

Rob Siedlecki, Acting Secretary

House Social Services Budget Committee

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Overview of State Mental Health Hospitals

Disability & Behavioral Health Services

Ray Dalton, Deputy Secretary

For Additional Information Contact:
Gary Haulmark, Director of Legislative Affairs
Docking State Office Building, 6th Floor North
(785) 296-3271

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Overview of State Mental Health Hospitals

Chairman Crum and members of the Committee, thank you for the opportunity to appear before you today to present the agency overview of the state mental health hospitals. Before I begin, I would like to introduce the superintendents of the hospitals: Dr. Robert Connell from Larned State Hospital; and Greg Valentine from Osawatomie State Hospital and Rainbow Mental Health Facility.

Kansas' state hospitals provide critical services to Kansans with severe mental illness as part of a statewide provider network which includes a wide range of community and inpatient services.

SRS has tried to absorb the SGF reductions for the State Hospitals in the SRS reduction package.

However, because of the reductions to the SRS budget, it has become increasingly difficult to absorb the reduced resource reductions. As a result of the November 2009 Governor's budget allotments, the mental health hospitals were reduced \$701,680 in FY 2010, and \$1,643,875 in FY 2011. The FY2011-2012 Governor's Budget recommendations reduce Osawatomie an additional \$500,000 in FY2011 and FY2012; and reduce Rainbow an additional \$250,000 for FY2011.

We understand these tough economic times present us with difficult challenges and we will work through these while still maintaining quality services to those we serve.

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 (TJC) and are certified to participate in federal Medicaid and Medicare funding.

Operating Challenges

Center for Medicare and Medicaid Services (CMS) Survey of Rainbow:

The Rainbow Mental Health Facility was surveyed by the Centers for Medicare and Medicaid Services (CMS) the first week of December. One of their findings was that based on the layout of the facility, Rainbow actually had four units instead of the two units we have designated, and Rainbow would need to provide RN staffing for four units. It will cost an additional \$812,000 a year to provide that level of RN staffing.

The Superintendent provided a corrective action plan to CMS trying to address their concerns and convince them there were only two units, but this plan was not approved by CMS who has held to their original findings.

As a result of the CMS findings, we are recommending the two units at Rainbow, that CMS has indicated are additional units, be closed. This would result in a decrease of 14 beds at Rainbow leaving the facility with 36 beds.

Because of the addition of 11 adult beds at Larned State Hospital in FY2011 this would result in just a decrease of three beds to the system overall. The closure of these beds will allow us to avoid additional costs of \$812,000 to correct the CMS survey findings, as well as allow us to cover the budget reductions in the Governor's budget.

In the current fiscal climate the SRS budget cannot support this increase in expenditures and it is not feasible to ask for additional money from the State budget.

As I will discuss in a little more detail, the state Mental Health Hospitals have seen an increase in demand over the last year. This reduction of beds will put a further strain on the system and SRS will have to work with the CMHCs, not only in the Rainbow and Osawatomie catchment areas but across the LSH catchment area as well, to manage their use of state hospital inpatient services.

Over census issues at the Mental Health Hospitals:

In the past several fiscal years the three state mental health hospitals have experienced significant number of days over budgeted census. This has caused a strain on the individual hospital budgets. Although several actions have been taken by SRS such as; initiating agreements with community partners to establish alternative inpatient resources, and opening an 11 bed adult unit at LSH in the space previously used for children's services, over census issues are expected to continue in FY 2011 and FY 2012. Funding for the staffing of the newly opened 11 bed unit at LSH is coming from

the savings realized from the contracting out of the children's beds at LSH. The Department will continue to work with the CMHCs to manage the utilization of State Hospital inpatient services.

