

Office of the
Legislative Fiscal Analyst

FY 2001 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Human Services
Mental Health

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1.0 Summary: Division of Mental Health

The Division of Mental Health (DMH) is the State’s mental health authority. The Division has general supervision of the State Hospital in Provo. Other mental health services are delivered by the 10 community mental health centers in the State, which have contracts with local mental health authorities (counties). Most counties have joined with one or more other counties to provide mental health prevention and treatment services for their residents. The Division contracts with county governing boards and distributes state and federal funds earmarked for mental health services. Counties are required to provide a minimum scope and level of service, and must provide a minimum 20 percent county fund match. Counties set priorities to meet local needs but must submit a plan describing what services they will provide.

The State Board of Mental Health is the policy-making entity for the public mental health system. The Board establishes minimum quality standards, funding formulas for distribution of public funds, and sets other public mental health policies with input from various stakeholders. One member of the seven-member board must be a psychiatrist licensed to practice in Utah.

1.1 Financial Summary

The Fiscal Analyst recommends a total appropriation of \$66.9 million for the Division of Mental Health for FY 2001. This includes \$53 million from the State General Fund.

	Analyst FY 2001 Base	Analyst FY 2001 Changes	Analyst FY 2001 Total
Financing			
General Fund	\$52,956,300	\$84,800	\$53,041,100
Federal Funds	3,259,600		3,259,600
Dedicated Credits Revenue	2,715,300		2,715,300
Transfers - H - Medical Assistance	7,572,000		7,572,000
Transfers - Internal	70,000		70,000
Transfers - Other Agencies	250,000		250,000
Total	\$66,823,200	\$84,800	\$66,908,000
Programs			
Administration	\$1,109,400		\$1,109,400
Community Services	6,257,700		6,257,700
Mental Health Centers	20,750,500		20,750,500
<i>Transfer from DCFS - Children's MH</i>		\$84,800	84,800
Residential Services	2,967,500		2,967,500
State Hospital	35,738,100		35,738,100
Total	\$66,823,200	\$84,800	\$66,908,000
FTE	727.6		727.6

2.0 Issues: Division of Mental Health

2.1 Division Budget Summary

DIVISION OF MENTAL HEALTH		
SUMMARY OF ANALYST RECOMMENDATIONS - FY 2001		
	General Fund	Total Funds
FY 2000 AUTHORIZED	\$53,138,800	\$67,106,100
Non-General Fund revenue estimate revisions		(19,900)
FY 2001 BASE BUDGET	\$53,138,800	\$67,086,200
Adjustment for 16 less work hours	(127,000)	(180,200)
State ISF Rate Changes	8,800	12,300
State Retirement Rate Reductions	(72,400)	(103,200)
Risk Mgt Rate Redistribution (from FY 2000)	8,100	8,100
FY 2001 ADJUSTED BASE BUDGET	\$52,956,300	\$66,823,200
Transfer from DCFS: Childrens MH Day Treatment	84,800	84,800
FY 2001 ANALYST RECOMMENDED BUDGET	<u>\$53,041,100</u>	<u>\$66,908,000</u>
(Without Compensation Adjustment)		

2.2 Adjustments to Base Budget

The Fiscal Analyst has adjusted the base budget for FY 2001 to reflect the shortened work year by 16 hours (\$127,000 General Fund reduction), change in the retirement rate (\$72,400 General Fund reduction), and changes in the rates charged by the State’s internal service funds (\$8,800 General Fund increase). These adjustments are part of the budget recommendations for various programs in the Division.

The Analyst is also including a re-distribution of \$51,500 (General Fund) that was appropriated last year for the FY 2000 Risk Management liability premium increases. This amount was appropriated to one program in the Executive Director Operations budget, but should have been part of the budgets of all programs and divisions in the Department. The budget for DMH is increased by \$8,100.

2.3 Transfer of Contract Funds for the Children’s Mental Health Center

The Department has requested, and the Analyst has included, this transfer of \$84,800 (General Fund) from the Division of Child and Family Services (DCFS). These funds are for a long-standing contract between DCFS and Valley Mental Health (in Salt Lake County) to provide matching funds for mental health day treatment services provided by the Children’s Center. It seems logical that this contract (and associated funds) be in the Division of Mental Health.

2.4 Federal Funds Reductions

The federal medical assistance percentage (FMAP) match rate for FY 2001 is changing from 71.61 percent to 71.47 percent. As a result, without an increase in state matching funds, the State will see a reduction in federal medical assistance payments. To maintain the current level of funding in DMH, the State would need to increase its match by \$14,300.

