
Issue Brief – USH Medical Care

UTAH STATE HOSPITAL

NUMBERDHS-08-07

USH MEDICAL CARE

The Utah State Hospital (USH) is requesting an appropriation of \$675,900 with \$513,700 in General Funds, \$40,500 in dedicated credits and \$121,700 in federal Medicaid funds for FY 2008. In addition, USH is requesting a supplemental appropriation for FY 2007 of \$572,400 with \$435,000 in one-time General Funds, \$34,400 in dedicated credits and \$103,000 in federal Medicaid funds.

OBJECTIVE

The objective of the USH is to provide appropriate medical care to all patients.

DISCUSSION AND ANALYSIS

The USH located in Provo, is licensed as a specialty hospital by the Utah Department of Health under the direction of the Division of Substance and Abuse and Mental Health in the Department of Human Services. The USH is categorized as an Institution for Mental Disease (IMD), and under federal guidelines, adult mentally ill patients between the ages of 22 and 64 do not qualify for Medicaid. There is an exception for facilities that are under 16 beds.

Services Provided

The State Hospital provides the following services:

1. Medication therapy
2. Individual comprehensive treatment plan
3. Individual and group therapy
4. Rehabilitative services including recreational, occupational, vocational and substance abuse therapy
5. Medical care including dental, podiatry, and optometry, neurological consults
6. Nutritional needs
7. Nursing services

Inflationary Increases in Medical Costs

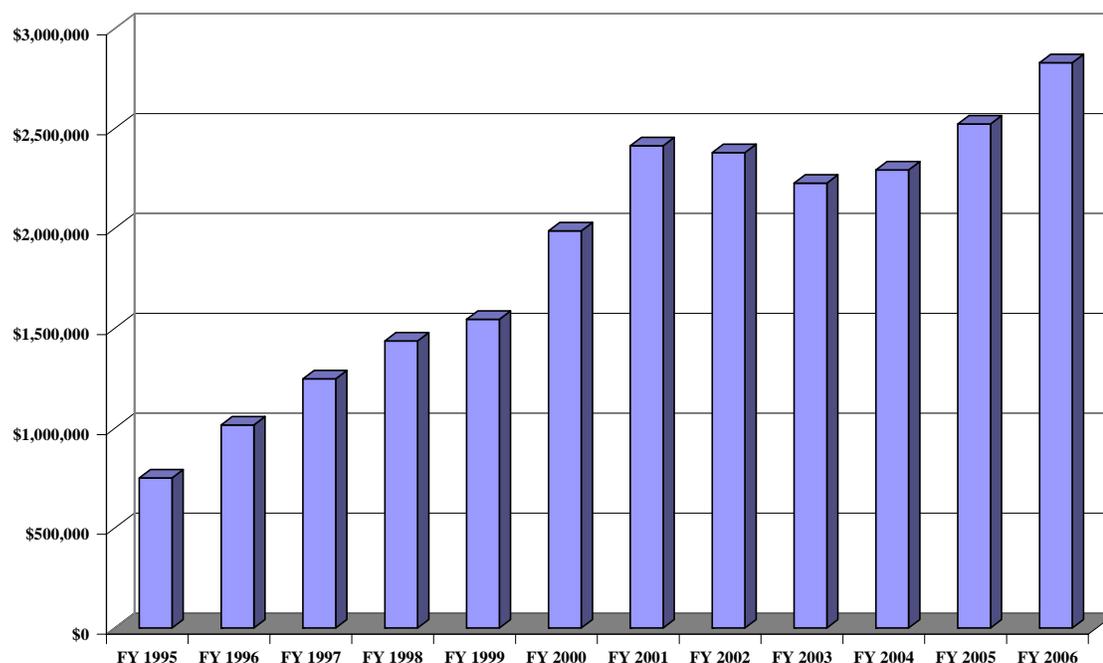
According to USH, there has been an increase in the cost of medical services for their clients. The increases in medical care costs at the USH are based on three areas: Medications; Off-campus Medical; and Recruitment and Retention of Psychiatrists.

1. Medications \$282,900 for FY 2007 and \$333,700 for FY 2008

The patients at the State Hospital have chronic, treatment-resistant mental illnesses. Most of the patients come to USH because they cannot be stabilized in the community health care setting and require drug therapy.

Older generation psychotropic medications are less expensive but carry adverse side effects. The new atypical antipsychotic drugs account for 70 percent of the medication budget at the USH. According to the State Hospital one of the largest impacts on the cost of services at the USH is the rising cost of pharmaceuticals. The cost of medications has outpaced general inflation over the past 3 years by about 4 percent per year. The following graph shows the increase in costs from FY 1995 to FY 2006 (Note: the lower medication costs in FY 2003 are because of the closure of 30 geriatric beds and the temporary closure of 26 forensic beds):

