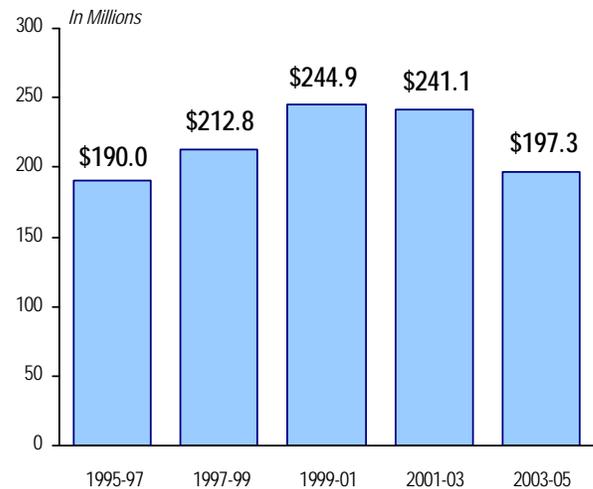
In Millions



Funding History (All Funds)

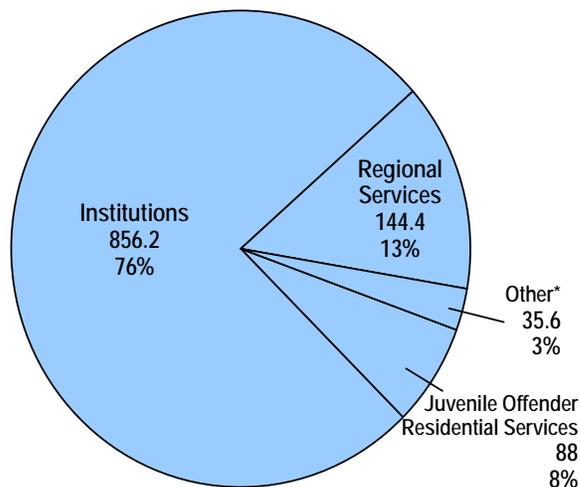
1995-97 to 2003-05

In Millions



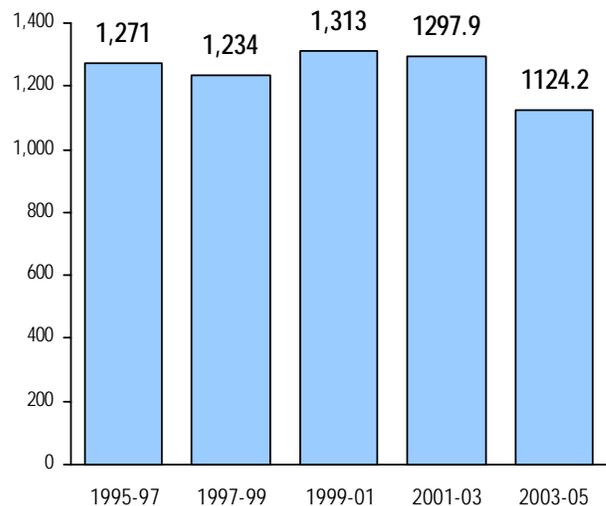
FTEs by Category*

TOTAL = 1,124.2



FTE History

1995-97 to 2003-05



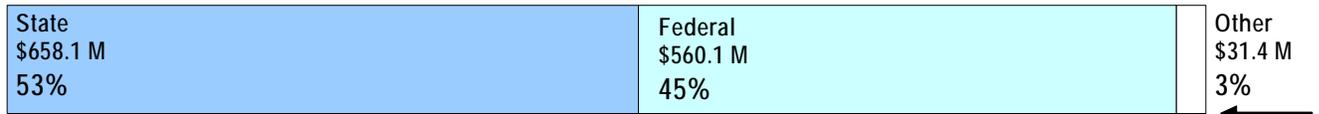
* Other includes Institutional Services, Community Based Juvenile Crime Reduction and Program Support.

Mental Health

2003-05 Biennium with 2004 Supplemental

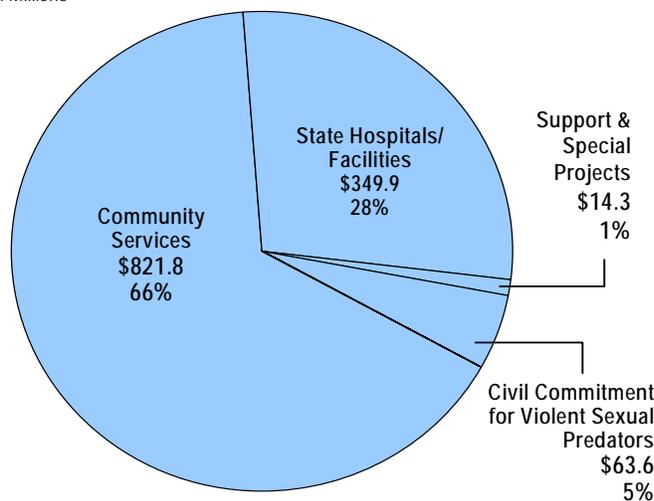
Source of Funding

TOTAL = \$1,249.6 Million



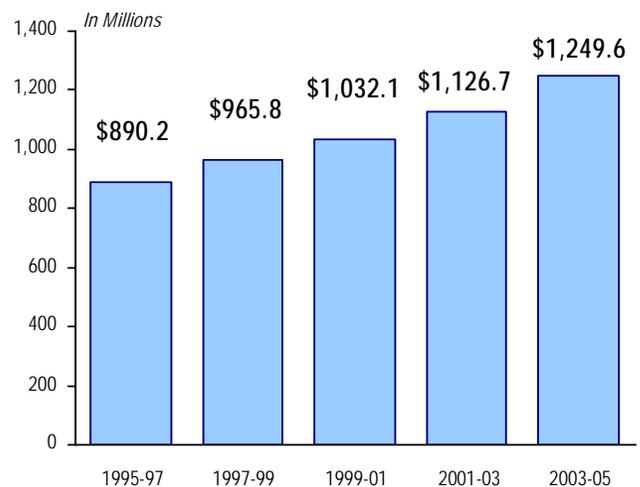
Funding by Activity

In Millions



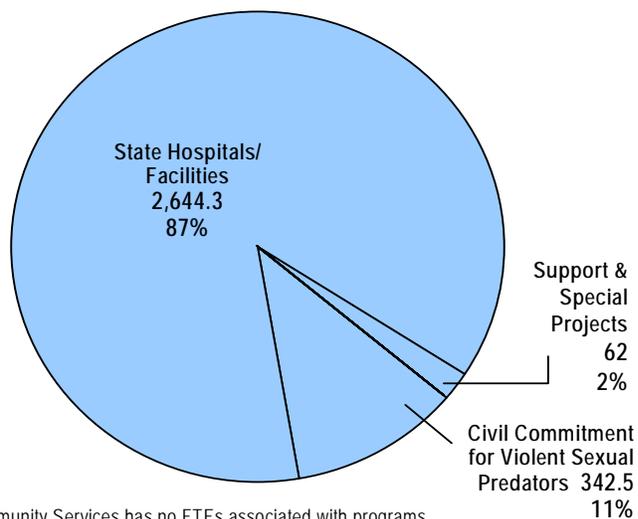
Funding History (All Funds)

1995-97 to 2003-05



FTEs by Category*

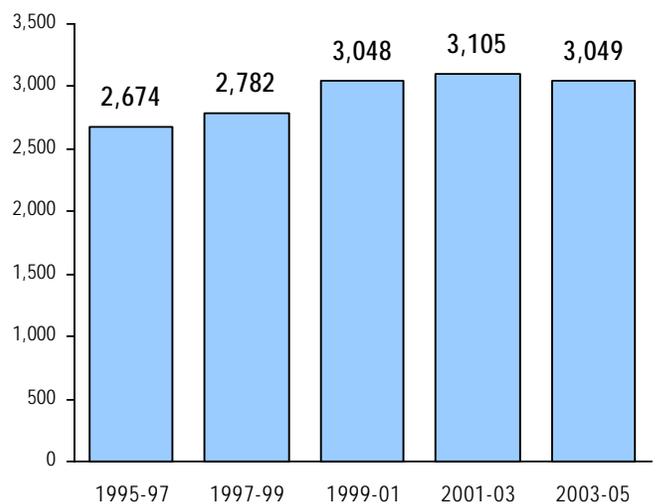
TOTAL = 3,048.8



* Community Services has no FTEs associated with programs.

FTE History

1995-97 to 2003-05



Developmental Disabilities

2003-05 Biennium with 2004 Supplemental

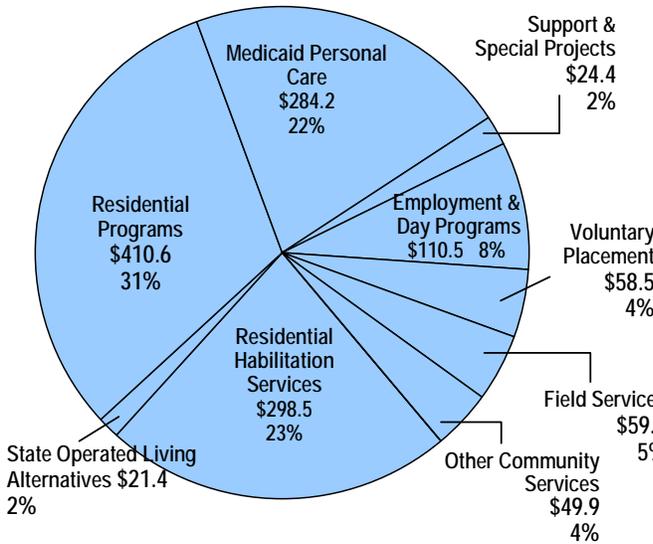
Source of Funding

TOTAL = \$1,317.9 Million



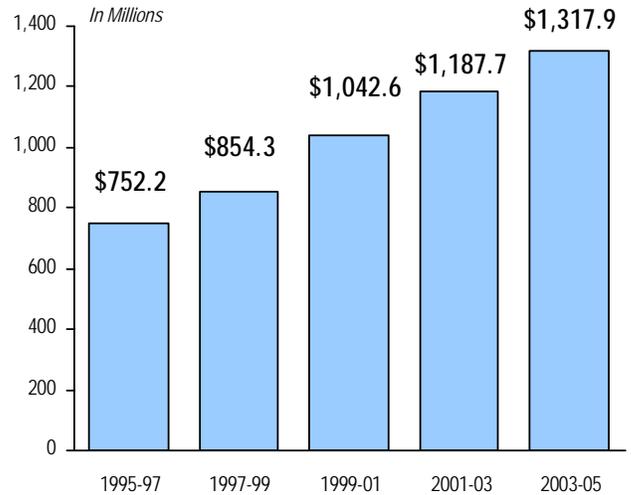
Funding by Activity

In Millions



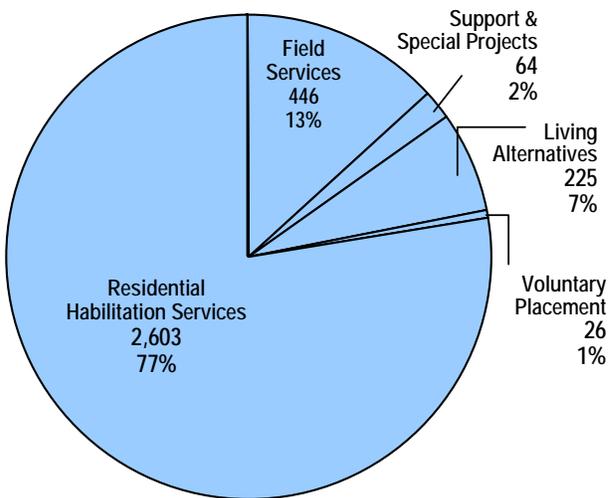
Funding History (All Funds)