Osawatomie State Hospital							
State Fiscal Year	Admissions	Average Daily Census	High Census	Low Census	Days Over Census	Per Cent Days Over Census	Average Length of Stay
2005	1,943	167	193	136	74	20%	31
2006	2,016	166	198	134	81	22%	29
2007	1,969	170	199	150	100	28%	28
2008	2,181	169	195	145	64	17%	25
2009	2,042	169	195	145	82	23%	30
2010	2,193	172	197	142	123	34%	29
Rainbow Mental Health Facility							
State Fiscal Year	Admissions Adult & Youth	Average Daily Census Adult Only	High Census Adult Only	Low Census Adult Only	Days Over Census	Per Cent Days Over Census	Average Length of Stay Adult Only
2005	671	24	40	3	76	21%	21
2006	664	26	41	10	52	14%	21
2007	671	30	40	20	19	5%	23
2008	810*	44	56	32	36	10%	19
2009	875	42	55	24	27	7%	17
2010	840	49	61	37	131	36%	22

Larned State Hospital Psychiatric Services Program							
State Fiscal Year	Admissions Adult & Youth	Average Daily Census Adult & Youth	High Census Adult Only	Low Census Adult Only	Days Over Census Adult Only	Percent Days Over Census Adult Only	Average Length of Stay Adult Only
2005	990	72	84	52	2	.5%	49
2006	1,064	81	86	59	31	8%	25
2007	1,097	82	92	56	34	9%	27
2008	1,177	94	102	71	259	71%	33
2009	1,071	86	99	63	141	39%	30
2010	1,223*	93	108	72	302**	83%	44

Note:

*Youth Services Closed May 6, 2010.

**Effective May 21, 2010, Psychiatric Services Program (PSP) capacity changed from 79 to 90, although the budgeted census remains at 79. The number above reflects days over our budgeted census of 79. There were 296 days or 81% of days over capacity.

Sex Predator Treatment Program (SPTP):

The program has been steadily growing from its inception in 1994. The current census for the Sexual Predator Treatment Program (SPTP) at Larned State Hospital is 200 as of January 1, 2011. The designed bed capacity for the SPTP at LSH is 214. If the current projections on the growth of the SPTP hold true then the total bed capacity available at Larned will be reached in FY 2012. It is not clinically feasible or physically feasible (based on KDHE facility licensure/certification space requirements) to put more than one SPTP resident to a room. Therefore, it is critical to address the growth of the program now. As we will run out of bed space in FY2012 our plan now includes the temporary conversion of program space into bed space, while the Department and the Administration develop plans to address the growth of the program.

The current transitional portion of this program is located on the grounds of Osawatomie State Hospital. State law limits the number of residents in a transitional program to eight per county. As of January 1, 2011, there were seven people in the program, with one person scheduled to enter the program this month. SRS estimates that by FY 2012 there may be as many as 12 persons in the transitional program. Therefore, the Department will work with the Administration to develop a plan to accommodate the growth in this portion of the program as well.

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 and RMHF 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	175
Rainbow Mental Health Center Adults	50	45
TOTAL	226	220

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	123	34%
FY 2011 (Year to Date, 12/31/10)	72	40%

Osawatomie State Hospital History of Admissions		
Fiscal Year	Number of Admissions	Percent Increase From Prior Year
FY 2005	1943	----
FY 2006	2016	3.8%
FY 2007	1969	-2.3%
FY 2008	2181	11.8%
FY 2009	2042	-6.4%
FY 2010	2193	7.4%
FY 2011, YTD 12/31/10	Year-to-date 1112 Projected 2203	.4%

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

Rainbow Mental Health Facility Time 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	131	36%
FY 2011 (YTD 12/31/10)	16	9%

Rainbow Mental Health Facility History of Admissions		
Fiscal Year	Number of Admissions	Increase From Prior Year
2005	671	----
2006	664	-1%
2007	671	1%
2008	810	20.7%
2009	875	8.0%
2010	840	-4.0%

Larned State Hospital

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

Psychiatric Services Program (PSP)

The PSP serves persons from fifty-nine (59) Western Kansas counties and provides acute psychiatric inpatient services for adults. 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 LSH. SRS selected KVC Behavioral HealthCare to provide this service. Wheatland Psychiatric Hospital (KVC) began providing inpatient mental health treatment services to these youth in May 2010. This facility will serve all youth in Western Kansas determined by Community Mental Health Centers (CMHC's) to be in need of state mental health hospital level of treatment on a no eject, no reject basis. Wheatland Psychiatric Hospital (KVC) is providing 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.

