



DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

Don Jordan, Secretary

House Social Services Budget Committee

February 10, 2009

SRS State Hospitals

Disability & Behavioral Health Services

Ray Dalton, Deputy Secretary

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Chairperson Mast and members of the Committee, I am Ray Dalton, Deputy Secretary of Social and Rehabilitation Services for the Division of Disability and Behavioral Health Services. Thank you for the opportunity to appear before you today to present the agency overview of the state hospitals. Before I begin, I would like to introduce the superintendents of the state hospitals: Dr. Jerry Rea from Parsons State Hospital and Training Center; Barney Hubert from Kansas Neurological Institute; Dr. Mark Schutter from Larned State Hospital; and Greg Valentine from Osawatomie State Hospital and Rainbow Mental Health Facility.

SRS' five state hospitals provide critical services to Kansans with severe mental illnesses or developmental disabilities as part of the social services safety net which includes a wide range of community and inpatient services. Changes in one part of these service systems affect other parts. Therefore, as I review the state hospitals with you today, I would ask that you remain mindful of the general budgets of the community mental health, substance abuse, and developmental disabilities systems as you develop appropriation recommendations for the state hospitals.

Today I will first provide a brief overview of each hospital. I will then review key program and budget issues with which the hospitals are dealing and how the Governor's Budget Recommendations address these issues. Then, should you have additional questions, the superintendents and I will be happy to answer them.

I would like to point out at this time that SRS elected to include the required SGF base budget and reduced resources reduction amount for the State Hospitals in the SRS base budget reduction and reduced resource package. The only reduction at the state hospitals is delaying the opening of a 30 bed unit at Osawatomie State Hospital that is included in the 2% base budget reductions, and additional 1% reductions in KNI and Parsons in FY 2010. The actual costs to operate each facility are the amounts budgeted for the State Hospitals. The hospitals also face added costs due to changes in the calculation of overtime and shift differential and due to the rising costs of food and energy. The only other choice of reductions would require serving less people which would be very difficult to accomplish at the state hospitals. You will hear more about this later in the testimony. I have attached a summary of the FY2010 budget actions for the hospitals.

State Developmental Disability Hospitals

I will start with the state developmental disability hospitals – Parsons State Hospital and Training Center (PSH&TC) and Kansas Neurological Institute (KNI). These facilities serve people with severe, life-long disabilities that had their onset during the persons’ developmental years, most frequently at or before birth. One of the more frequently occurring developmental disabilities (DD) is mental retardation. Persons with DD generally require life time services and supports.

Both facilities are surveyed at least annually by the Kansas Department on Aging and are licensed and certified to participate in federal Medicaid funding as intermediate care facilities for persons with mental retardation and other related conditions. Both facilities utilize person centered, preferred lifestyle planning to enhance the quality of their resident’s lives. They also seek full inclusion of their residents in the lives of their community.

SUMMARY OF STATE DEVELOPMENTAL DISABILITY HOSPITAL CENSUS

Facility	Budgeted Beds	Average Census
PSH&TC	188	191
KNI	168	158
Total	356	349

Parsons State Hospital and Training Center

Parsons State Hospital and Training Center (PSH&TC) is budgeted to serve 188 persons in eleven (11) residential units. Most residential units house 15-19 persons, except for the dual diagnosis unit which has an average census of ten (10).

On January 9, 2009 the Council on Quality and Leadership (CQL) recommended PSH&TC to be accredited for a three year term. CQL is the recognized leader for quality of life for persons with intellectual disabilities and persons with mental illness, and the people, organizations and communities who support them. Three years is the longest accreditation term awarded in the CQL’s Personal Outcomes Measures 2000 process. There are very few state institutions in the country who have achieved this honor.

About half of the residents are categorized in the severe to profound range of mental retardation. In addition to their mental retardation, about 83 percent of PSH&TC residents present significant behavioral challenges or symptoms of emotional disturbance. Last fiscal year, 11 persons were placed from PSH&TC to community service settings and 15 persons were admitted.

PSH&TC also provides a research-based treatment program for persons with DD who have a history of sexual offenses. During FY 2008, PSH&TC worked with 47 persons in assessment and treatment

programs designed to reduce the probability of new offenses. In addition, PSH&TC psychologists provided sex offender training either in the form of in-servicing prior to discharge, or follow up for those previously discharged, to approximately 108 community agency staff.