1995-97 to 2003-05



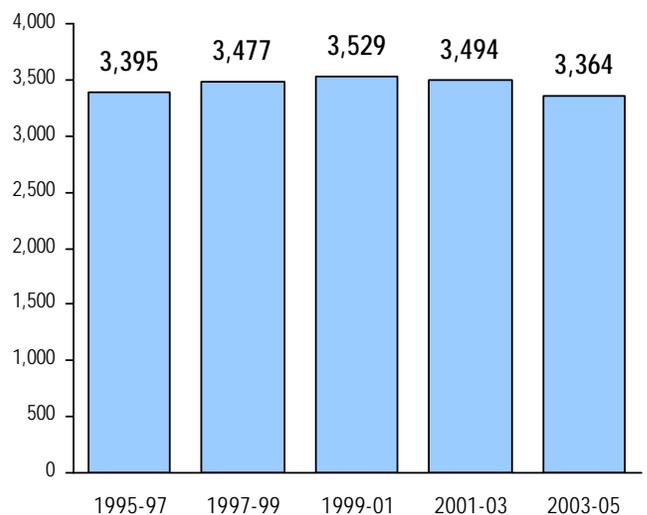
FTEs by Category*

TOTAL = 3,364



FTE History

1995-97 to 2003-05



* Employment & Day Programs, Other Community Services, Medicaid Personal Care Program, and Residential Programs have no FTEs associated with programs.

Long Term Care

2003-05 Biennium with 2004 Supplemental

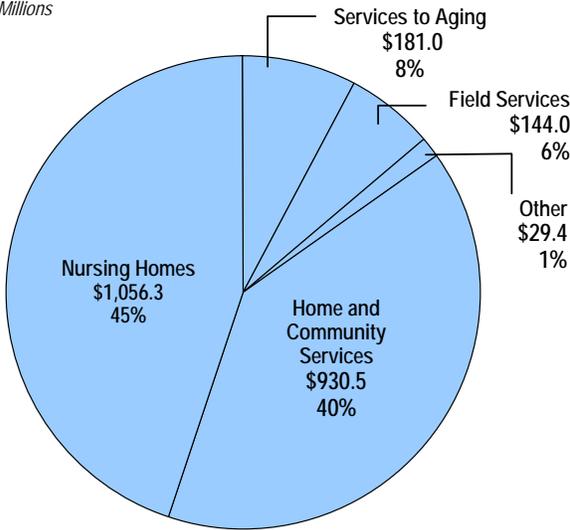
Source of Funding

TOTAL = \$2,341.3 Million



Funding by Activity*

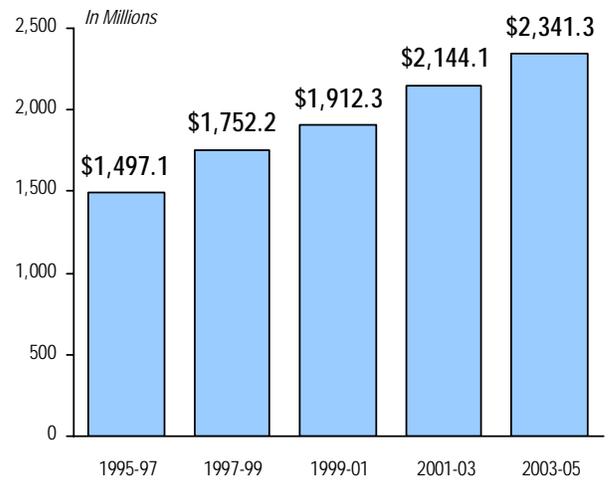
In Millions



* Other includes Adult Day Health/Residential Care, Other Aging & Adult Services, Residential Care, Quality Assurance, and Program Support & Special Projects.

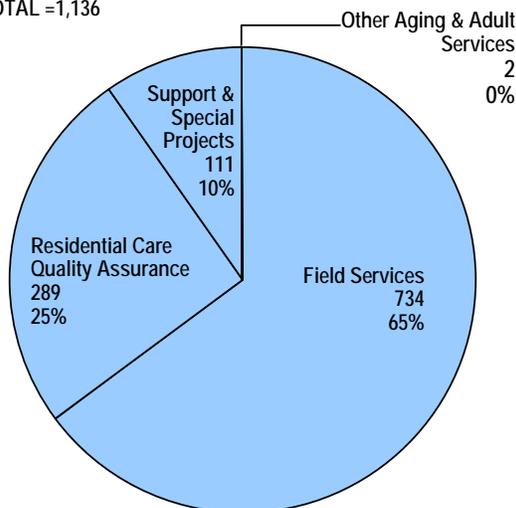
Funding History (All Funds)

1995-97 to 2003-05



FTEs by Category**

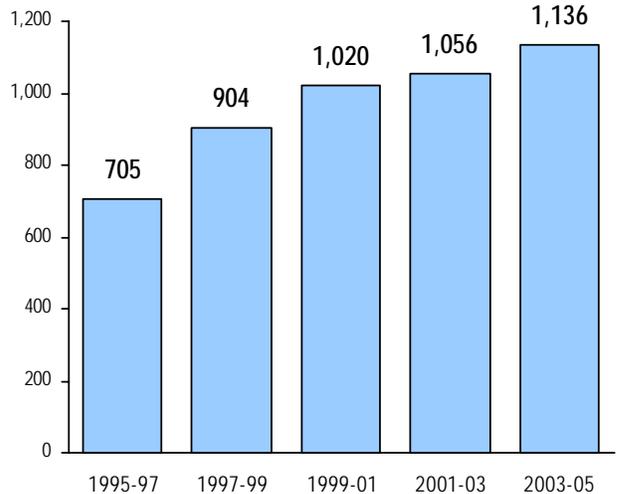
TOTAL = 1,136



** Adult Day Health/Residential Care, Home and Community Services, Nursing Homes, Services to Aging have no FTEs associated with programs.

FTE History

1995-97 to 2003-05



Economic Services

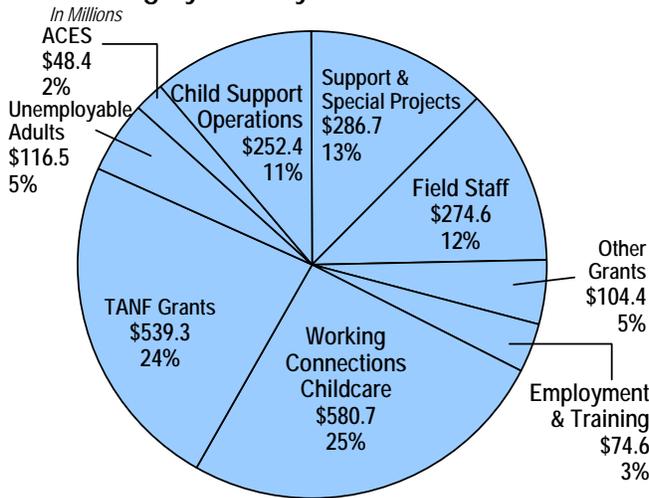
2003-05 Biennium with 2004 Supplemental

Source of Funding

TOTAL = \$2,125.9 Million

| | | |
|---------------------------|-------------------------------|-------------------------|
| State \$883.3 M 42% | Federal \$1,208.7 M 57% | Other \$33.9 M 2% |
|---------------------------|-------------------------------|-------------------------|

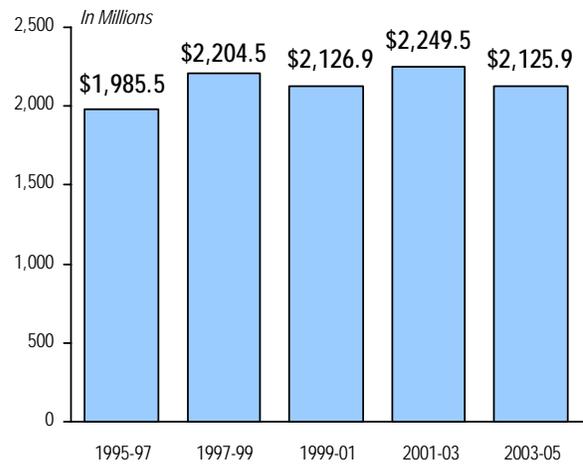
Funding by Activity*



* Child Support Enforcement Collections receives revenue totaling \$151.7 million (-7%)

Funding History** (All Funds)

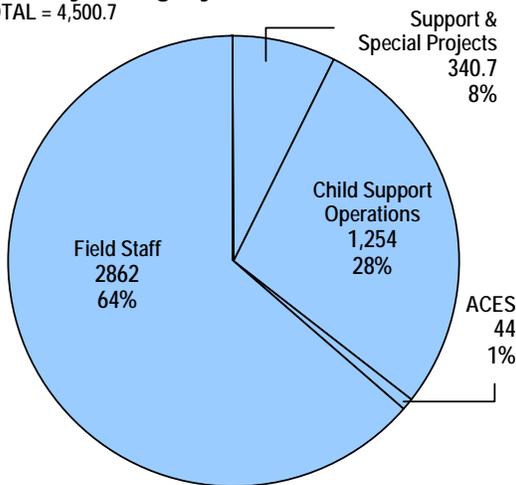
1995-97 to 2003-05



**The child care policy and licensing functions of Children's Administration and some funding from the Department of Health and Office of Financial Management were transferred to Economic Services Administration in 2001, resulting in a \$59.8 million funding increase.