The Hospital receives DSH (Medicaid Disproportionate Share) funds for serving a disproportionate share of Medicaid patients. The federal government is reducing the percentage from 9% to 8%, reducing the Hospitals portion by \$50,400.

2.5 State Hospital Forensic Facility

The new 100 bed forensic facility was completed in August 1999. Last year the Legislature funded operation of three of the four new wings in the hospital. The 75 beds in these wings are now full and other forensic patients in the hospital are waiting for the fourth wing to open. The Division is requesting operating funds of \$2,513,600 (General Fund) for the fourth wing for FY 2001. Due lack of available funding, this is not included in the Analyst's FY 2001 recommendation.

2.6 Program of Assertive Community Treatment (PACT)

This proposed program is promoted as an alternative to additional beds at the State Hospital or increased use of private hospital beds. Proposed new legislation increasing a community's ability to civilly commit mentally ill individuals will put additional strain on available hospital beds. The Governor included a building block to fund services for the expected increase in the number of committed individuals as well as funding for two prototype PACT teams. Legislation has been filed which, if passed, will require funding through the fiscal note process.

3.0 Programs: Division of Mental Health

The Public Mental Health System

The State Public Mental Health System serves adults with severe and persistent mental illnesses and children with serious emotional disturbances. Individuals with serious mental illnesses often benefit most from the public mental health system because of extra wrap-around supports that are available. The targeted population tends to have less financial and private insurance resources.

State law mandates the following basic mental health services:

1. In-patient care
2. Residential care
3. Out-patient care
4. 24-Hour Crisis care
5. Case Management
6. Psychosocial Rehabilitation
7. Community Supports
8. Psychotropic Medication Management
9. Consultation and Education

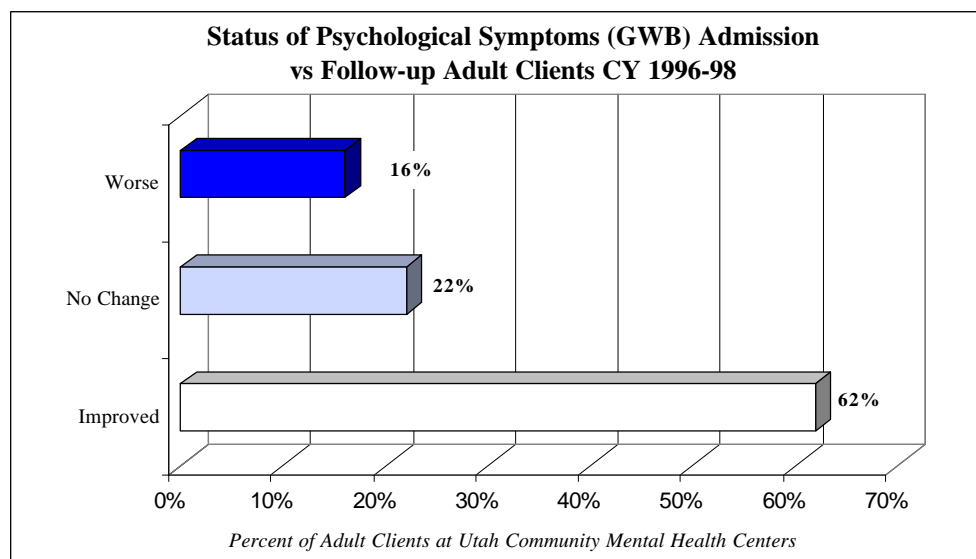
Some mental health centers provide additional services including housing, clubhouses, consumer drop-in centers, employment and rehabilitation, services to the homeless, forensic evaluations, family respite, nursing home and hospital alternatives and consumer education.

Performance Measures

While the Division will report in more detail on performance and outcome measures, the Analyst has chosen several measures to highlight in this report. Performance measures used in the mental health field generally try to gauge lessening of symptoms and improvement in ability of a patient to function. The two measures shown here reflect client improvements in the Community Mental Health System and at the State Hospital.