Utah State Hospital History of Pharmaceutical Costs



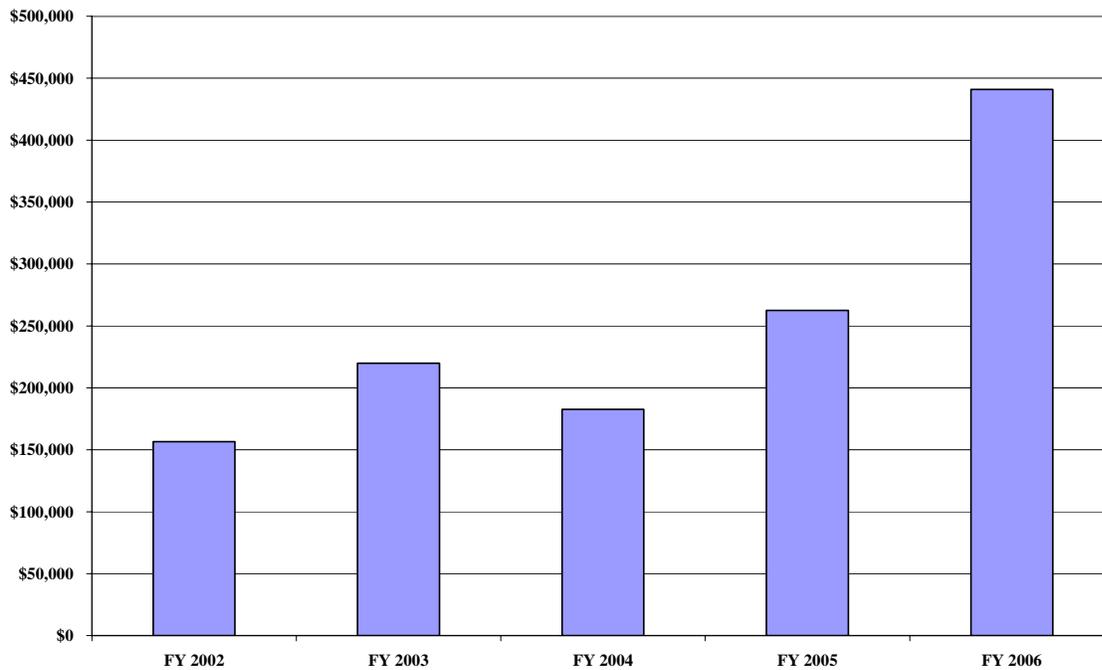
The USH has worked to decrease the cost of medications by becoming a member of a large GPO (group purchasing organization) along with 43 other states to leverage purchasing power and negotiate price savings. In addition, the USH recently purchased an automated EXP Fastpak machine. Medications that are currently being purchased in unit-dose packaging will be purchased in bulk and be packaged by the EXP machine. It is anticipated that bulk purchasing will cost approximately 15 percent less than unit-dose packaging. Finally, the USH implemented an eChart System which will eliminate unnecessary or duplicative prescriptions.

The USH is requesting an appropriation of \$333,700 for FY 2008 and a supplemental appropriation of \$282,900 for FY 2007 for inflationary increases in pharmaceutical costs.

2. Off-campus Medical \$145,500 for FY 2007 and \$198,200 for FY 2008

The services provided by the USH do not include complex medical or surgical care. USH has an agreement with Utah Valley Medical Center to provide emergency, surgical and medical care for patients at the Medicare or Medicaid rate. According to the USH, there has been an increase in the number of patients admitted with significant medical problems. The cost of off-campus medical care has more than doubled between FY 2002 and FY 2006. The following graph shows the increase:

Utah State Hospital History of Off-campus Medical Costs



The USH is requesting an appropriation of \$198,200 for FY 2008 and a supplemental appropriation of \$145,500 for FY 2007 for inflationary increases in Off-campus Medical Care.

3. Recruitment and Retention of Psychiatrists \$144,000 for FY 2007 and \$144,000 for FY 2008

The USH complements the local mental health centers by providing services not available in the community setting. These patients require care 24/7. The request for additional funding is because USH has experienced a difficult time recruiting and retaining psychiatrists. Currently there are three vacancies that the USH has been unable to fill. Of the 12 psychiatrist interviewed since 2005, the USH was only able to hire one. The most frequent answer for refusing the position was compensation. Adjacent states – Colorado, Idaho and Wyoming pay psychiatrists at their state hospitals \$35,000 to \$49,350 per year more than Utah.

The USH has indicated that because of the three vacant psychiatrist positions, they were temporarily unable to open 24 adult beds. The USH is required by their accreditations standards (CMS (Centers for Medicare and Medicaid Services) and JCAHO (Joint Commission on Accreditation of Healthcare Organizations)) to have a certain ratio of psychiatrists to patients.

The USH is requesting an appropriation of \$144,000 for FY 2008 and a supplemental appropriation of \$144,000 for FY 2007 to provide a 2 step increase to recruit and retain psychiatrists.

RECOMMENDATION

The Subcommittee may want to consider prioritizing all or part of the FY 2007 supplemental and the FY 2008 ongoing requests as shown in the following tables:

Utah State Hospital Funding Supplemental Request for FY 2007				
	General Funds -	Dedicated	Federal	
	One-time	Credits	Medicaid Funds	Total
Medications	\$215,000	\$17,000	\$50,900	\$282,900
Off-campus Medical Care	\$110,600	\$8,700	\$26,200	\$145,500
Psychiatrist Recruitment & Retention	\$109,400	\$8,700	\$25,900	\$144,000
FY 2008 Total	\$435,000	\$34,400	\$103,000	\$572,400

Utah State Hospital Funding Request for FY 2008

	General Funds	Dedicated Credits	Federal Medicaid Funds	Total
Medications	\$253,600	\$20,000	\$60,100	\$333,700
Off-campus Medical Care	\$150,600	\$11,900	\$35,700	\$198,200
Psychiatrist Recruitment & Retention	\$109,500	\$8,600	\$25,900	\$144,000
FY 2008 Total	\$513,700	\$40,500	\$121,700	\$675,900