PSH&TC's Dual Diagnosis Treatment and Training Services (DDT&TS) provides treatment and consultation for persons with DD and severe mental illness. The DDT&TS provides on-site delivery of psychological services, as well as direct training to parents and staff of community service providers. Of those served, less than one percent required admission to PSH&TC for treatment. In FY 2008, the DDT&TS Outreach Service Program provided services to 119 individuals in 49 Kansas communities, Osawatomie State Hospital and Larned State Hospital. The DDT&TS currently has an active caseload of 30 persons in Kansas communities in addition to 10 residents at PSH&TC.

The Parsons Research Center and the Kansas University Center on Developmental Disabilities (KUCDD) are also located on the PSH&TC campus. These programs have a 52-year history at PSH&TC employing 49 faculty and staff with \$5.08 million in contracts and grant awards.

KUCDD provides community service programs within the catchment area of PSH&TC, including the Foster Care Project (SEK TFC), Respite Services Program, Birth-to-Three and Coordinated Resource Support Services. During FY 2008, these programs provided services to more than 540 families and children.

KUCDD also supports an Assistive Technology Program (ATP) that provides a number of services to Kansans with disabilities. A major component managed by the ATP is the Kansas Equipment Exchange Program which provides good, used equipment and assistive technology devices to Kansans at no charge. During FY 2008, over \$650,000 worth of recycled equipment was assigned at no cost to the individuals using these services.

Another active program is PSH&TC's own Assistive Technology Department. The department designs, develops and "invents" a number of adaptive devices for use by residents and has responded to a number of requests from surrounding communities providing consultation and advice.

Kansas Neurological Institute

Kansas Neurological Institute (KNI) serves 158 persons, 96 percent of whom are categorized in the severe to profound range of mental retardation. Most KNI residents require intensive physical and medical supports. Most are unable to walk or speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. Individuals at KNI live in 24 homes in five residential lodges.

KNI seeks to support each person living at KNI to have a meaningful life through:

- Ensuring well-being;

- Providing opportunities for choice;
- Encouraging community participation;
- Promoting personal relationships; and
- Recognizing individuality.

KNI also operates one of three seating clinics in Kansas providing individually designed seating for persons using wheelchairs and providing assistive technology support to people with DD living in the community. The seating clinic served 126 individuals from the community in FY 2007, 186 last fiscal year, and expects to serve 200 individuals this fiscal year. Assistive technology assistance was provided to 153 people in FY 2008, and services will be provided to approximately 175 more people in FY 2008 – FY 2009.

KNI also provides dental services to persons with DD living in the community who are unable to access needed care. Since this service was initiated, 124 people have utilized these services, and it is anticipated that 60 people will participate in these services during FY 2009.

KNI has also provided a variety of medical services to people with developmental disabilities who could not obtain these services through community providers because of their behavior support needs, complexity of their health care needs, or temporary gaps in the community services system. These services include primary care services, support during recovery from surgery, diabetes management and occupational and physical therapy services. Support of this nature has been provided to a total of 17 people thus far in FY 2009. It is anticipated that a comparable number of people will require this type of services in FY 2010.

Starting in FY 2006, KNI began providing behavioral consultation and support to people with DD receiving community-based services. Approximately 15 people will utilize these services in FY 2009, and a comparable number of people are expected to request behavioral consultation and support in FY 2010. In FY 2009, KNI has also fielded increased requests from community service providers to serve as a resource in the provision of various other person-centered supports for people who present behavioral or medical challenges.

Because of a very gradual decrease in census, KNI has begun a process that will result in the consolidation of one home and a reduction of ten FTE by approximately March 1, 2009. The six people living in this home will move to other homes within KNI, and staff currently working in this home will be reassigned to other homes at KNI as attrition occurs.

State Mental Health Hospitals

The state mental health hospitals – Osawatomie State Hospital (OSH), Rainbow Mental Health Facility (RMHF) and Larned State Hospital (LSH) – serve persons experiencing serious symptoms of severe mental illness. Only persons who have been determined to be a danger to themselves or

others are referred to state mental health hospitals. These people generally exhibit symptoms that community providers cannot treat safely and effectively. Once severe symptoms are stabilized, they can successfully return home with supports provided by their community mental health centers (CMHCs).

The state mental health hospitals also serve prisoners needing inpatient mental health treatment and persons committed as violent sexual predators. In addition, hospitals complete mental health evaluations on persons referred by the courts.