FTEs by Category***

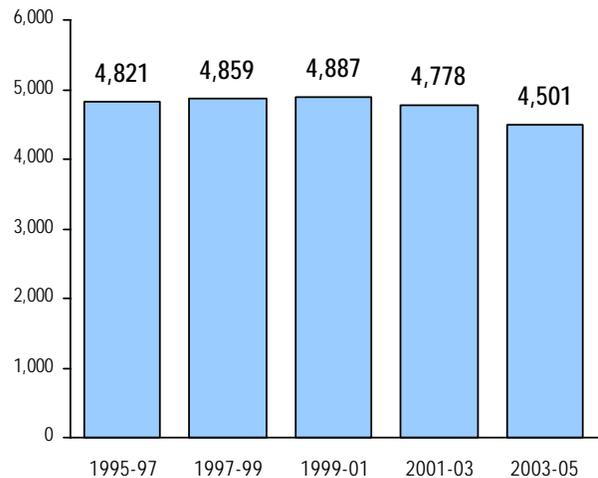
TOTAL = 4,500.7



***Child Support Enforcement Collections, Unemployable Adults, Temporary Assistance to needy Families, Working Connections to Child Care, Employment & Training, and Other Grants have no FTEs associated with programs.

FTE History****

1995-97 to 2003-05



**** The child care policy and licensing functions of Children's Administration and some funding from the Department of Health and Office of Financial Management were transferred to Economic Services Administration in 2001, resulting in an increase of 133.5 FTEs.

Alcohol & Substance Abuse

2003-05 Biennium with 2004 Supplemental

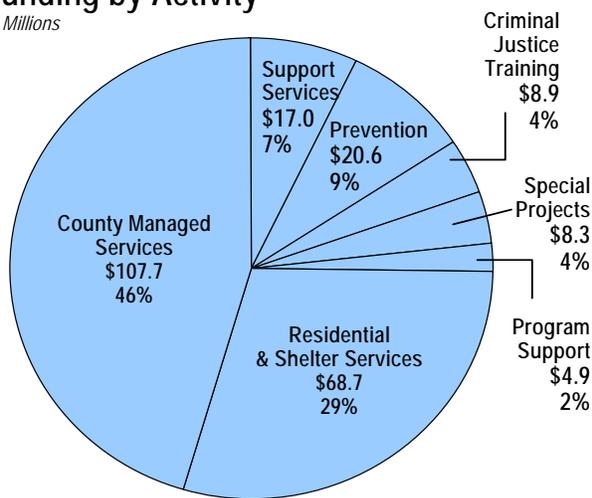
Source of Funding

TOTAL = \$236 Million

| | | |
|-----------------------------|----------------------------|--------------------------|
| State \$141.3 M 59.9% | Federal \$94.1 M 40% | Other \$0.6 M 0.3% |
|-----------------------------|----------------------------|--------------------------|

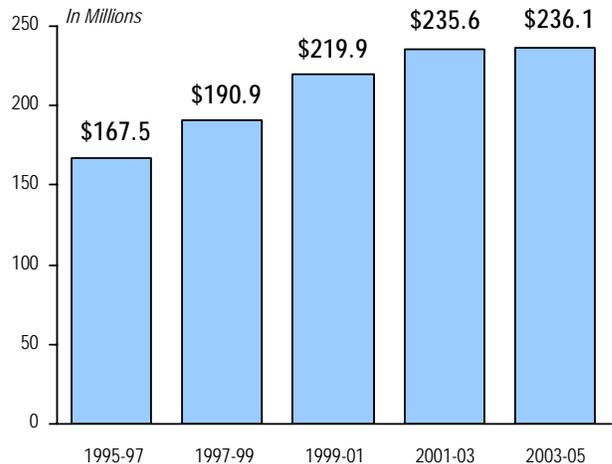
Funding by Activity

In Millions



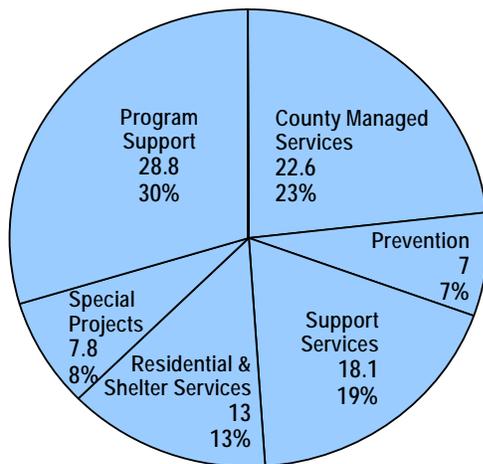
Funding History (All Funds)

1995-97 to 2003-05



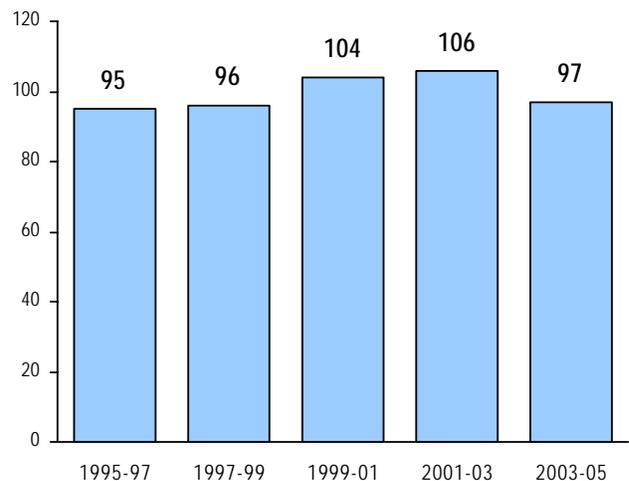
FTEs by Category

TOTAL = 97.3



FTE History

1995-97 to 2003-05



Medical Assistance

2003-05 Biennium with 2004 Supplemental

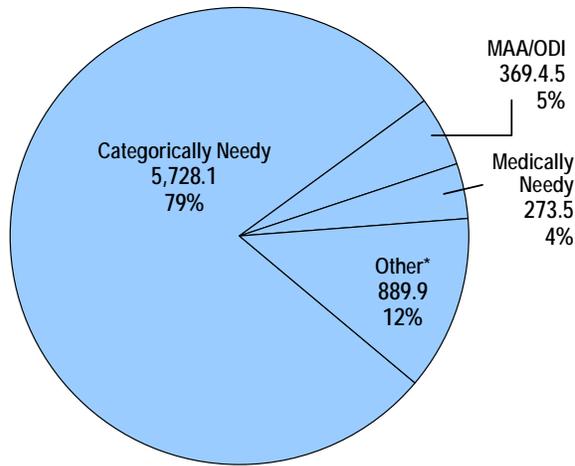
Source of Funding

TOTAL = \$7,260.9 Million

| | | |
|-----------------------------|-------------------------------|-----------------------------|
| State \$2,367.5 M 33% | Federal \$3,892.3 M 54% | Other \$1,001.1 M 14% |
|-----------------------------|-------------------------------|-----------------------------|

Funding by Activity*

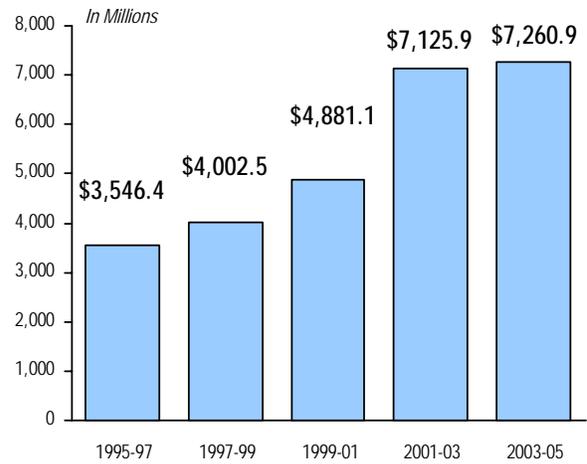
In Millions



* Includes Children's Health Insurance Program (CHIP), Family Planning, Indian Health, Medically Indigent, GAU-ADATSA, Refugee Assistance.

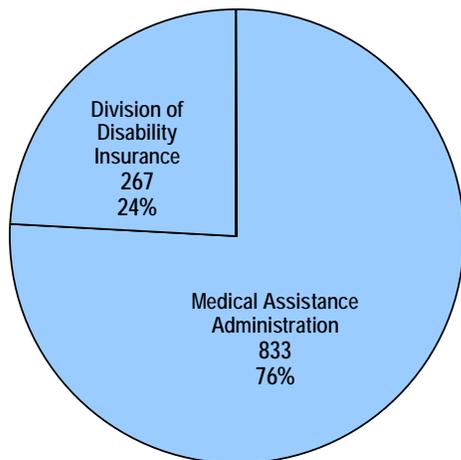
Funding History (All Funds)