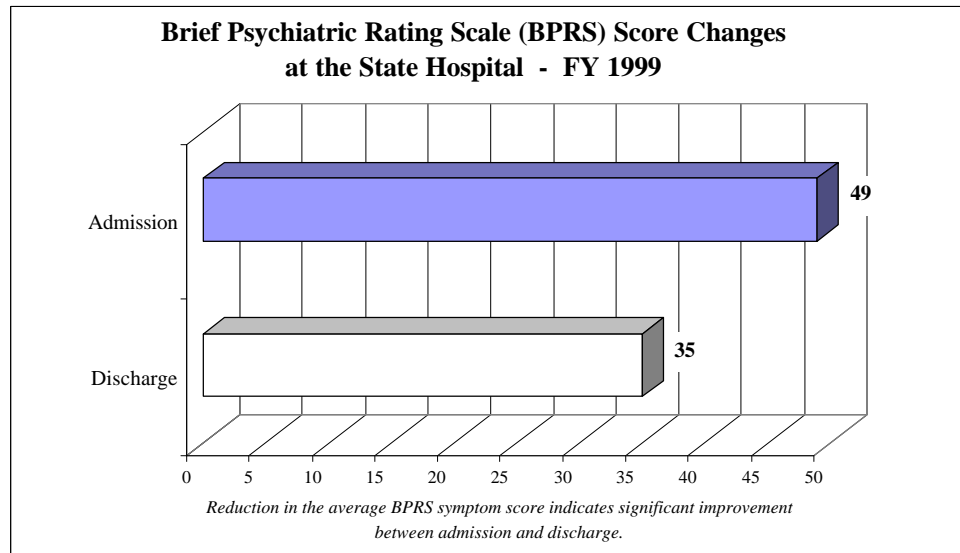
Change in psychological symptoms of clients in community system

The following chart depicts reported improvements in the General Well-Being (GWB) test administered to clients at time of admission to the Community Mental Health System and at 90 days after admission.



Improvements of patients discharged from State Hospital

Patients at the State Hospital in Provo are administered the Brief Psychiatric Rating Scale (BPRS) test at time of admission and discharge. The following chart shows reported improvements of a sample of 69 patients discharged in FY 1999.



3.1 Mental Health Administration - State Office

Recommendations

The recommended FY 2001 budget for the Division’s state office administration is \$1,109,400, with the majority coming from the State General Fund. The recommendation includes adjustments for the 16-hour work year reduction, internal service fund rate changes, the retirement rate change, and the adjustment to redistribute last year’s appropriation for Risk Management’s liability premium increase.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$959,351	\$909,300	\$902,800	(\$6,500)
Federal Funds	152,249	153,200	152,800	(400)
Transfers - H - Medical As	54,170	53,900	53,800	(100)
Transfers - Other Agencies	10,322			
Beginning Nonlapsing	10,642			
Total	\$1,186,734	\$1,116,400	\$1,109,400	(\$7,000)
Expenditures				
Personal Services	\$826,974	\$805,500	\$797,400	(\$8,100)
In-State Travel	18,296	18,200	18,200	
Out of State Travel	23,051	23,000	23,000	
Current Expense	283,335	230,400	231,800	1,400
DP Current Expense	35,078	39,300	39,000	(300)
Total	\$1,186,734	\$1,116,400	\$1,109,400	(\$7,000)
FTE	13.3	14.4	14.4	

Purpose

The State Office coordinates the mental health programs in the state under the direction of the State Board of Mental Health. It provides consultation and technical assistance to the Local Mental Health Authorities and conducts research projects. The office administers state and federal mental health grants. It is responsible for research, evaluation, and development of administrative, fiscal, and service standards for local mental health centers. The office also has general oversight of the State Hospital.

3.2 DMH: Community Services

Recommendations

The Analyst recommends \$6.3 million for the Community Services budget for FY 2001, including \$4.2 million from the General Fund.

	FY 1999	FY 2000	FY 2001	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	\$4,215,169	\$4,163,100	\$4,163,100	
Federal Funds	1,019,680	1,747,500	1,746,900	(600)
Transfers - H - Medical As	336,407	277,700	277,700	
Transfers - Internal		70,000	70,000	
Closing Nonlapsing	(20,399)			
Total	<u>\$5,550,857</u>	<u>\$6,258,300</u>	<u>\$6,257,700</u>	<u>(\$600)</u>
Expenditures				
Personal Services	\$49,710	\$118,700	\$117,700	(\$1,000)
In-State Travel	5,191	800	800	
Out of State Travel	14,160			
Current Expense	385,713	339,800	339,800	
DP Current Expense	4,722	200	200	
Other Charges/Pass Thru	5,091,361	5,798,800	5,799,200	400
Total	<u>\$5,550,857</u>	<u>\$6,258,300</u>	<u>\$6,257,700</u>	<u>(\$600)</u>
FTE	2.0	2.0	2.0	

Purpose

The following programs are administered and/or funded through the Division of Mental Health's Community Services program budget:

Advocacy: Funding is provided for the employment of consumers, who act as advocates in the Mental Health Centers. The Division employs a statewide coordinator.