The state mental health hospitals are accredited by the Joint Commission (JC) and are certified to participate in federal Medicaid and Medicare funding.

Osawatomie State Hospital and Rainbow Mental Health Facility

OSH serves adults from 46 eastern Kansas counties, including Sedgwick, Shawnee, Wyandotte, and Johnson counties. OSH shares its catchment area with Rainbow Mental Health Facility. About 50 to 70 percent of the people served by OSH also need substance abuse treatment. As a result of the number of increased admissions, OSH has exceeded its budgeted bed capacity on a fairly frequent basis as can be seen by the following charts:

SUMMARY OF OSAWATOMIE AND RAINBOW CENSUS

Facility and Population	Budgeted Bed Capacity	Average Census YTD
Osawatomie State Hospital – Adults	176	166
Rainbow Mental Health Center Adults	50	40
TOTAL	226	206

Osawatomie State Hospital		
Number of (and Percent) Days Over Census		
Fiscal Year	Number Days Over Census	Percent of Time Over Census
FY 2005	73	20%
FY 2006	81	22%

FY 2007	100	28%
FY 2008	64	17%
FY 2009 (Year-to-Date)	29	16%

The increased census has caused a strain on OSH's ability to provide needed services. Regulators require that each MH patient be actively involved in his/her individually developed treatment plan and not have extensive idle time in between treatment sessions. Ensuring active treatment requires a significant number of direct care staff. OSH has been able to maintain Medicaid and Medicare certification through dedicated efforts from treatment staff. However, at current staff levels, they are struggling to maintain the improvements that have been achieved.

Rainbow Mental Health Facility

Rainbow Mental Health Facility (RMHF) provides inpatient psychiatric care to adults from five counties served by three Community Mental Health Centers.

RMHF is also struggling to maintain the active treatment requirements of CMS, as well as to meet the increasing nursing care demands of a more challenging and medically needy patient population.

Rainbow Mental Health Facility Number of (and Percent) Days Over Census		
Fiscal Year	Number Days Over Census	Percent of Time Over Census
FY 2007	19	5%
FY 2008	36	10%
FY 2009	2	1%
YTD		

Larned State Hospital

Larned State Hospital (LSH) operates the following three distinctly different treatment programs:

Psychiatric Services Program (PSP)

The PSP serves persons from 59 western Kansas counties and provides acute psychiatric inpatient services for adults, adolescents, and children. The program provides the same services as OSH and Rainbow for their respective catchment areas. LSH PSP admissions have risen steadily over time, and ongoing efforts to provide more intensive treatment have resulted in lengths of stay that are as brief as can reasonably be expected.

SUMMARY OF LARNED PSYCHIATRIC SERVICES PROGRAM CENSUS

Facility and Population	Budgeted Bed Capacity	Average Census YTD
LSH Psychiatric Services Program	79	78
Adults -		
Adolescent -	12	5
Children -	8	3
TOTAL	99	86

LARNED PSYCHIATRIC SERVICES PROGRAM

Days Over Census

Fiscal Year	Number Days Over Census	Percent of Time Over Census
FY 2006	31	8%
FY 2007	34	9%
FY 2008	259	71%
FY 2009 (Year-to-Date)	77	42%

State Security Program (SSP)

The SSP located in the Isaac Ray Building, serves the statewide needs of the Department of Corrections (DoC) and the Criminal Courts for forensic evaluation and inpatient psychiatric care. This program includes: a forensic evaluation unit, two acute psychiatric treatment units, two psychiatric rehabilitation units for inmates of the Department of Corrections, a psychiatric unit for females, and a security behavior unit. The security behavior unit serves patients from all the state hospitals whose behaviors are extremely dangerous, requiring the highest level of security. The need for beds by the District Courts and DoC exceeds the current budgeted capacity of the SSP. The waiting list for admissions from the District Courts reached an all time high of 86 in May 2008, and currently there are 45 on the waiting list. The hospital made several operational changes which reduced the waiting list.

Sexual Predator Treatment Program (SPTP)

The SPTP serves persons with a civil commitment through the Kansas sexual predator treatment laws for indefinite treatment. The LSH inpatient program is budgeted for 160 residents, but continues to be over capacity and currently serves 175 residents. Due to a steadily rising census and increasing staff vacancies, staff will be unable to provide the same level of safety, security, and treatment. The hospital has requested supplementals and enhancements to address the increased census.