1995-97 to 2003-05



FTEs by Category**

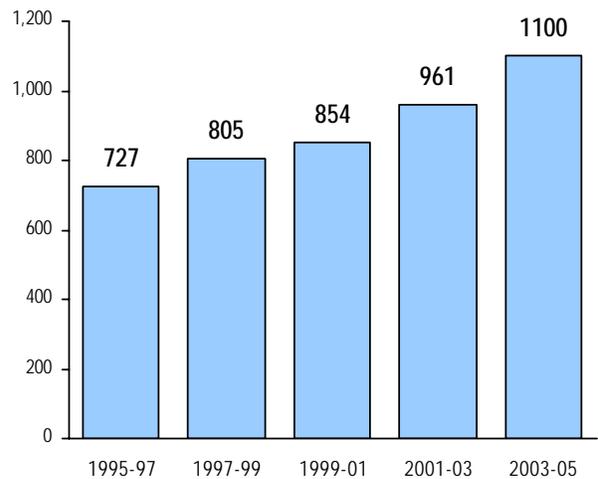
TOTAL = 1100



**No other activities have FTEs associated with this program.

FTE History

1995-97 to 2003-05

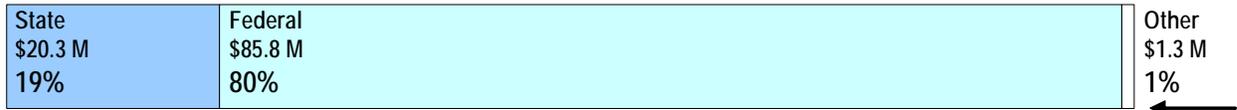


Vocational Rehabilitation

2003-05 Biennium with 2004 Supplemental

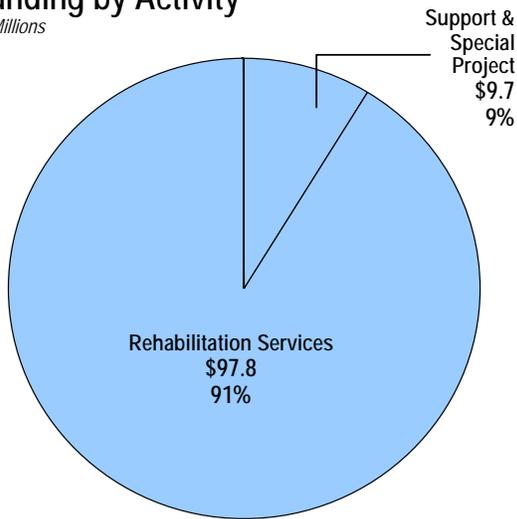
Source of Funding

TOTAL = \$107.5 Million



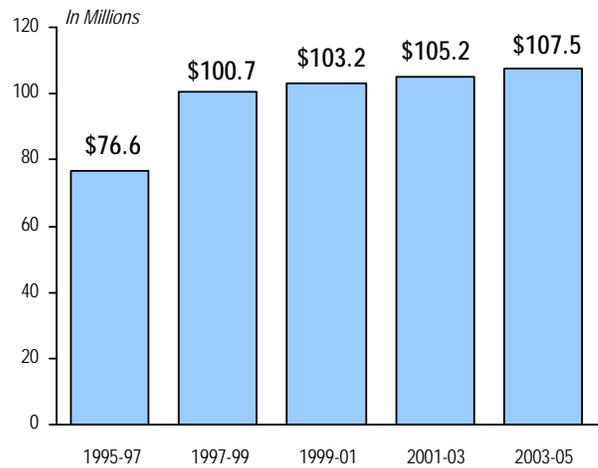
Funding by Activity

In Millions



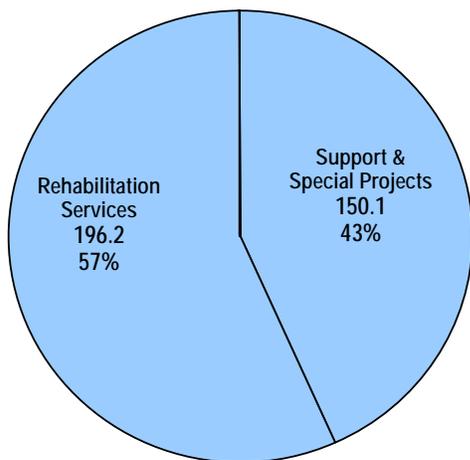
Funding History (All Funds)

1995-97 to 2003-05



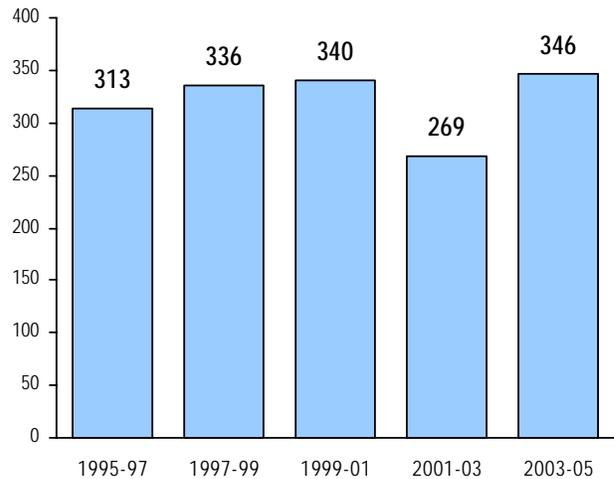
FTEs by Category

TOTAL = 346.3



FTE History

1995-97 to 2003-05



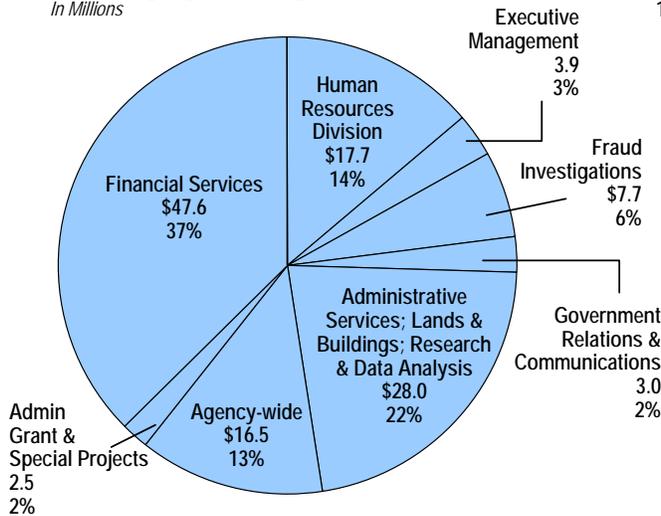
Administrative Support Services (Including Information System Services) 2003-05 Biennium with 2004 Supplemental (to be updated)

Source of Funding TOTAL = \$126.9 Million



Funding by Activity*

In Millions

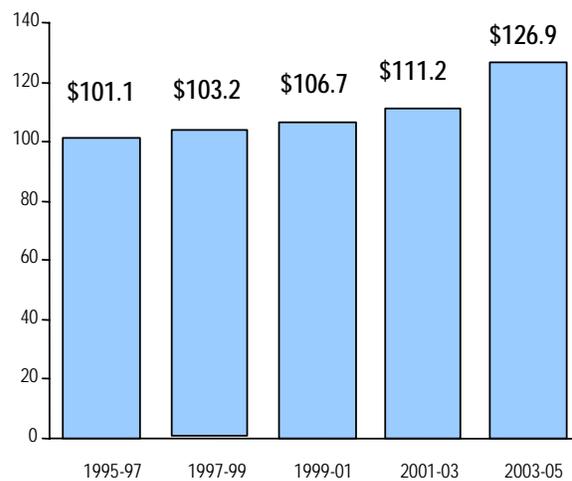


* Information System Services Division is not presented here due to its 100% chargeback funding mechanism.

Funding History (All Funds)

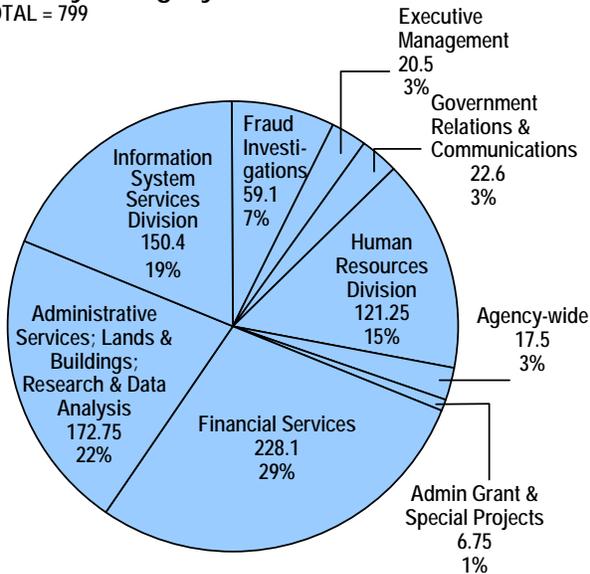
1995-97 to 2003-05

In Millions



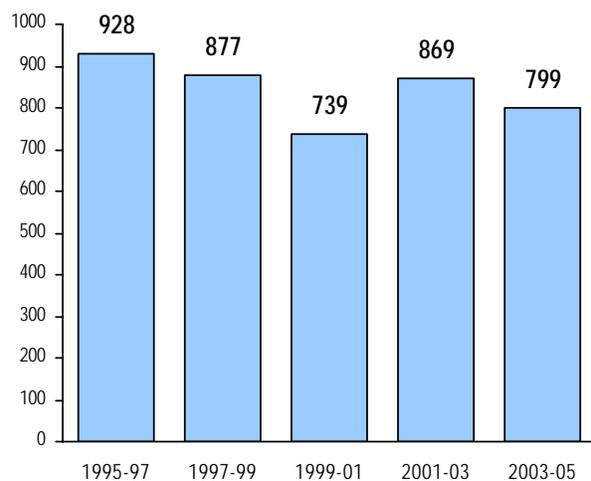
FTEs by Category

TOTAL = 799



FTE History**

1995-97 to 2003-05



** Effective April 2004, 43.1 FTEs and \$3.2 million (per fiscal year) were transferred to Human Resources Division from other programs as an effort to consolidate additional personnel functions in the department. This transfer is included in the presented data.

Payments to Other Agencies*

2003-05 Biennium with 2004 Supplemental

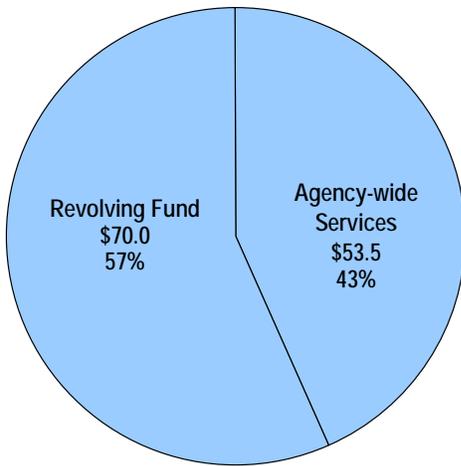
Source of Funding

TOTAL = \$123.5 Million



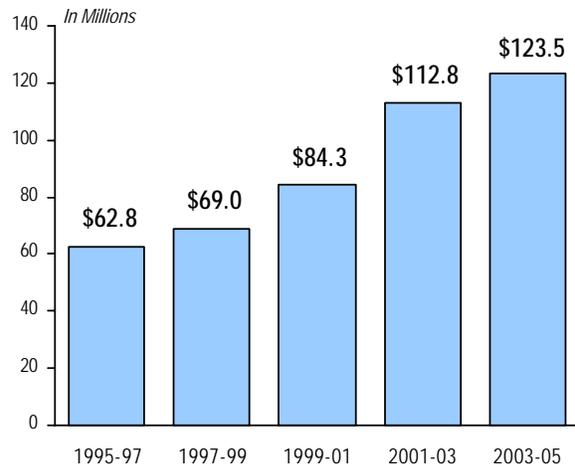
Funding by Activity

In Millions



Funding History (All Funds)

1995-97 to 2003-05



* The items included in this category are: General Administration Services, Human Resource Information Services, Insurance Administration and Premiums, Agency Self-Insurance Liability, Office of Minority and Women Business Enterprise, Human Rights Commission, Washington State Patrol, Archives and Records Services Revolving Fund, General Administration Revolving Fund, State Auditor Revolving Fund, Attorney General Revolving Fund & Hearings Revolving Fund.

FTEs

There are no FTEs associated with Payments to Other Agencies.

AUTHORIZING ENVIRONMENT

Major State Statutory Authorities: Revised Code of Washington (RCW)

RCW 43.20A.010, Dept of social and health services, defines the purpose of the department. The following are other major state laws that authorize DSHS programs and services.

