



DEPARTMENT OF SOCIAL
AND REHABILITATION SERVICES

Don Jordan, Secretary

House Social Services Budget Committee
February 3, 2010

State Mental Health Hospitals

Secretary Don Jordan

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Chairperson Mast and members of the Committee, thank you for the opportunity to present the agency overview of the state mental health hospitals. Before I begin, I would like to introduce the hospitals' superintendents: Dr. Robert Connell from Larned State Hospital and Greg Valentine from Osawatometie State Hospital and Rainbow Mental Health Facility.

The mental health hospitals provide critical services to Kansans with severe mental illnesses as part of Kansas' mental health services network, which includes a wide range of community and inpatient services. Changes in one part of these service systems affect other parts, and I would ask that you remain mindful of reduced budgets in the community mental health and substance abuse systems as you consider appropriations for the state hospitals.

SRS has tried to absorb the SGF budget reductions for the State Hospitals in the SRS reduction package. State hospital budgets represent actual operating costs. Further reductions would require serving fewer people, which would be very difficult to accomplish as budget cuts in the community system increase the demand on hospitals. Grants to community mental health centers have been reduced by approximately \$11.0 million, and it is estimated that 5,232 individuals will see services reduced or eliminated during FY 2010. In addition, General Assistance eligibility for Tier Two cases was reduced from 24 months to 12 months which will reduce the MediKan Mental Health recipients by approximately 1,200 individuals.

Because of the reductions to the SRS budget, it has become increasingly difficult to absorb the reduced resource reductions and Governor's budget allotments in SRS. As a result the mental health hospitals will be reduced \$701,680 in FY 2010, and \$1,643,875 in FY 2011.



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. Between 50 and 70 percent of the people served by OSH also need substance abuse treatment. Increased admissions mean that OSH has frequently exceeded its budgeted bed capacity:

SUMMARY OF OSAWATOMIE AND RAINBOW CENSUS

Facility and Population	Budgeted Bed Capacity	Average Census YTD
Osawatomie State Hospital – Adults	176	170
Rainbow Mental Health Center Adults	50	47
TOTAL	226	217

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	82	23%
FY 2010 (Year to Date, 12/31/09)	42	23%

Elevated census strains OSH's ability to provide services. Regulators require that each 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 their normal level of care.

Rainbow Mental Health Facility

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

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	27	7%
FY 2010 (Year to Date, 12/31/09)	41	22%

Rainbow Mental Health Facility History of Admissions		
Fiscal Year	Number of Admissions	Percent Increase From Prior Year
2005	671	----
2006	664	-1%
2007	671	1%
2008	810	20.7%
2009	875	8.0%
2010	Year-to-date 455 Projected 902	3.1%

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, but ongoing efforts to provide more intensive treatment have reduced lengths of stay as much as possible.

SRS solicited competitive bids for a facility to provide inpatient psychiatric treatment services to children and adolescents from western Kansas who would otherwise be served by Larned State Hospital. SRS has selected KVC Behavioral HealthCare to provide this service. KVC will begin providing inpatient mental health treatment services to these youth in early spring



2010. The new KVC facility will serve all youth in western Kansas determined by community mental health centers to be in need of state mental health hospital level of treatment on a no eject, no reject basis. KVC will provide inpatient treatment to these youth until their serious mental health symptoms are stabilized and they can be safely and effectively treated in their home and community. The facility will be located in Hays, Kansas.

Once this facility is fully operational, SRS expects to save about \$900,000 per year at Larned State Hospital. In addition, treatment space will be freed up to allow all Larned State Hospital adult civil psychiatric services to be located in the same building complex. This will make delivering services easier, free up needed space for the sexual predator treatment program, and allow for expanded bed capacity of Larned State Hospital's adult civil psychiatric services program when sufficient funding is available.