Information Systems Grant: Develops common data indicators across all of the Mental Health Centers that is consistent, compatible, and conforms to national indicators.

Competency Evaluations: The State is responsible for determining an individual's competency to stand trial for a crime.

Guilty, But Mentally Ill: The State provides mental health assessments of individuals found guilty but mentally ill by the courts.

Homeless Mentally Ill: The Division distributes federal funds to mental health centers for specialized services to the homeless mentally ill.

Omnibus Reconciliation Act of 1987 (OBRA): This Act requires the State to assess the appropriateness of placement for mentally ill persons residing in nursing facilities. The State is required to provide alternative placements for those inappropriately placed and to provide appropriate social rehabilitation to the mentally ill residing in nursing facilities.

Case Management: This program coordinates services that allow mentally ill persons to remain in their homes.

Rural Education: Provides funding for mental health education in under served rural areas of the State.

Minority Services: The ethnic services program was established by legislative intent in the FY 1995 Appropriations Act.

F.A.C.T. - Children's Services: FACT provides a highly flexible range of services to children at risk of failure in school. The Mental Health Centers provide mental health services to FACT children and receive funds through the Division on a formula basis. Services provided include respite care, in-home services, outpatient care, and therapeutic foster care.

F.A.C.T. - Local Interagency Councils: Mental Health Centers act as fiscal agents for the Local Interagency Councils (LIC) in the FACT program.

F.A.C.T. - K-3 Mental Health Workers: This program funds 20 mental health workers in the on-site FACT K-3 programs in elementary schools. The workers provide services to children and their families.

Research and Training: The Division receives a federal grant to support research and training projects.

3.3 DMH: Mental Health Centers

Recommendation

The Analyst recommended budget for Mental Health Centers for FY 2001 totals \$20.8 million, including \$19.5 million from the General Fund. This amount includes the transfer of \$84,400 (General Fund) from The Division of Child and Family Services for the contract with Valley Mental for day mental health treatment services provided by the Children's Center.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$18,601,804	\$19,390,600	\$19,475,400	\$84,800
Federal Funds	1,664,143	1,359,900	1,359,900	
Beginning Nonlapsing		20,400		(20,400)
Total	\$20,265,947	\$20,770,900	\$20,835,300	\$64,400
Expenditures				
Other Charges/Pass Thru	\$20,265,947	\$20,770,900	\$20,835,300	\$64,400
Total	\$20,265,947	\$20,770,900	\$20,835,300	\$64,400

Purpose

Under Utah law, county commissions are the local public mental health authorities that deliver mental health services throughout the State. The counties have organized 10 local mental health centers, with some counties combining resources to serve a region. These centers are as follows: Bear River, Weber, Davis, Valley, Wasatch, Central Utah, Southwest, Four Corners, San Juan, and Northeastern. Some centers operate as private nonprofit corporations under contract with the counties. Others operate as mental health districts, while others are operated by the counties. The local mental health authorities must provide a minimum 20 percent match.

Access to State Hospital Beds

The mental health centers in the State have access to 212 acute care beds at the State Hospital in Provo. These beds are allocated according to population (62A-12-209.5, UCA). The statute indicates that as the State population changes, the number of beds available to the local centers should be reviewed. However, no new beds have been made available in recent years. Counties and the local centers claim that if they cannot access beds for their patients, the Division should reimburse them for the cost of providing acute beds in private facilities. Salt Lake County annually submits a bill to the Division for beds that had to be obtained in private hospitals.

Hospital Alternative: PACT

The association of local mental health centers is proposing an alternative program of services to traditional institutional treatment. It is intended to serve clients whose problems are severe enough that they would otherwise need institutional care. It promises to improve cost efficiency, improve treatment outcomes, and provide a higher quality of life for the person served. The client admitted to this program would continue to reside in his/her own residence or a residence provided by a mental health provider. A team of six or seven mental health workers, nurses, and psychiatrists would be available to the client at any time to administer medications and provide intensive therapy. This team would also arrange other wrap-around services. Each team would be responsible for up to 30 clients, at a cost significantly less than the State Hospital or private hospitals. This proposed program, also known as PACT (Program for Assertive Community Treatment), is being promoted as an alternative to constructing additional beds at the Provo institution.