- Title 10 – Criminal Procedure** 10.05: Deferred prosecution - Courts of limited jurisdiction; 10.77: Criminally insane – Procedures
- Title 13 – Juvenile Courts and Juvenile Offenders** 13.04.116: Juvenile not to be confined in jail or holding facility for adults, exceptions – Enforcement; 13.06: Juvenile offenders - Consolidated juvenile services programs; 13.24: Interstate compact on juveniles; 13.40: Juvenile justice act of 1977; 13.40.220: Costs of support, treatment, and confinement - Order - Contempt of court; 13.80: Learning and life skills grant program
- Title 18 – Businesses and Professions** 18.20: Boarding homes; 18.51: Nursing homes; 18.205: Chemical dependency professionals
- Title 26 – Domestic Relations** 26.18: Child support enforcement; 26.19: Child support schedule; 26.23: State support registry; 26.26: Uniform parentage act; 26.44: Abuse of children
- Title 28A – Common School Provisions** 28A.190: Residential education programs
- Title 43 – State Government – Executive** 43.17.120: Designation of agency to carry out federal social security disability program; 43.20A: Dept of social and health services; 43.20A.720: Telecommunications devices and services for the hearing and speech impaired; 43.20B: Revenue recovery for department of social and health services
- Title 46 – Motor Vehicle** 46.61.5056: Alcohol violators - Information school - Evaluation and treatment
- Title 70 – Public Health and Safety** 70.129: Resident rights; 70.128: Adult family homes; 70.195: Early intervention services; 70.96A: Treatment for alcoholism, intoxication, and drug addiction
- Title 71 – Mental Illness** 71.05: Mental illness; 71.09: Sexually violent predators; 71.24: Community mental health services act; 71.34: Mental health services for minors
- Title 71A – Developmental Disabilities** 71A.12: State services; 71A.20: Residential Habilitation Centers
- Title 72 – State Institutions** 72.05: State Institutions; 72.23: Public and private facilities for mentally ill; 72.16: Green Hill School; 72.19: Juvenile correctional institution in King county; 72.20: Maple Lane School
- Title 74 – Public Assistance**
- Ageing and Disability Services*** 74.34: Abuse of vulnerable adults; 74.36: Funding for community programs for the aging; 74.38: Senior citizens services act; 74.39: Long-term care service options; 74.41: Respite care services; 74.42: Nursing home – residential care standards; 74.46: Nursing facility Medicaid payments
- Children’s Administration*** 74.13: Child welfare services; 74.14A: Children and family services; 74.14B: Children’s services; 74.14C: Family preservation services; 74.14D: Alternative family-centered services; 74.15: Care of children, expectant mothers, developmentally disabled
- Economic Services*** 74.04: Public assistance – general provision; 74.08: Eligibility generally – Standards of assistance; 74.08A: Washington WorkFirst temporary assistance for needy families; 74.12: Temporary assistance for needy families; 74.20: Child support enforcement; 74.25A: Employment partnership program
- Vocational Rehabilitation*** 74.29: Rehabilitation services for individuals with disabilities
- Alcohol and Substance Abuse*** 74.50: Alcoholism and drug addiction treatment and support
- Medical Assistance*** 74.09: Medical care; 74.09A: Medical assistance -- Coordination of benefits -- Computerized information transfer
- Title 80 – Public Utilities** 80.36.470: Washington telephone assistance program

Major Federal Statutory Authorities

- Food Stamp Act of 1977
- Food Stamp Reauthorization Act of 2002
- Indian Child Welfare Act of 1978
- Individuals with Disabilities Education Act Amendments of 1997
- Juvenile Justice Delinquency Prevention Act of 1974
- Older Americans Act of 1965 and Amendments of 2000
- Personal Responsibility and Work Opportunity Reconciliation Act of 1996
- Refugee Act of 1980, Admission and Resettlement of Refugees
- Rehabilitation Act of 1973, Section 504, Reasonable Accommodations for People with Disabilities
- Rehabilitation Act Amendments of 1998, Individual's Right to Participate Fully in the Economic, Social, Cultural and Education Mainstream of America
- Social Security Act: Title II, Federal Old Age, Survivors, and Disability Insurance Benefits
- Social Security Act: Title IV-A, Temporary Assistance for Needy Families, Child Care
- Social Security Act: Title IV-D, Child Support Enforcement
- Social Security Act: Title IV-E, Foster Care
- Social Security Act: Title XI, Temporary Assistance to U.S. Citizens who have been returned from foreign countries
- Social Security Act: Title XII, Eligibility Criteria and Benefit Levels for the Federal Food Stamp Program
- Social Security Act: Title XIII, Qualified and Non-Qualified Aliens to TANF, SSI and Food Stamp Benefits
- Social Security Act: Title XVI, Supplemental Security Income Program
- Social Security Act: Title XVIII, Health Insurance for the Aged and Disabled
- Social Security Act: Title XIX, Grants to States for Medical Assistance Programs
- Social Security Act: Title XXI, State Children's Health Insurance Program
- Telecommunication Act of 1996
- Ticket to Work and Work Incentives Improvement Act of 1999

CUSTOMER GROUPS, PROVIDERS AND PARTNERS

| Customer Groups* | Expectations |
|--|---|
| Low-income persons needing health care | <ul style="list-style-type: none"> ▪ Timely, quality health care and prescription drugs ▪ Access to health care providers |
| Vulnerable children and adults | <ul style="list-style-type: none"> ▪ Safe environment with no abuse and neglect ▪ Permanent home, stable life, and healthy environment for development ▪ Intervention services; rehabilitation treatment, coaching and mentoring |
| Low-income or disabled but employable persons | <ul style="list-style-type: none"> ▪ Food, shelter and cash assistance ▪ Job training, rehabilitation, job placement services, employment support |
| Persons at risk of chemical dependency | <ul style="list-style-type: none"> ▪ Alcohol and drug abuse treatment or prevention services ▪ Healthy lifestyle and information on preventive practices |
| Persons in need of long term care; persons with disabilities, mental health or behavioral issues | <ul style="list-style-type: none"> ▪ Quality care, effective treatment, rehabilitation, safe environment ▪ Choices of residential settings and treatment services ▪ Healthy, independent lifestyle and information on preventive practices |
| Communities | <ul style="list-style-type: none"> ▪ No harm from drug abusers, sex offenders, or juvenile offenders |

* *DSHS provides services to families in need of assistance. Families of the listed customer groups are also our customers. These customer groups are not mutually exclusive. Over 50% of DSHS customers receive services from two or more DSHS programs.*

| Nature of Services | Representative Service Provider Groups |
|---|---|
| Health and Safety | <ul style="list-style-type: none"> ▪ Health care providers, clinics and hospitals; pharmacies ▪ Local Health Jurisdictions of counties and cities; Public Health Nurses ▪ Mental health service providers; Regional Support Networks ▪ Chemical dependency treatment centers and providers |
| Children's Services | <ul style="list-style-type: none"> ▪ Foster parents, relatives, adoptive parents, child placing agencies ▪ Residential group care facilities, overnight shelters ▪ Child and family service providers; Early Intervention Service providers ▪ Child care centers and individual child care providers ▪ Community-based organizations |
| Employment and Vocational Rehabilitation | <ul style="list-style-type: none"> ▪ For-profit or non-profit employment services agencies; refugee centers ▪ Vocational rehabilitation agencies; trainers and therapists |
| Long Term Care (for elderly and persons with disabilities) | <ul style="list-style-type: none"> ▪ In-home care providers ▪ Providers contracted with counties or cities; Area Agencies on Aging ▪ Nursing homes and Residential Habilitation Centers ▪ Group homes, boarding homes and adult family homes |
| Rehabilitation Services (for juvenile offenders, mental health clients and sex offenders) | <ul style="list-style-type: none"> ▪ Community based residential care providers for juvenile offenders ▪ Regional Support Networks to treat and support mental health clients ▪ Behavioral and mental health professionals; sex offender treatment providers; chemical dependency treatment providers |
| Other Professional Services | <ul style="list-style-type: none"> ▪ Regional Service Centers on Deaf and Hard of Hearing ▪ Sign language and spoken language service providers and agencies ▪ Transportation services providers ▪ Community protection program providers ▪ Other professional service providers |

Major Partners

U.S. Department of Human and Health Services; Legislators; committees and task forces; courts and law enforcement systems; other state agencies; tribal governments; local governments; Regional Support Networks; Local Health Jurisdictions; private social and health services agencies; community and religious organizations; professional societies; provider associations; advocacy groups; and special interest groups.

EXTERNAL ENVIRONMENTAL SCAN

TRENDS IN CUSTOMER CHARACTERISTICS

Increased Demand in Long Term Care

- The average monthly Medicaid long-term care caseload currently is approximately 45,000 with 70% of these clients over age 65. The population over age 65 is projected to increase 145% from 2001 to 2030, while the growth rate of all groups is 39% in the same period. Advancements in medical technology have resulted in successful supports to newborn children with disorders that may have previously proven fatal. Consequently, an increasing number of persons with chronic illness, cognitive impairment, developmental disabilities and functional disabilities are in need of personal care.
- Changes in family circumstances and work life have reduced the capacity of family caregivers to meet the needs of their loved ones. This has caused an increasing demand for expansion of the long-term care systems to support and complement the work of family caregivers.
- A growing number of people with highly complex and challenging medical, psychiatric and behavioral issues require integrated services appropriate to meet their needs. The significant escalation of demands for expanded, subsidized home and community based health and social services implies increased risks and liabilities of the State.

More Children in Poverty

- According to *2004 State of Washington's Children Report*, 30% of children in Washington State lived in a single-parent home in 2001, up from 27% in 1996. Approximately 13% of 1.5 million children lived in poverty in 2000, and the children of single-parent households are much more likely to be poor than children in two-parent households.
- A growing proportion of the Temporary Assistance for Needy Families (TANF) caseloads is represented by "child-only" cases, rising from 15,540 cases (18.5% of TANF caseload) in FY 1998 to almost 19,000 cases (36.4% of the TANF caseload) in FY 2004.
- Based on the 2000 Census, approximately 32,000 or 2% of children in Washington State live in households headed by their grandparents or other relatives. These are children whose parents cannot or will not care for them due to illness, substance abuse, economic hardship, incarceration, divorce, domestic violence, or abuse and neglect. In FY 2003, over 18,000 children were in the state's care for out-of-home placements.
- Increased incidence of child neglect by drug abusing families was reported. This has resulted in the need for more intervention activities, which also implies increased risks and liabilities of the State.

Change in Immigrant Population

- Washington State ranks 4th nationwide in total minority population growth. Projection shows that minorities will increase to 1.4 million in 2005, representing 23% of Washingtonians. Persons of Hispanic descent continue to be the largest ethnic minority group in Washington comprising 8.3% of the population, up from 4.2% in 1990. In 2001, 17% of DSHS clients were of Hispanic origin, increased from 7.5% in 1990.
- Among refugees, the nations of origin have changed with increasing number of people arriving from former Soviet republics. In FY 2003, 47% of the Refugee Cash Assistance recipients came from Eastern Europe. More than 11% of TANF clients are immigrants.

