Dept of Social and Health Services

Program 030 - Mental Health

2025-27 First Supplemental Budget Session

Maintenance Level - CQ - Disproportionate Share Hospital

Agency Recommendation Summary

The Department of Social and Health Services (DSHS), Behavioral Health Administration (BHA) requests a net zero adjustment between GF-Federal and GF-State to maintain the current operating budget at Eastern State Hospital (ESH). The federal funding received through the Disproportionate Share Hospital (DSH) Program varies based on caseload and utilization changes, in addition to program reductions outlined in federal statute.

Fiscal Summary

Fiscal Summary *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2026	2027	2025-27	2028	2029	2027-29
Operating Expenditures						
Fund 001 - 1	$34,363	$34,363	**$68,726**	$34,363	$34,363	**$68,726**
Fund 001 - C	($34,363)	($34,363)	**($68,726)**	($34,363)	($34,363)	**($68,726)**
Total Expenditures	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Revenue						
001 - 0393	($34,363)	($34,363)	**($68,726)**	($34,363)	($34,363)	**($68,726)**
Total Revenue	**($34,363)**	**($34,363)**	**($68,726)**	**($34,363)**	**($34,363)**	**($68,726)**

Decision Package Description

PROBLEM STATEMENT:

The United States government provides federal funding to hospitals that treat indigent patients through DSH programs. Eastern State Hospital (ESH) is accredited by the Joint Commission and certified by the federal Centers for Medicare and Medicaid Services, and therefore, eligible for the DSH program. Due to a decrease in funding for this federal program that will start in Fiscal Year (FY) 2026, GF-State is needed to supplement the GF-Federal funding received through this program.

PROPOSED SOLUTION:

Adjust funding needed to backfill the loss of federal funding at ESH in FY26 and FY27 by decreasing GF-Federal by ($34,363,000) and increasing GF-State by $34,363,000 each FY. There is no other alternative to replacing this loss in federal funding.

EXPECTED RESULTS:

To maintain current patient services previously funded through DSH payments.

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Assumptions and Calculations

Expansion, Reduction, Elimination or Alteration of a current program or service:

None

Detailed Assumptions and Calculations:

See attached – 030-ML-CQ-Disproportionate Share Hospital _Attachment 1.xlsx

Workforce Assumptions:

None

Historical Funding:

FY2026

- FTE = 0.0
- Total Funds = $78,032,000
- Near General Fund = $0.00
- Other Funds = $78,032,000

FY2027

- FTE = 0.0
- Total Funds = $78,032,000
- Near General Fund = $0.00
- Other Funds = $78,032,000

Strategic and Performance Outcomes

Strategic Framework:

BHA 2. Promote a culture of safety for staff and patients in our care.

GOVERNOR'S RESULT WASHINGTON GOALS:
Goal 4. Healthy and Safe Communities

Performance Outcomes:

See Expected Results

Equity Impacts

Community Outreach and Engagement:

The federal government decided on the loss of federal funding. No feedback was solicited from state agencies. No need for revisions are apparent at this time.

Disproportional Impact Considerations:

Approximately 50 percent (±) of the patients admitted at ESH are indigent. This funding adjustment ensures equitable and inclusive services continue to be provided and that there are no disparities in treatment for patients in this program. Should additional patients appear to be marginalized as a result of this proposal, appropriate action will be taken.

Target Communities and Populations:

This proposal benefits 50 percent of the patients at ESH who are considered indigent and the communities they come from. This benefits them through continued access to critical mental health services.

Community Inputs and Incorporation:

None

Other Collateral Connections

HEAL Act Agencies Supplemental Questions

Not Applicable

Puget Sound Recovery:

Not Applicable

State Workforce Impacts:

None

Intergovernmental:

None

Stakeholder Impacts:

None

State Facilities Impacts:

None

Changes from Current Law:

None

Legal or Administrative Mandates:

None

Governor's Salmon Strategy:

Not Applicable

Reference Documents

030-ML-CQ-Disproportionate Share Hospital_Attachment 1.xlsx

IT Addendum

Does this Decision Package include funding for any IT-related costs, including hardware, software, (including cloud-based services), contracts or IT staff?

No

Objects of Expenditure

Objects of Expenditure *Dollars in Thousands*	Fiscal Years		Biennial	Fiscal Years		Biennial
	2026	2027	2025-27	2028	2029	2027-29
Obj. A	$0	$0	**$0**	$0	$0	**$0**
Obj. B	$0	$0	**$0**	$0	$0	**$0**

Agency Contact Information

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