3.4 Residential Services

Recommendations The Analyst recommends that approximately \$3 million from the General Fund be appropriated for FY 2001.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$2,806,360	\$2,967,500	\$2,967,500	
Total	\$2,806,360	\$2,967,500	\$2,967,500	\$0
Expenditures				
Other Charges/Pass Thru	\$2,806,360	\$2,967,500	\$2,967,500	
Total	\$2,806,360	\$2,967,500	\$2,967,500	\$0

Purpose Residential programs are intended to keep the ratio of mentally ill persons in nursing facilities below 50 percent. Federal regulations define any nursing facility with 50 percent or more mentally ill residents as an Institution for the Mentally Diseased (IMD). Federal regulations prohibit Medicaid funding for residents of IMDs between the ages of 22 and 65. This program provides funding for the diversion of some individuals who would be admitted to a nursing facility and for the relocation of some current residents. There are 64 funded openings for diversions from the IMDs and 64 for out placement from nursing facilities. The program also funds approximately 24 individuals who have left the State Hospital. There is a waiting list for the diversion and hospital out-movement programs.

3.5 State Hospital

Recommendations

The Fiscal Analyst’s recommendation for the FY 2001 budget for the State Hospital totals \$35.7 million, including \$25.5 million from the General Fund. It includes adjustments for the 16-hour work year reduction, internal service fund rate changes, the retirement rate change, and reallocation of Risk Management’s premium increase from FY 2000.

	FY 1999	FY 2000	FY 2001	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	\$22,220,116	\$25,708,300	\$25,532,300	(\$176,000)
Dedicated Credits Revenue	2,917,769	2,744,400	2,715,300	(29,100)
Transfers - H - Medical Ass	6,613,826	7,290,300	7,240,500	(49,800)
Transfers - Other Agencies	326,117	250,000	250,000	
Beginning Nonlapsing	19,233			
Total	\$32,097,061	\$35,993,000	\$35,738,100	(\$254,900)
Expenditures				
Personal Services	\$26,172,924	\$29,931,100	\$29,656,200	(\$274,900)
In-State Travel	7,732	8,000	8,000	
Out of State Travel	33,385	25,600	25,600	
Current Expense	5,108,243	5,722,000	5,743,500	21,500
DP Current Expense	746,685	286,300	284,800	(1,500)
DP Capital Outlay	5,160			
Capital Outlay	22,932	20,000	20,000	
Total	\$32,097,061	\$35,993,000	\$35,738,100	(\$254,900)
FTE	641.8	711.2	711.2	

Forensic Facility

The old, inadequate forensic unit at the hospital has been replaced by a new, 100-bed facility completed in August 1999. Last year the Legislature funded operation of three of the four new wings in the hospital. The hospital transferred \$4,950,000 of operating resources from the old Hyde Building and the Legislature provided \$3,140,000 in new General Funds. The Division is requesting operating funds of \$2,513,600 (General Fund) for the fourth wing. The Hospital will still use portions of the old Hyde Building facility for geriatric and some adult patients currently being treated there. This request is not included in the Analyst’s recommended FY 2001 budget due to funding limits.

Medication Cost Increases

The State Hospital has experienced significant inflation in the cost of medications over the past few years. Newer, more effective drugs are being used which results in shorter average patient stays. Also, patients being admitted to the Hospital are now more seriously ill. The Division has requested \$200,000 in new General Funds to offset these increases. This is not included in the Analyst’s recommended FY 2001 budget.

*Federal Funding
Changes*

There are two changes in federal funding that will affect the State Hospital in FY 2001. The federal medical assistance percentage match rate is changing from 71.61% to 71.47%. To maintain current service levels, the State matching funds must be increased by \$14,300. In addition, the Hospital stands to lose \$50,400 in Medicaid Disproportionate Share (DSH) funds. The Hospital receives DSH funds for serving a disproportionate share of Medicaid patients. The federal government is reducing the percentage from 9% to 8%. This is not included in the Analyst's recommended FY 2001 budget.