Increased Demand for Chemical Dependency Treatment Services

- A growing waiting list for chemical dependency treatment services causes heavy spending for medical and psychiatric services, emergency room visits, public assistance, services addressing child abuse/neglect, juvenile delinquency and criminal justice related services. Only 20% of adults needing and eligible for DSHS-funded treatment actually receive it.

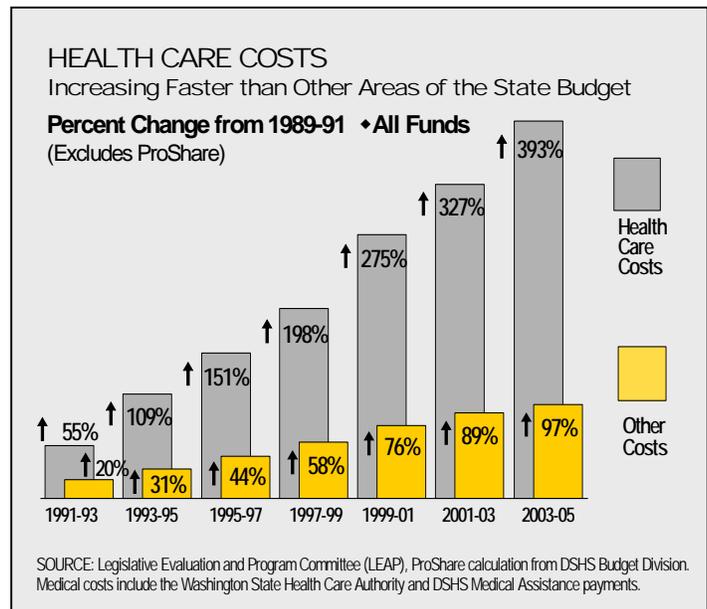
TRENDS IN AUTHORIZING ENVIRONMENT

Less Government and Slow Economy

- The slow economic recovery continues to impact employment and government revenue in Washington State. While the budget constraints continue to threaten the viability of social service programs to help people in need, increasing numbers of families, vulnerable children and adults are demanding public assistance.
- In the past few years, Washington citizens have voted for initiatives to reduce taxes, which further limited resources for government to deliver public services.

State Taking Bigger Share of Rising Health Care Costs

- While the federal government covers about half of the Medicaid costs, the state's share has been rising as much as \$500 million a biennium, with the most dramatic increases felt in the state's pharmaceutical costs. In December 2003, strong public support and a broad political consensus led the U.S. Congress to enact a compromise Medicare prescription drug benefit. However, there are pronounced partisan differences, technical complexities and benefit gaps associated with the new program, which goes into effect in 2006. It is anticipated that spending on health care will continue to outpace growth in the Gross Domestic Product index through 2013.



- Rapid growth in Medicaid enrollment has been matched by substantial increases in Medicaid costs. Washington Medicaid will be spending \$12 billion in the 2003-05 Biennium capturing over 30% of the state's biennial appropriations, and over 69% of the biennial appropriation to DSHS. Medicaid provides funding for acute and long term care services to over 900,000 (16%) of Washingtonians each month. DSHS provides health care coverage to over one-third of all children in Washington, and pays for over 40% of all births in the state.

Changes in TANF Requirements

- Changes in federal requirements for Temporary Assistance for Needy Families (TANF) and its block grant funding levels now being considered by Congress could have significant policy and budget ramifications for states. This will largely determine the extent to which Washington State can continue its success in helping families move from welfare to economic self-sufficiency without significant policy changes.
- Federal funding for child care is a major issue in the reauthorization debate. It is important that child care is financed at a level that allows the state to maintain its current subsidy program and meet the higher costs associated with increased work requirements that are likely, and with increased mandates to spend more in quality.
- If the program is to be redesigned to stay within current revenue, the possible changes may include reducing eligibility for child care, terminating families from TANF who do not comply with the rules, or reducing employment and training supports.

RISKS AND CHALLENGES

Liability versus Shared Responsibility

- Washington State is one of the only six states in the country with no liability immunity for public agencies in the conduct of their duties. This exposes the state and its tax payers to potentially large financial damages for the wrongful acts of third parties. In recent years, DSHS and its partners have faced increasing lawsuits regarding the state's perceived responsibility to ensure individual safety. Lawsuits challenge activities in our licensure programs, case management functions, and complaint investigation programs.
- Although DSHS services are intended to support individual choice, it cannot be guaranteed that the choices individuals make will never lead them to harm. DSHS needs to educate individuals and families on their responsibilities in monitoring care and preventing harms.

Child Welfare System Improvement

- The federal Child and Family Services Review offered an important opportunity to evaluate Washington State's child welfare practice and outcomes. As a result of the review, the state was required to develop an agreed Program Improvement Plan to address all areas assessed by the review as being out of compliance with federal performance measures. The state has two years to show substantial improvement in order to avoid fiscal penalties.
- The Braam class action law suit settlement agreement includes specific improvements related to the care of children in out of home care. These improvements will be monitored by an independent panel of experts. Failure to make the required improvements can result in a request for court intervention to order implementation of improvements.
- Although many of the areas identified for improvement can be addressed through reprioritizing existing resources, new resources may be required to solve larger issues such as the accessibility and availability of mental health services, increasing court capacity and representation to help achieve more timely permanence for children.

Washington Medicaid Integration

- The aged, blind and disabled population accounts for two-thirds of the entire Medicaid budget and four-fifths of the prescription drug component. Many of these clients receive services from two or more DSHS programs. In order to prevent or delay the progression of chronic illness and disability, and to achieve savings in the fast-growing Medicaid expenditures, DSHS initiated the Washington Medicaid Integration Project to coordinate medical, mental health and long term care services for these high-risk Medicaid clients.
- Snohomish County was identified as the location for the first demonstration project coordinating health and long-term care services. The department has experienced many levels of resistance from the county government and local provider communities regarding the position of the project. Although the successful bidder has been selected to implement this project in January 2005, it is clear that more extensive stakeholder work is required for the project to be successfully implemented as planned.

Partnerships with Health Care Providers

- The tight budget and growing health care costs forced the State to choose between cutting eligibility, cutting benefits, or cutting both. The low reimbursement levels became a source of irritation for providers.
- The federal Centers for Medicare and Medicaid Services (CMS) is placing greater restrictions on states ability to use federal Title XIX funds to help finance medical, behavioral health and support services for Medicaid clients. These restrictions will require greater use of state funds to continue these services. At the same time Congress has expressed concerns over CMS' ability to grant federal Medicaid waivers to expand services to other low-income populations.

STRATEGIC PLAN HIGHLIGHTS

The mission of DSHS is to improve the quality of life for individuals and families in need. We help people achieve safe, self-sufficient, healthy and secure lives.

Goal A: Improve health and safety of communities and clients

Objective 1: Improve the safety of vulnerable children and adults

- Access to quality child care services
- Timely investigations of maltreatment
- Quality long term care services
- Safe out-of-home care for children and adults
- Integrated cognitive behavioral therapy for juveniles

Objective 2: Improve the health of clients who need medical, mental or chemical dependency treatment services

- Evidence-based health care
- More access to quality chemical dependency treatment services
- More mental health services in community settings

Objective 3: Reduce recidivism and risks that threaten public safety

- More chemical dependency treatment alternatives to incarceration
- Evidence-based treatment services for youth in residential care and aftercare
- Secure treatment program for sexual offenders

Goal B: Improve client self-sufficiency

Objective 1: Provide services that reduce poverty and help people become self-sufficient

- Quick access by TANF families to services and benefits
- Access to quality, affordable child care
- More participation by low-income families in the Basic Food Program
- More child support collection and medical care coverage for children

Objective 2: Provide transition support to encourage client self-sufficiency

- Effective assistance and career choices to employable people with disabilities
- Support for caregivers of vulnerable people with developmental disabilities
- High school transition employment opportunities for persons with disabilities
- More access by public assistance clients to chemical dependency treatment

Objective 3: Improve treatment results to enable client self-sufficiency

- Treatment retention and completion
- Effective vocational services to civilly committed sex offenders
- Integrated treatment model that encourages active family involvement and life skills development for juveniles

Goal C: Improve accessibility and service integration

Objective 1: Increase community partnerships to leverage resources

- More understanding among partners of unmet need and outcome
- Alignment of resources with partners
- More participation by partners in decision making on service delivery

Objective 2: Provide integrated services and coordinated case management

- Partnerships, infrastructure and systems to support integrated services
- Co-location with service partners to improve service accessibility

Objective 3: Provide coordinated health care services to Medicaid clients

- Joint mental health treatment
- Integrated health care for multiple-service users
- 24-hour triage point at large hospital emergency rooms

Goal D: Improve customer service

Objective 1: Improve responsiveness and service delivery

- Accurate, accessible and timely information about DSHS programs
- Accurate and timely processing of applications and claims
- Timely service access, eligibility determinations and employment plan development

Objective 2: Improve customer satisfaction by effective use of customer feedback

- Improvements based on customer feedback
- Benchmarking with other human services agencies

Goal E: Improve prevention and care

Objective 1: Expand prevention services and early intervention

- Healthy lifestyle choices for clients
- Formalized early intervention programs for infants and toddlers

Objective 2: Strengthen case review and planning resources

- Timely case review for children who are dependents of the State
- Eligibility assessment, case management, care planning and care coordination

Goal F: Improve financial resources management

Objective 1: Strengthen cost effective service alternatives

- Service in home/community settings consistent with individual choice
- Integrated health care and long term care services

Objective 2: Improve business practices to increase accountability

- Accurate and appropriate billing, payment, and post-payment review
- No inappropriate payments
- The e-Child Care system that streamlines the child care authorization, payment process, and caseload management

Objective 3: Create coordinated program and fiscal oversight for Medicaid programs

- Strategies for improving coordination of Medicaid programs
- Review of medical assistance benefit structure and eligibility standards

Goal G: Improve quality assurance and business practices

Objective 1: Improve decision making, service standards and outcomes

- Enterprise Architecture framework for decision making
- Resources for foster care, behavior rehabilitation services and adoption

Objective 2: Increase the use of information systems and performance indicators

- Ability to share information on common clients among programs
- Client Activity Tracking System for Integrated Treatment Model reporting
- Information system that integrates data across the mental health system
- Capacity to identify status, demographic characteristics, location and goals for children in foster care
- Management Information System that processes outcome data for alcohol and substance prevention efforts of providers

Objective 3: Improve health care services and efficiencies

- Prioritization of purchased health care services
- Evidence-based medicine that ensures coverage and controls expenditures
- Coordinated benefit design, technology assessment, and health care provider recruitment

SWOT ANALYSIS: STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS

This “thumbnail” diagnosis as described below is not all encompassing, but is my summary in analyzing our current condition and future prospects.