SUMMARY OF LARNED PSYCHIATRIC SERVICES PROGRAM CENSUS

Facility and Population	Budgeted Bed Capacity	Average Census YTD (July 1, to Dec. 31, 2009)
LSH Psychiatric Services		
Program Adults -	79	86
Adolescent -	12	6
Children -	8	1
TOTAL	99	93

LARNED PSYCHIATRIC SERVICES PROGRAM		
Days Over Census (Adults Only)		
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	141	39%
FY2010 (July 1 to Dec. 31, 2009)	156	85%



State Security Program (SSP)

The State Security Program provides forensic evaluation and inpatient psychiatric care for the Department of Corrections (DoC) and criminal courts. 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 there are currently 63 on 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 189 residents. LSH has accommodated the increase in census without any additional funding by reducing therapeutic and recreational programs and by managing staffing levels. When the census reaches 191 there will no more rooms available in the existing buildings. A new unit will have to be opened in a different building at that time, and funding will have to be made available for additional staff. The Governor has recommended \$450,000 in funding in FY 2010 and \$1.4 million for FY 2011.

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. Due to legislative action during the 2009 session, there is now an eight person cap on the number of SPTP transition residents in any one county. The current census at the Transition Program is seven. We are currently working on what other state facilities, in other counties, would be available to house a SPTP transition program.

SUMMARY OF LARNED CENSUS – ALL PROGRAMS

Population/Program	Budgeted Bed Capacity	Average Census YTD (July 1. to
Adult Psychiatric	79	86
Adolescent Psychiatric	12	6



Children Psychiatric	8	1
State Security Program	200	188
Total Average Daily Census	299	281
SPTP	Budgeted Bed Capacity	Current Census
SPTP In-Patient Program	160	189
SPTP Transition Program	6	7

Building and Capacity Issues

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. Contracting with KVC to provide youth services in Hays will vacate space to house the CSU, and the request for the 30 bed expansion has been removed from our Five Year Capital Improvement Plan.

The current SPTP census at Larned is 189 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. No funding was provided in FY 2010, so this funding is being requested for FY 2011.

In FY 2010 the Legislature approved \$4,262,950 from the State Institutions Building Fund (SIBF) for Institutions Rehabilitation and Repair projects for the five state hospitals and the SRS Chanute Service Center. Of this \$4.2 million approved for Rehab and Repair, \$1.6 million was for the renovation of the Meyer building at Larned. This is the building that will be needed next to house the Sexual Predator Treatment Program (SPTP) residents.

Last spring there was a fire in the laundry building at Larned and it was almost completely destroyed. Larned State Hospital provides the laundry services for all three of the organizations located on the Larned campus. LSH is currently providing the laundry services by transporting the laundry to the Hutchinson Correctional Facility to be cleaned. This arrangement cannot continue forever, as the Hutchinson laundry facilities were not built to handle this volume of laundry, and this is not a very efficient way to provide the service. LSH



has conducted a cost-benefit analysis of its options, including contracting out the laundry services. The rebuilding of the facility proved to be the most cost effective alternative.

We have estimated it will cost \$1.3 million to rebuild the facility and to replace the industrial laundry equipment. We believe it is important that we move forward with using \$1.3 million of the \$1.6 million approved for the Meyer building renovation to rebuild the laundry facilities at Larned

We will adjust our FY 2011 Capital Improvement Plan request to reflect the \$1.6 million for the renovation of Meyer as a part of the FY 2011 Rehab and Repair projects. Although it is expected the SPTP will need to move into the Meyer building this fiscal year, the renovations could be completed around the residents during FY 2011.