With KVC fully operational treatment space was freed up to allow all Larned State Hospital adult civil psychiatric services to be located in the same building complex. This makes delivering services easier, freed up needed space for the Sexual Predator Treatment Program, and allowed for expanded bed capacity of LSH's adult civil psychiatric services program.

SUMMARY OF LARNED PSYCHIATRIC SERVICES PROGRAM CENSUS

Facility and Population	Budgeted Bed Capacity	Average Census YTD
		(July 1, to Nov.30, 2010)
LSH Psychiatric Services Program Adults -	90	89
TOTAL	90	89

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	302	83%
FY 2011 (July 1 to Nov.30 2010)	85	46%

State Security Program (SSP)

The State Security Program (SSP) serves all 105 counties in Kansas. This program (also known in Kansas Statutes as the State Security Hospital) serves male and female adult mentally ill forensic populations from the entire state of Kansas, which are admitted through specific forensic statutes. This program provides a secure setting for forensic evaluations and psychiatric inpatient treatment. The SSP is housed in the Isaac Ray building and currently serves 190 patients on seven units. The physical plant capacity is 250 beds. Two units are residential living units serving 60 Kansas Department of Corrections (KDOC) male prisoners as they prepare for re-entry into the community through vocational and pro-social training. One unit, the Security Behavior Unit, serves a group of males who are civilly, rather than criminally, committed and who pose a very high risk for dangerousness and/or have been charged/arrested for a felony. The remaining four units provide pre- and post-trial assessment for courts, treatment related to forensic issues such as competency restoration and treatment in lieu of confinement, as well as secure residential treatment and acute stabilization of patients referred by the KDOC.

The most common reasons (type of order) for which persons are referred to SSP are:

1. Competency Evaluation
2. Competency Treatment
3. Correctional Transfer
4. Lack of Mental State Evaluation
5. Lack of Mental State Treatment
6. Pre-sentence Evaluation
7. Sexual Predator Evaluation
8. Treatment in Lieu of Confinement

The need for beds by the district courts and KDOC 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 46 on the waiting list.

SUMMARY OF LARNED CENSUS – ALL PROGRAMS

Population/Program	Budgeted Bed Capacity	Average Census YTD (July 1, to December 31, 2009)
Adult Psychiatric	90	89
State Security Program	190	178
Total Average Daily Census	280	267
SPTP	Budgeted Bed Capacity	Current Census
SPTP In-Patient Program	177	202
SPTP Transition Program	8	7

Building and Capacity Issues

In the 2010 session the Legislature approved \$2.79 million from the State Institutions Building Fund (SIBF) for Institutions Rehabilitation and Repair projects for the five state hospitals and a Governor’s Budget Amendment for the replacement of the Electrical Sub-station at Osawatomie State Hospital.

In June 2009 there was a fire in the laundry building at Larned and it was almost completely destroyed. In addition to LSH providing laundry services for its three treatment program, LSH also provides laundry services for Larned Juvenile Correctional Facility, Larned Mental Health Facility, and Ft. Dodge Soldiers Home. 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.

With the addition of the laundry equipment the current estimate is \$1.6 million to rebuild the facility and to replace the industrial laundry equipment. It is expected that the laundry facility will be operational again in June of this year.

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 be fully accredited by The Joint Commission (TJC) for all services surveyed under the Comprehensive Accreditation Manual for Hospitals, with the most recent survey occurring in the Lab on June 30, 2010.
- The use of Seclusion and Restraint at LSH is consistently below the national average compared to other state hospitals across the country, which reflects success in continuing efforts to reduce our use of Seclusion and Restraint.
- The safety of the LSH patients and staff continues to be a focus, with patient injuries from aggression remaining below the national average in FY 2010 and staff injuries from aggression representing a 62% reduction in FY 2010 as compared to FY 2007.
- The readmission rate to PSP for FY 2010 was somewhat higher than FY's 2008 and 2009 but was still within one standard deviation of the national average.
- The hospital-wide median length of stay remains level, and in particular, PSP had median lengths of stay of 11 days in FY 2008, 10 days in FY 2009, and 10 days in FY 2010.