– Dennis Braddock, Secretary

STRENGTHS

- Strong information systems base and management culture recognizing benefits of technology to better serve clients and accomplish mission
- Employees dedicated and committed to mission of serving those in need
- Managers with teamwork attitude, large-scale quality improvement experience, and capability to accomplish assignments when clear, consistent direction is articulated
- A relatively strong public and policy maker culture that supports social and health services
- Communications leadership and strategy for open communications with media, public, employees and constituencies
- Leadership that recognizes organizational adaptation to change is essential in our dynamic, high-risk environment
- Support of and belief in the benefits of service integration by field and management level
- Size and depth of organization, with ability to share organizational strengths in areas of budget, information systems and project management, making service integration possible

WEAKNESSES

- Budget and program capability pre-empted by prescriptive requirements supported by stakeholders and legislators not trusting agency or reacting to crisis
- Statewide application of program requirements creating barriers to nimbleness and community unique responses
- Federal program-by-program funding mechanism (corresponding DSHS organizational makeup) that inhibits multi-program financial and operational integration
- Lack of client-reflective diversity as well as diverse experience in top/middle management
- Size and resources of organization not leveraged to achieve policy objectives; size perceived as weakness not strength
- Operating in contracted services purchasing environment creating “silos of interest” that are major political obstacles to program change, and causing contractors to view integration efforts as not satisfying their financial and control interest
- A backlog of information system upgrades and necessary conversions of legacy systems not being funded, which threatens operational effectiveness
- Continued litigation actions and exposures that threaten program improvement, program finances and also contribute to a negative perception of the agency through the use of extra-judicial “litigation publicity” as a tactic
- Insufficient liaison resources to develop and maintain good working relationships with community partners and local governments
- Insufficient personnel resources to meet the significant and critical demands necessary to successfully implement the new Human Resources Management System (HRMS) and the new collective bargaining agreements
- Lack of alternative financing mechanisms for cost saving infrastructure investment such as information technology

OPPORTUNITIES

- Advances in technological capability allow cross-enterprise merging of data and integration of disparate databases
- Capability through information system advances to better monitor community driven programs and allow more community feedback and involvement in policy implementation
- Communities willing and able to support implementation of defined state social and health policy and programs
- Ability to track and hold accountable community “bundled” service dollars
- Potential for active recruitment and development of management talent in minority communities
- Scale of Title XIX Medicaid expenditures (almost \$8 billion/year in FY 2005-07) sufficient to apply significant cost savings and prevention measures
- Substance abuse prevention and treatment successes, supported by data, that can validate transfer of funds from future “end stage” medical and criminal justice activities to “early” prevention and treatment activities
- Established evidence based treatment programs for juvenile offenders that show results in reducing recidivism
- A well developed blueprint for implementing the Kids Come First II Program Improvement Plan
- Potential for the new collective bargaining agreements to establish framework for improving management/labor relations environment

THREATS

- Continued double-digit medical inflation and private sector client and cost shifting to Medicaid eroding available revenue for preventive health and social services while increasing pressures upon fragile, low-income provider network
- Economic downturn or flat economy that increases service demands, limits opportunities for escaping welfare while eroding TANF box funds, and further reduces essential welfare services such as child care
- Continued “two-Washington” economies that cause political and social disconnect and statewide program and employment conflict between lower and higher income counties
- Low wage scale for personal care service and day care workers in both the private and public sectors, creating high-risk environment for vulnerable populations (children, disabled and elderly)
- Inadequate support for technological resources and infrastructure to meet demands and capitalize on opportunities
- Resistance to institutional downsizing that is necessary to sustain growth demands for community placement of long term care clients
- Current federal administration’s intent to rein in Title XIX expenditures through strict interpretation of eligibility and program reimbursable costs reduces ability to meet growing demands
- Near-term retirement turnover of key management personnel and lack of succession planning work
- Continued weakening tax base of counties to meet social service needs and to be viable partners in sharing social and health service responsibilities

HOT ISSUES

A. PROGRAM ISSUES

Aging and Disability Services Administration

Fircrest School Downsizing

Contact: Kathy Leitch, (360) 902-7797, <mailto:leitcKJ@dshs.wa.gov>

The legislature, through a budget proviso, directed the downsizing of Residential Habilitation Center (RHC) program at Fircrest School. Although DSHS supported the proviso, our recommendation was for phased statutory closure of the facility. The declining census at all five of the state's RHCs, brought about by the continued national trend demonstrating consumer preferences for community placements, make it inefficient both financially and programmatically to operate five RHCs to serve the current census. The continued downsizing makes Fircrest the logical candidate for closure. But the legislature did not make the statutory changes directing the closure. Without statutory direction, further downsizing in the next biennium will not be legally defensible. Because of the uncertainty created for staff, clients and families, it is not advised that further reductions be taken without legislative direction in statute. Three cottages at Fircrest have been closed. The fourth cottage is on schedule for closure in March 2005. Development of FY 05-07 budget will require the governor and the 2005 legislature to decide whether to keep Fircrest School open and invest in needed capital improvements, or implement the plan mandated by the legislature to transition into closure of the facility.

Community Protection Program

Contact: Kathy Leitch, (360) 902-7797, <mailto:leitcKJ@dshs.wa.gov>

The community protection program is a community residential placement program for individuals who are a danger to themselves or others, and may have past criminal behavior, but are not adjudicated because of lack of competence. There is always the possibility that these individuals will commit a criminal act and the program will be exposed as too risky. There is also a threat from legal services that DSHS is denying these individuals their rights when they voluntarily place themselves under 24 hour supervision as a condition for receiving services.

Children's Administration

Independent Panel to Oversee Child Welfare Reforms – Braam Lawsuit Settlement

Contact: Uma Ahluwalia, (360) 902-7821, <mailto:ahluwUS@dshs.wa.gov>

The Braam panel will convene in the next 60 days. The panel could create uncertainty and change of direction for the Children's Administrations improvement plans if they do not see their role as consistent with CA plans. CA and DSHS leadership will need to assure that the panel and CA are working in concert for improvement.

Community Child Fatality Review

Contact: Uma Ahluwalia, (360) 902-7821, [Aailto:ahluwUS@dshs.wa.gov](mailto:ahluwUS@dshs.wa.gov)

The Child Fatality Review Committee report is likely to be released between November and December of 2004. The review is related to a child fatality case in which reports of abuse and neglect were made to DSHS. The review is expected to be negative in terms of the CA management of this case. It is likely that this report will get some media attention.

Temporary Assistance for Needy Families (TANF) Reauthorization

Contact: Deb Bingaman, (360) 902-7808, <mailto:bingaDL@dshs.wa.gov>

The TANF program is currently extended until March 31, 2005, by which time Congress must either pass a reauthorization bill or enact another temporary extension. TANF has been operating since September 30, 2002 on continuing extensions which maintain current funding levels and program rules. Reauthorization may contain provisions that significantly increase work participation requirements for TANF families requiring new investments in child care. The new law may also include state options such as passing all child support through to families or an option to extend benefits to legal immigrants. We anticipate the need for changes in state law to bring Washington's TANF program, WorkFirst, in line with new federal requirements. Since the start of WorkFirst in 1997, the Governor's Office has had the lead in overseeing the administration of the program. The new Governor will need to determine the role of the Governor's Office in WorkFirst management and oversight.

TANF Budget Reductions Impact CSO Operations

Contact: Deb Bingaman, (360) 902-7808, <mailto:bingaDL@dshs.wa.gov>

Since the recession, the TANF caseload has increased and thus the cash assistance costs. To stay within the welfare box, other services have been cut notably (approximately 500 FTEs reduction in last 4 years). The number of families needing TANF, child care and food assistance are increasing. The reduction in staff jeopardizes eligibility accuracy, timeliness and customer service. If food assistance accuracy declines, the state could face financial sanctions.

MMIS (Medicaid Management Information System) Reprocurement

Contact: Doug Porter, (360) 725-1863, <mailto:porteJD@dshs.wa.gov>

DSHS will award a contract for a new MMIS by the end of 2004. One of the losing bidders has protested the award, which could delay the project. The high risk of this project is mainly due to the large scale application of new technology to replace a 20+ year old system and to manage other Medicaid funded programs in DSHS, beyond the scope of current MMIS. Because 90% of the dollars for this high cost project will be funded by the federal government, it is very crucial for this project to receive federal approval.

Hospital Reimbursement

Contact: Doug Porter, (360) 725-1863, <mailto:porteJD@dshs.wa.gov>

The State of Washington is being forced by the federal government (Centers for Medicare and Medicaid Services, U.S. Department of Health and Human Services) to change its practice of using Inter-Governmental Transfers with public hospitals to pay for medical care. Upon advice from legal counsel, DSHS has proposed an alternative method called Certified Public Expenditures to preserve approximately \$80 million in federal financial participation. The public hospitals are opposing this effort.

GAU Pilot Project in Pierce and King Counties

Contact: Doug Porter, (360) 725-1863, <mailto:porteJD@dshs.wa.gov>

Contracts are being negotiated with Community Health Plan of Washington to implement legislatively directed pilot projects in Pierce and King Counties that will place the GAU population in a managed health care program. The General Assistance Unemployable (GAU) pilot is scheduled to begin January 1, 2005. There may be start-up difficulties associated with access to care as this program is implemented.

Health and Rehabilitative Services Administration

Medicaid Integration Project

Contact: Tim Brown, (360) 902-7799, <mailto:brownTR@dshs.wa.gov>

The Medicaid Integration Project is a pilot program to provide managed care to a group of elderly or disabled clients in Snohomish County. These clients often have multiple needs including primary care, mental health care, drug and alcohol treatment and long term care. The pilot will begin in January 2005 with primary care and substance abuse treatment. The inclusion of mental health services in this project is controversial since funds would be withdrawn from the current mental health system operated by Regional Support Network (RSN), and be paid to the new managed care contractor. The RSN is concerned that a disproportionate share of funds will shift to the project, disadvantaging the remaining clients of the RSN. Some legislators and advocates also object to this project.

Secure Community Transitional Facility (SCTF)

Contact: Tim Brown, (360) 902-7799, <mailto:brownTR@dshs.wa.gov>

DSHS has secured property in Seattle to house an SCTF for sex offenders transitioning out of the Special Commitment Center (SCC) on McNeil Island. The project is experiencing delays due to two factors: the previous tenants did not vacate the property timely, and the bids for construction all came in over budget. The construction proposal is being revised and we expect new bids to come in within budget.