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 had a four-day survey by The Joint Commission during FY 2009 and was granted accreditation for all services surveyed under the Comprehensive Accreditation Manuals for Hospitals
- Restraint and seclusion hours have been consistently below the national average since FY 2006
- The reduction of staff injuries from assault continues to be a focus, with a 50% reduction from December 2008 to December 2009
- Patient injuries have declined and remain well below the national average
- FY 2009 readmission rates in the Psychiatric Services Program were at their lowest levels since FY 2004, though still above the national average
- The median length of stay has continued to decline hospital-wide, and reached a low of 10 days in the Psychiatric Services Program in FY 2009

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, such as dietary, maintenance, laundry, and water. Sharing LSH resources with Department of Corrections (DOC) and Juvenile Justice Authority (JJA) increases efficiencies in 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. When completed and occupied, 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

The current state budget situation has required us to review all of our programs for efficiencies. The most recent allotment issued by the Governor will result in policy changes we would prefer not to do but are necessary to save money to meet our current budget. As mentioned earlier, state grants to the CMHCs and CDDOs have been reduced, which will tend to increase demand on state institutions.

The hospitals are also implementing various personnel actions, unit consolidations, and other operating reductions to reduce expenditures in both FY 2010 and FY 2011. Major changes include closing the Youth Services Unit at Larned State Hospital; consolidating a home in FY 2009 and another home in FY 2010 at KNI; and closing Willow cottage at Parsons State Hospital and consolidating these residents into another cottage.

The Mental Health Hospitals are operating at the bare minimum staffing to ensure active treatment and the safety of staff and patients. Current vacancy rates at the Mental Health Hospitals are running from 6.9 percent to 14.0 percent. It should also be noted that further reductions of the hospital budgets would necessitate the need to cease voluntary admissions at the Mental Health Hospitals and the closure of patient units. Any further reductions, without reducing patient census at the MH hospitals, could put the hospital at risk of losing their license and certification.

Building Conditions

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 \$4.8 million for our first priority rehabilitation and repair and \$5.2 million for major rehabilitation and repair (including the \$1.6 million for the remodel of the Meyer building).

I will now stand for questions.



KANSAS
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Description	FY 2010 SGF	FY 2010 All Funds	FY 2011 SGF	FY 2011 All Funds
<i>November Allotments and Governor's Recommended Reductions</i>				
Reduction in Operating Expenditures SGF operating expenditures for the five state hospitals have been decreased by a total of \$3.0 million. These reductions will result in the consolidation of units at KNI, the closing of children's beds at Larned, the consolidation of cottages at Parsons, and various other reductions in salaries and other operating expenditures. In addition, fee fund balances will be used in FY 2010 to replace approximately \$1.1 million SGF.	(3,002,763)	(1,918,759)	(3,000,000)	(3,000,000)
Replace SGF with Unbudgeted State Hospital ARRA Funds. Approximately \$3.1 million SGF will be replaced with unbudgeted ARRA funds. This has no effect on services.	(3,092,047)	--	--	--
Replace SGF with Fee Funds Balances in various hospital fee funds will be used to replace SGF expenditures.	--	--	(4,200,000)	--
TOTAL NOVEMBER and GOVERNOR'S RECOMMENDED REDUCTIONS	(6,094,810)	(1,918,759)	(7,200,000)	(3,000,000)
<i>Other Recommended Adjustments</i>				
SPTP 17-Bed Expansion The census for the Sexual Predator Treatment Program (SPTP) is currently 187, which is 27 persons more than Larned State Hospital has funding to serve. This additional funding will provide a 17-bed expansion for the program to be implemented around March 2010. The \$450,000 SGF in FY 2010 represents a transfer from SRS, which was made available by replacing SGF expenditures with fee fund expenditures in SRS. The funding available in FY 2011 for this expansion is a result of increasing Title XIX expenditures throughout the Hospitals.	450,000	450,000	--	1,402,261
Workers Compensation Increase The Hospitals will be using balances in their fee funds to cover increasing workers compensation costs in FY 2010 and FY 2011.	--	2,272,410	--	1,894,705



KANSAS
 DEPARTMENT OF SOCIAL
 AND REHABILITATION SERVICES

Description	FY 2010 SGF	FY 2010 All Funds	FY 2011 SGF	FY 2011 All Funds
TOTAL OTHER RECOMMENDED ADJUSTMENTS	450,000	2,722,410	--	3,296,966