When persons successfully complete their treatment at the SPTP inpatient program at LSH, they are referred to the SPTP Transition program. LSH also manages the SPTP Transition Program located on the grounds of OSH. With 8 persons in the transition program, the program is near physical capacity, and exceeds the budgeted treatment capacity of 6 beds.

The Governor, through a shift in funding, has provided funding for the increase in staffing to accommodate 12 persons in the Transitional House Services (THS). It is expected that 4 additional residents will be transferred to the THS by the end of the year.

SUMMARY OF LARNED CENSUS – ALL PROGRAMS

Population/Program	Budgeted Bed Capacity	Average Census YTD
Adult Psychiatric	79	78
Adolescent Psychiatric	12	5
Children Psychiatric	8	3
State Security Program	200	190
Total Average Daily Census	299	276

SPTP	Budgeted Bed Capacity	Current Census
SPTP In-Patient Program	160	175
SPTP Transition Program	6	8

Physical Plant Capacity Needs

In response to a KDHE survey of the old Hospital Building, the Crisis Stabilization Unit (CSU) has moved from that location, and psychiatric patients are being temporarily housed in space that will be needed for the SPTP. LSH received planning money for the construction of an additional 30 beds in the Adult Treatment Center (ATC) building, which would provide capacity for the CSU, and provide an additional 11 beds to meet the increased demand for PSP services. However, no construction money has been appropriated.

The current census of the SPTP at Larned is 175 residents, with 214 beds currently available. Although the rate of growth of SPTP has varied from year to year, the average growth over the life of the program is almost 16 residents per year. At this rate the program will exceed physical capacity by FY 2012. An architectural plan for a 90 bed expansion of SPTP was prepared in the fall of FY 2009, and design funding was requested for FY 2010.

Safety, Quality and Efficiencies

The employees of LSH continue to devote themselves to the pursuit of safety, treatment quality, and efficiency. Here are some examples of ongoing efforts and achievements:

- LSH continues to work to decrease staff injuries due to assault. This has decreased 71 percent since FY 2006.
- Patient injuries also continue to decline and were well below national averages in FY 2008.
- During FY 2008, we had a deficiency free Joint Commission survey of our Laboratory Services, and a deficiency free triennial Centers for Medicare and Medicaid Services (CMS) survey of our Psychiatric Services Program. CMS surveys of the program have now been deficiency free since 2001.
- FY 2008 readmission rates in the Psychiatric Services Program are at their lowest levels since FY 2004, though still above the national average.
- Restraint and seclusion hours continue to decline, have dropped by over 90 percent since 2001, and are below the national average.
- The median length of stay has continued to decline hospital wide, and reached a low of 11 days in the Psychiatric Services Program in FY 2008.

Other State Agencies on the Larned Campus

LSH shares the campus with the Larned Juvenile Correctional Facility (LJCF) and the Larned Correctional Mental Health Facility (LCMHF). LSH provides the LJCF, the LCMHF, and the Ft. Dodge Soldiers Home with support services that include dietary, maintenance, laundry, and water. Sharing LSH resources with DoC and Juvenile Justice Authority (JJA) increases efficiencies of those agencies, but increases LSH's support costs above those of other state hospitals.

The Department of Corrections is remodeling the West Unit of the Larned Correctional Mental Health Facility (LCMHF) to accommodate approximately 68 additional inmates. This 20 percent increase in the inmate population will also result in a corresponding increase in dietary, laundry, water and sewer services provided by LSH. LCMHF will provide LSH as much advanced notice as possible regarding the estimated completion date and increased numbers of inmates.

Key State Hospital Issues

Resource Challenges

Sufficient resources are needed to ensure quality state hospital services are available to Kansans who need them. In recent years, the state hospitals have experienced serious challenges to the adequacy of their resources. Therefore, the state hospitals have not submitted reduced resource budgets. Instead, SRS' reduced resource budget includes the reduced resource targets for the state hospitals.

Operating Challenges

Other operating expenditures (OOE) such as drugs, utilities, food and pharmaceuticals have exceeded available funding in the state MH hospitals. When OOE is under-funded, the only remaining place to find savings to cover costs is salaries. Salary savings can only be achieved by artificially holding positions vacant. Last year all institutions had an unusually high number of vacant positions and used the savings to cover unfunded OOE. However, not having enough staff compromises patient care, support, and treatment. Continuing to keep staff positions vacant to fund OOE while still meeting regulatory requirements is becoming more difficult. In order to operate at the approved shrinkage rate and to accommodate expected cost increases, the state MH and MR hospitals are making enhancement requests for increased funding in their OOE, specifically other contractual, utilities, food, and pharmaceuticals.

