

Amend **CSHB 1** in the Article II appropriations to the Department of State Health Services (pages II-68 and II-69) by striking Rider 65 and substituting the following:

65. Request for Proposal to Privatize State Mental Health Hospitals and to Develop a Community Alternative to State Mental Health Hospital Care. Out of funds appropriated above in Strategy C.1.3, Mental Health State Hospitals, the Department of State Health Services (DSHS) is directed to develop a request for proposal (RFP) to privatize two state mental health hospitals and to develop a community alternative to state mental health hospital care through a local mental health authority by September 1, 2012. The community alternative must demonstrate efficacy in leveraging public and private resources.

a. DSHS shall prepare a plan to oversee the privatization of the hospitals and the development of the community alternative that takes into account feedback from relevant internal and external stakeholders to the Governor and Legislative Budget Board by November 30, 2011. The report must include:

(1) milestones for the privatization and a schedule of their implementation;

(2) milestones for the development of the community alternative with the goal of reducing the expenses related to historical civil and forensic bed day costs and a schedule of their implementation;

(3) strategies to minimize adverse effects on hospital residents and staff;

(4) strategies to determine which hospitals to privatize; and

(5) strategies to identify the area in this state in which to place the community alternative with a focus on areas in this state with high levels of forensic bed utilization and restricted access to civil beds.

b. DSHS shall submit status reports on the implementation of the RFP, privatization process, and community alternative development process on January 31, 2012, April 30, 2012, and July 31, 2013, to the Governor and Legislative Budget Board. Each report must include information relating to:

(1) progress in implementing privatization milestones and any revisions to the schedule of implementation;

(2) progress in implementing the community alternative and any revisions to the schedule of implementation;

(3) progress in implementing strategies to minimize adverse effects of privatization on hospital residents and staff;

(4) progress in implementing strategies to identify the area in this state in which to place the community alternative; and

(5) identification of barriers DSHS is encountering in the privatization process.