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 KDOC 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 advance notice as possible regarding the estimated completion date and increased numbers of inmates.

Title XIX Funding

Nearly a third of the state hospital budgets are funded by federal Title XIX Medicaid funds. To meet Medicaid payment requirements and provide administrative ease, all Title XIX payments for state hospitals are placed in the central Title XIX account. Funds are then transferred from that account to the five state hospitals in amounts equal to their approved appropriations. All state hospitals receive Title XIX funding, but the process for the state Developmental Disability (DD) hospitals is much different from the state MH hospitals. State DD hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation (ICFs/MR) and nearly all of the people living in the facilities are covered by Medicaid. The state DD hospitals submit annual cost reports that establish per diem rates which they charge to Medicaid for each day a person covered by Medicaid lives in the facility.

The state MH hospitals establish per diem rates in much the same way as the state DD hospitals. But the state MH hospitals are classified as institutions for mental disease (IMDs) by the Centers for Medicare and Medicaid Services (CMS). As such, CMS only allows collection of federal Medicaid matching funds for persons younger than 22 years of age and over 64 years of age. Those persons between those ages fall into a category called the "IMD exclusion." Their services are nearly all funded with state general funds or private payment. The vast majority of persons receiving services in state MH hospitals fall into this exclusion category. None of the SPTP or state security program patients qualify for Medicaid reimbursement. In addition, because they are licensed hospitals, the state MH hospitals must provide the full array of health care for all of their patients from their approved budgets.

State MH hospitals are eligible for additional payments authorized by CMS to assist all acute care hospitals that serve a disproportionately high number of indigent persons. These payments are called disproportionate share hospital (DSH) payments. The amount of DSH available in each state is limited by federal allocation, and these same federal rules limit the amount of DSH that can be transferred to IMDs, which includes the state mental health hospitals.

The state hospital budget request adjusts the amount of Title XIX funds used by each hospital to more closely match the amount of revenue each hospital is estimated to receive. This was done to more closely line up revenue with expenses.

Because of the increased Federal Medical Assistance Participation (FMAP) rates due to the American Recovery and Reinvestment Act (ARRA) being extended to June of 2011 current estimates for Title XIX revenue exceeds appropriated expenditures by a small margin. With the Federal Medical Assistance Participation rates reverting to pre ARRA rates in FY 2012 this small surplus all but disappears in keeping the allocations to the hospitals at the FY 2011 level. The projected balance at the end of FY 2012 for the Title XIX fund is less than \$500,000.

This concludes my testimony and the Superintendents and I will be glad to answer any questions you might have.

Description	FY 2011 SGF	FY 2011 All Funds	FY 2012 SGF	FY 2012 All Funds	FTE
<i>Governor's Recommended Reductions</i>					
Reduction in Operating Expenditures					
Reduced salaries at Osawatomie State Hospital Eliminate 45 vacant positions in FY 2012	(500,000)	(500,000)	(500,000)	(500,000)	(45)
Reduced Salaries at Rainbow Mental Health Facility Eliminate 10 vacant positions in FY 2012	(250,000)	(250,000)	-	-	(10)
Start KNI Hospital Closure Utilize KNI fee Fund balance in place of SGF Eliminate 61 vacant positions in FY 2012			(277,039) (300,000)	(658,832) -	(61)
PSH Eliminate 40 vacant positions					(40)
LSH Eliminate 138 vacant positions					(138)
TTOTAL GOVERNOR'S RECOMMENDED REDUCTIONS	(750,000)	(750,000)	(1,077,039)	(1,158,832)	(294)