*Seclusion and
Restraint*

The federal Health Care Finance Agency (HCFA) is now requiring that every patient be seen by a psychiatrist within one hour after being placed in seclusion and restraint. This is a change from an earlier requirement that the patient be seen within 24 hours. The Hospital must comply with this requirement in order to maintain accreditation and its Medicaid certification. It has submitted a building block (\$437,300 General Fund) to fund additional 3.7 FTE's (staff doctors). However, it may not be necessary to actually put these doctors on staff for the around the clock requirement. Alternative methods such as contracting with local providers may reduce the amount of new funds required. This request is not included in the Analyst's recommended FY 2001 budget.

Purpose

The State Hospital complements the local mental health centers by providing specialized services not available in community settings. The population includes adults and children for whom no appropriate, less restrictive, environment is available. Services are provided for four groups of people: 1) pediatric services for children and adolescents, 2) forensic services for those found not guilty of crimes but mentally ill or not competent to proceed with court actions, 3) specialty services for geriatric patients and patients being prepared for transfer into the community, and 4) adult services. The adult and specialty services provide 212 beds to the community mental health centers as prescribed by statute.

4.0 TABLES**4.1. Funding History**

	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	\$42,921,600	\$45,590,500	\$48,802,800	\$53,138,800	\$53,041,100
Federal Funds	1,832,646	2,139,285	2,836,072	3,260,600	3,259,600
Dedicated Credits Revenue	3,195,226	2,917,206	2,917,769	2,744,400	2,715,300
Transfers - H - Medical Assistance	6,443,032	7,389,759	7,004,403	7,621,900	7,572,000
Transfers - Internal				70,000	70,000
Transfers - Other Agencies	1,751,523	362,214	336,439	250,000	250,000
Beginning Nonlapsing	433,832	98,671	29,875	20,400	
Total	\$56,479,187	\$58,467,760	\$61,906,959	\$67,106,100	\$66,908,000
% Change		3.5%	5.9%	8.4%	-0.3%
Programs					
Administration	\$933,416	\$1,063,787	\$1,186,734	\$1,116,400	\$1,109,400
Community Services	3,809,530	3,873,419	5,550,857	6,258,300	6,257,700
Mental Health Centers	19,002,893	19,616,541	20,265,947	20,770,900	20,835,300
Residential Services	2,865,516	2,912,156	2,806,360	2,967,500	2,967,500
State Hospital	29,867,832	31,001,857	32,097,061	35,993,000	35,738,100
Total	\$56,479,187	\$58,467,760	\$61,906,959	\$67,106,100	\$66,908,000
Expenditures					
Personal Services	\$24,537,764	\$25,535,438	\$27,049,608	\$30,855,300	\$30,571,300
In-State Travel	31,500	33,656	31,219	27,000	27,000
Out of State Travel	39,837	48,611	70,596	48,600	48,600
Current Expense	5,889,771	6,013,065	5,777,291	6,292,200	6,315,100
DP Current Expense	429,579	674,599	786,485	325,800	324,000
DP Capital Outlay	72,668	25,666	5,160		
Capital Outlay	91,495	20,044	22,932	20,000	20,000
Other Charges/Pass Thru	25,386,573	26,116,681	28,163,668	29,537,200	29,602,000
Total	\$56,479,187	\$58,467,760	\$61,906,959	\$67,106,100	\$66,908,000
FTE	657.7	660.8	657.1	727.6	727.6

4.2. Federal Funds

Program	FY 1999 Actual	FY 2000 Authorized	FY 2001 Analyst
Social Services Block Grants State Matching Funds	\$121,000	\$0	\$0
Totals for this grant/contract	\$121,000	\$0	\$0
Community Support Grants State Matching Funds	\$131,544	\$100,000	\$100,000
Totals for this grant/contract	\$131,544	\$100,000	\$100,000
DHS Other Grants State Matching Funds	\$342,151	\$1,118,000	\$1,118,000
Totals for this grant/contract	\$342,151	\$1,118,000	\$1,118,000
MH Svc for Homeless Grants State Matching Funds	\$300,000	\$300,000	\$300,000
Totals for this grant/contract	\$300,000	\$300,000	\$300,000
Community MH Svc Grants * State Matching Funds	\$1,941,377	\$1,742,600	\$1,741,600
Totals for this grant/contract	\$1,941,377	\$1,742,600	\$1,741,600
<i>* No direct match required, except for "maintenance of effort."</i>			
Total Federal Funds	\$2,836,072	\$3,260,600	\$3,259,600
Total State Funds	0	0	0
Total Funds	\$2,836,072	\$3,260,600	\$3,259,600