Significant increases were noted in the cost indices' for salary and wage fringe benefits when comparing FY 2009 to FY 2010. The largest of these is for workers compensation. Since these were unexpected the Division of Budget has agreed to adjust the allocation for each of the institutions to mitigate these increases. In turn, the hospitals have already embarked on courses to help reduce the number of workers compensation claims. Since most of these claims arise from working directly with clients, several staff training have been pursued, such as special training in staff intervention and crisis intervention techniques in how to deal with violent patients. In addition, the superintendents have instituted policy changes and have begun work with the state workers compensation office to find ways to address workers compensation issues.

Vehicles

All state hospitals need an adequate number of safe and well maintained vehicles to both meet the transportation needs of the patients and residents, and the general operating needs of the hospitals. This budget year's vehicle replacement request includes a summary of vehicles categorized by use area. The enhancement for vehicles in the institutions is included with the SRS budget submission.

Building Condition

The state hospital buildings contain about 2,037,525 gross square feet of floor area. Many of the buildings are 20 to 50 years old. The buildings are deteriorating and the equipment continues to wear out. Currently, state hospitals are only allocated \$1.4 million per year for maintenance and repair and major capital improvement projects for these vast complexes of facilities. This is insufficient to keep up with the demand for repairs on these aging facilities. So, a new backlog of needed maintenance and repair is beginning to once again accumulate. Our 5 year capital improvement plan has a request for \$3.5 million for our first priority rehabilitation and repair and \$8.9 million for major rehabilitation and repair.

Conclusion

State hospitals serve some of the most severely disabled Kansans. Maintaining the quality of services and long term stability of the state hospitals requires adequate resources be provided.

Without adequate resources, the state institutions will need to reduce either the quantity and/or the quality of services provided to the residents and patients. If resources continue to be insufficient to meet minimum regulatory requirements federal Medicaid and Medicare, funding could be jeopardized.

On any given day more than 1,000 Kansans with the most severe disabilities reside and are treated in our state hospitals. It is important that the facilities and services we provide them are safe and adequate. Any consideration of these needs in the overall state capital improvement plan would be greatly appreciated.

The Superintendents and I would be happy to answer any questions you may have at this time.

**FY 2010 Hospital Budgets
Governor's Budget Recommendations
(does not reflect any proposed Legislative adjustments)**

Description	FY 2010 SGF	FY 2010 All Funds	Also Included in FY 2009
<u>Additions</u>			
Funding Shift for SPTP Transition Program Balances in other funds will be used to provide funding for 6.00 Mental Health Aid FTE positions and funding for six residents. This will bring the total capacity to twelve residents. The current census is ten residents.	323,928	323,928	Yes
1.0 Percent General Salary Increase The Governor included a 1.0 percent general salary increase for state employees. For SRS, this totals \$1.0 million from all funding sources, including \$707,804 from the State General Fund. No additional funding was provided for this increase. Consequently, the agency will have to absorb these additional expenditures.	--	--	No
<u>Reductions</u>			
<u>Reductions in Submitted Budget</u>			
Do not Open 30 Bed unit at Osawatomie State Hospital This new initiative will be delayed until the state's financial position improves. This avoids the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.8 FTE positions.	(1,473,800)	(1,473,800)	Yes
<u>GBR Reductions</u>			
1.0 Percent Decrease in SGF Operating Expenditures Decreases SGF operating expenditures at the five state hospitals by 1.0 percent. Balances in other funds were used to cover all of the reductions in FY 2009 and the reductions in the Mental Health Hospitals in FY 2010.	(898,690)	(229,786)	Yes
Moratorium on Employer Contributions This represents the savings from the statewide nine month moratorium on the payments to KPERS Death and Disability Fund and the seven pay period moratorium on the employer payments to the State Employee Health Fund. Both of these actions are possible due to the health of balances in the two funds.	(3,355,723)	(4,790,112)	No
Total GBR Reductions	(4,254,413)	(5,019,898)	
Total Reductions	(5,728,213)	(6,493,698)	