Administrative and Support Services

Human Resource Management System (HRMS)

Contact: Ken Harden, (360) 902-7970, <mailto:hardeKR@dshs.wa.gov>

DSHS is the largest agency to implement HRMS. The agency has over 700 employees to be trained in the new system and potentially faces many corrections and adjustments once the new system is implemented. DOP has announced that the schedule will slip for implementation, which provides more time to prepare but also less time to correct before July 1, 2005 when all the Personnel System Reform Act changes go into effect.

Personnel System Reform Act (PSRA)

Contact: Ken Harden, (360) 902-7970, <mailto:hardeKR@dshs.wa.gov>

PSRA represents the most significant changes in personnel management in the history of the state. The Collective Bargaining Agreements affect the vast majority of DSHS employees and will require a significant culture change in all of state government, including DSHS. Starting January 2005, DSHS will provide 5-day and 3-day training to 2,300 managers and supervisors respectively, which is a significant commitment of time and resources.

Mattawa Child Care Providers Investigation

Contact: Kathleen Brockman, (360) 902-7792, <mailto:brockKA@dshs.wa.gov>

In June 2001, the mayor of Mattawa expressed concerns about the large number of child care providers in town of this size and questioned whether these providers might have been billing for non-existent children. DSHS Division of Fraud Investigations (DFI) opened an investigation of child care providers in Mattawa. Although the investigation did not substantiate the concern of non-existent children, it identified discrepancies between the child attendance records and billing records. Some providers also used other people's social security numbers. Subpoenas were served by DFI investigators. In one of the cases referred by DFI to the Grant County Prosecutor, the provider pled guilty to Theft in the First Degree and Identity Theft. The State Auditor's Office conducted a special audit. There has been media interest. A legislative work session was held in September 2004. Three DFI investigators are working on these cases under the Grant County Sheriff's direction. Some providers have filed a lawsuit alleging discrimination.

B. LITIGATION AND TORT ISSUES

Special Commitment Center: Injunction

Contact: Tim Brown, (360) 902-7799, <mailto:brownTR@dshs.wa.gov>

The Special Commitment Center (SCC) continues to be under federal oversight in the form of an injunction issued by the federal court's "Turay" decision of 1994. The court in its last review lifted a number of the conditions, but continues its oversight. A hearing was held on October 21, 2004 to review the progress and the judge should issue a decision on further requirements by the end of December. The new SCC superintendent, Henry Richards, who was appointed in October 2004, is working to improve practices and maintain compliance.

Pornography Charges against Previous Foster Parent

Contact: Lisa Irwin, (360) 459-6600, <mailto:lisaE@atg.wa.gov>

Internet child pornography (a new perversion tool of the internet age) is a potential area of greater abuse within the foster and adoption system. Currently a tort claim has been filed in the foster parent "Ronald Young" case. The plaintiff's attorney may begin to publicize the issue to drive a settlement.

Class Action Impacts Psychiatric Hospitals

Contact: Tim Brown, (360) 902-7799, <mailto:brownTR@dshs.wa.gov>

Court action has impacted, and may in the future impact, the Washington State psychiatric hospitals. Class action suits brought by the Washington Protection and Advocacy agency have led to settlement agreements monitored by federal court appointed experts. These suits have had an impact on the forensic programs operation and the care and treatment of persons with developmental disabilities in the state hospitals. Similar suits regarding other specific populations, including persons with Traumatic Brain Injury, are also possible. A suit regarding community access to state hospital capacity is pending with an April 2005 trial date.

Fircrest Lawsuit

Contact: Kathy Leitch, (360) 902-7797, <mailto:leitcKJ@dshs.wa.gov>

This lawsuit is scheduled for trial in May 2005 in King County Superior Court. The parties are challenging the state's authority to close the four cottages in Fircrest School.

Capital Medical Center v. DSHS: Medicaid Reimbursement

Contact: Doug Porter, (360) 725-1863, <mailto:porteJD@dshs.wa.gov>

Some hospitals participating in the former Medically Indigent program claim that DSHS made improper deductions from amounts due to the hospitals for emergency care provided to indigent patients. Trial as to liability is scheduled to start January 10, 2005. A conservative damage estimate, should plaintiffs prevail, is \$20 million. In addition, other hospitals participating in the program may file similar lawsuits.

Boyle and Arc Litigation

Contact: Kathy Leitch, (360) 902-7797, <mailto:leitchKJ@dshs.wa.gov>

The Ninth Circuit Court of Appeals declined to uphold the trial court decisions that dismiss the suits in both of these cases. The Court of Appeals is asking the parties to enter into mediation. Both cases relate to assuring that clients on the home and community based waiver programs have access to services they are assessed for. The Arc case also includes issues about entitlement to the Intermediate Care Facilities for the Mentally Retarded program.

LEGISLATIVE PROPOSALS

A. PROPOSALS WITH NO FISCAL IMPACT

Z-0025.2 - Home & community services' case management responsibilities

As the department acts on its authority or orders to develop new programs, definitional statutes and statutes that prescribe program duties that do not reference the new programs (Washington Medication Integration Project, Cash & Counseling, or Medically Needy In-Home Waiver) must be updated to reduce the potential for confusion. This proposal will make the definition of home and community services consistent with current programs, including those developed under other statutes or legal agreements. The AAA's case management role prescribed in statute will be redundant with other program activities.

Z-0038.1 - Capital facilities at the Rainier School

This proposal will repeal statute to give the department clear title to property at Rainier School and clarify authority to enter into an agreement with the City of Buckley to use the agricultural lands for a water reuse system. *This proposal will be submitted to the Governor's Office on November 1, 2004.*

Z-0048.2 - Technical improvements to the Medicaid nursing home rate setting process

This proposal addresses three issues: cost reports, additional payments and overpayments.

1. Cost reports - By statute, 1999 cost report data is to be used to calculate Medicaid nursing facility rates through June 30, 2005. If the Legislature does not act in 2005 to extend the use of the 1999 cost report, or to designate another year in its place, there will be uncertainty as to which year should be used for rates beginning July 1, 2005.
2. Additional payments - The Legislature sometimes provides for additional payments to nursing facilities for services in addition to basic long term nursing care under Medicaid. There is sometimes confusion in both the calculation of the basic rate and the accounting for funds received by nursing facilities.
3. Overpayments - The Medicaid nursing facility payment system provides that contractors are to pay interest on overpayments they have received. There is a possible conflict with part of the general chapter on "Revenue Recovery for DSHS." This section severely limits the interest to be charged on overpayments.

Z-0078.1 - Washington telephone assistance program

This legislation proposes to reform the Washington Telephone Assistance Program by: (a) eliminating outdated and cumbersome restrictions on program benefits and eligibility, (b) providing additional controls on participation by telephone companies, and (c) consolidate administrative responsibilities for the program at the Washington Utilities and Transportation Commission (WUTC).

Z-0090.3 - Exempting recipients of medical assistance under title 74 from independent review determinations

This proposal amends statute to exempt Medical Assistance managed care enrollees from independent reviews which would alleviate a level of appeal for Medicaid enrollees, but would still allow them one more level of review than enrollees with private insurance coverage. This would eliminate confusion for enrollees and administrative burden for managed care organizations.

Z-0099.2 - Developmental disabilities community trust accounts

This proposal will begin to manage the lands and assets used as residential institutions to generate revenue and then deposit it in a fund that is dedicated to increasing the support for community programs for individuals with developmental disabilities. The income producing potential of these facilities, which have been dedicated to serving individuals with developmental disabilities, is not lost to that component of the program, community based services, which has undergone significant growth.

Z-0128.1 - Definitions of parent

The department currently does not have a clear duty or authority to provide services to or consider placement of a child with the relatives of an alleged father prior to the establishment of paternity. This legislation will make the dependency statute definitions of "father" consistent with the Uniform Parentage Act and give the department the authority to place the child with the father's relative until paternity is established.

B. PROPOSALS WITH FISCAL IMPACT

Z-0033.2 - Requirements for diversion cash assistance

The Department of Social and Health Services proposes a period of TANF (Temporary Assistance for Needy Families) ineligibility for families who choose to receive Diversion Cash Assistance (DCA). The period of ineligibility would begin the first of the month following receipt of DCA, and be determined by dividing the DCA payment amount by the monthly TANF grant standard. *Fiscal impact: (\$64,080) General fund-State; Total (\$64,080).*

Z-0043.2 - Guardianship of dependent children

The proposed bill eliminates dependency guardianships and includes a new status of juvenile guardian. Juvenile guardianships are permanent plans which provide the guardian with legal and physical custody of the child. The underlying dependency for the child is dismissed. The juvenile guardianship is available only to adolescents, Native American children, and other children in special circumstances. The department's legal obligations are clarified by removing the department from supervision or oversight of the juvenile guardianship. The department is authorized to adopt rules to provide subsidies to guardians to meet the basic needs of the juvenile guardian. *Fiscal note is not completed.*

Z-0115.2 - Continuing foster care and support services up to age twenty-one for youths in state-supervised foster care on their eighteenth birthday

This proposal would provide authority for the department to continue foster care or group care for individuals from eighteen through twenty years of age to enable them to complete their high school or vocational school program. *Fiscal note is not completed.*

Z-0125.1 - Temporary manager indemnity

Both Federal and State law provide for the appointment of a temporary manager in nursing homes when the health and safety of residents is immediately jeopardized. Companies willing to act as temporary managers find it impossible to get liability insurance. This proposal would indemnify the temporary manager against claims made for any actions it takes in the normal course of business. Without this protection, it's likely that the department would be unable to place a temporary manager in a troubled nursing home and would have to do an emergency closure, disrupting the lives of residents. *Fiscal impact: Indeterminate cost.*

Z-0127.2 - Restoring TANF benefits to persons with a drug-related felony conviction

The department proposes the removal of the ban on TANF cash assistance for people with drug-related felony convictions, to be consistent with the Basic Food Program. Under federal welfare reform law, individuals convicted of a drug-related felony are ineligible to receive TANF or food stamps unless a state enacts legislation to opt out of this provision. In 2004, the State Legislature passed SB 6411, which removed the ban for Basic Food. *Fiscal impact: \$301,397 General fund-State; Total \$301,397.*

(New) Cross system crisis response

The department and the Association of WA Counties have developed the Cross-System Crisis Initiative: a comprehensive Initiative to help individuals who, as a result of severe mental illness, developmental disabilities, chemical dependence, or other organic mental disorders and behavioral problems, are gravely disabled and a danger to themselves or others, to receive the right services, at the right time in the right way. This proposal will result in a more logical, integrated, less categorical system, and will work better for the citizens who need services. *This proposal will be submitted on November 1, 2004.*