



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
Behavioral Health and Service Integration Administration
PO Box 45050, Olympia, WA 98504-5050

September 18, 2014

Dear Interested Stakeholder:

Earlier this summer, DSHS Secretary Kevin Quigley met with social services advocates and DSHS staff to begin discussing the upcoming biennial budget requests and the serious fiscal challenges the state faces in the years ahead. The good news is that Washington's economy is rebounding and state revenue collections are up. However, the number of people served by state government, the annual costs of serving them and the requirements to increase investments in K-12 education mean that expenditures are outpacing available revenues. Barring an unforeseen rise in revenue collections, Washington State will face another sizable shortfall in the 2015-17 budget. This funding gap is projected to be \$1.2 to \$2 billion.

To prepare for the upcoming legislative session, each DSHS administration was asked by the Office of Financial Management (OFM) to prioritize their programs and services. These priorities are based on:

- 1) Requirements of the State constitution;
- 2) Requirements of federal law;
- 3) Existing requirements of state law;
- 4) Services to our clients based on each respective administrations' core missions – BHSIA's mission is: To Transform Lives by Supporting Sustainable Recovery, Independence and Wellness; and
- 5) Services to our clients that significantly reduce or alleviate human suffering.

As part of this task, each administration was asked to submit a 15 percent budget reduction option from their current general fund-state base, excluding protected Medicaid programs, which are matched by federal funding. This is the first step of many in the budget building process. For the Behavioral Health and Service Integration Administration (BHSIA), this means an estimated 2015-17 general-fund state reduction of \$45 million. Even with this reduction, **Medicaid clients would continue to receive core treatment services for mental health and substance use disorders.**

The reduction options we submitted prioritize retaining our commitment to our Results Washington measures under the Healthy Youth and Adults success indicators. However, we recognize that some of the options, if adopted, could potentially impact our performance. These measures are:

- Increase the number of adults (18 and over) receiving outpatient mental health services from 56,000 to 62,000 by June 30, 2015.
- Increase the percentage of adults who complete outpatient chemical dependency treatment from 62 percent to 70.7 percent by June 30, 2015.
- Increase the percentage of youth who complete outpatient chemical dependency treatment from 65 percent to 76.2 percent by June 30, 2015.
- Decrease the percentage of 10th graders who report smoking marijuana in the past 30 days from 19.3 percent in 2012 to 18.0 percent by 2017.

- Decrease the percentage of 10th graders who report drinking alcohol in the past 30 days from 27.7 percent to 24.8 percent by 2017.

While we have completed the task we were given, **DSHS leaders do not favor any reductions to social services**. The unmet needs are too great. We have made it clear that funding cuts to behavioral health services will impact many DSHS clients, and that **more** investments are necessary, not fewer. Investments are needed to strengthen our infrastructure and capacity to meet the needs of people in our communities for mental health and substance use disorder services, expand our capacity to provide research-based and evidence-based services so that we can more effectively support our clients in their efforts to recover, and build an integrated system of care.

As you review these documents, I want to let you know that DSHS considers a number of critical areas of investment to be in our “Maintenance Level” budget, as these items represent funding needed to implement policy direction that has already been set by the legislature. These include, but are not limited to:

- Implementation of the *T.R. v. Quigley and Teeter* children’s mental health settlement agreement;
- Additional evaluation and treatment capacity needed to comply with the State Supreme Court’s order to reduce single-bed certifications;
- Funding needed to bring chemical dependency treatment services into an integrated behavioral health managed care system in 2016 under SB 6312 (2014);
- Funding needed at our state psychiatric hospitals to make up for the longstanding funding shortfall, fully implement our electronic medical records system and increase our capacity to provide competency restoration treatment services for people who have been charged with a crime.

More detailed information about the BHSIA submission is available at:

<http://www.dshs.wa.gov/budget/bhsia.shtml>

Please remember that this is just the first step in a long budget-building process. With the priorities provided by DSHS and other agencies, the Governor will make hard decisions necessary to submit a budget that meets constitutional requirements. The Governor’s proposed 2015-17 budget will be released by December 20. The Legislature will then develop their proposals, and a final budget will emerge.

In addition to BHSIA’s reduction options, which are enclosed, you can find complete DSHS Human Services Budget Prioritization information at: <http://www.dshs.wa.gov/budget/2015-17prioritization.shtml>.

As we move through this process I will keep you informed of the budget status. I welcome your feedback on ways to best meet the needs of the clients we mutually serve. You may email questions or concerns to BHSIAprioritization@dshs.wa.gov

Thank you for the valuable work you do each day to transform the lives of our state’s most vulnerable citizens.

Sincerely,



Jane Beyer, Assistant Secretary