

Office of the
Legislative Fiscal Analyst

FY 2002 Budget Recommendations

Joint Appropriations Subcommittee for
Health and Human Services

Utah Department of Human Services
Mental Health

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1.0 Summary: Executive Director Operations

The Division of Mental Health (DMH) is the State's public 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.

Financial Summary

The Fiscal Analyst recommends a total base FY 2002 appropriation for the Division of Mental Health of approximately \$72.4 million, including \$57 million from the General Fund. This recommendation includes the transfer of \$190,000 General Fund from the Corrections budget for services provided at the State Hospital, and a \$4,000 General Fund transfer from State Administrative Services for operation of the new 800 MHz radio system. The FY 2002 recommended budget also includes a reduction of \$754,100 (\$551,500 General Fund) due to the retirement rate reduction and a \$12,700 increase (\$9,100 General Fund) for adjustments in rates charged by the State's Administrative Services Internal Service Funds.

	Analyst FY 2002 Base	Analyst FY 2002 Changes	Analyst FY 2002 Total
Financing			
General Fund	56,828,100	194,000	57,022,100
Federal Funds	4,397,000		4,397,000
Dedicated Credits Revenue	2,733,600		2,733,600
Transfers - H - Medical Assistance	7,910,600		7,910,600
Transfers - Other Agencies	315,600		315,600
Total	\$72,184,900	\$194,000	\$72,378,900
Programs			
Administration	1,226,700		1,226,700
Community Services	7,200,000		7,200,000
Mental Health Centers	21,256,000		21,256,000
Residential Services	2,967,500		2,967,500
State Hospital	39,534,700	194,000	39,728,700
Total	\$72,184,900	\$194,000	\$72,378,900
FTE/Other			
Total FTE	779		779
Vehicles	47		47

2.0 Issues: Division of Mental Health

2.1 Adjustment to Base Budget

The Fiscal Analyst's recommendation includes a transfer of \$190,000 (General Funds) from the Corrections budget to the State Hospital budget. The 2000 Legislature passed Senate Bill 175 "Mental Health and Corrections Law Amendments" which, among other things, deleted statutory language requiring funds appropriated to the Corrections Department for treatment of inmates at the Hospital be transferred to the Hospital budget. Instead, these funds will now be appropriated directly to the State Hospital budget.

2.2-Federal Funds Reduction

The federal medical assistance percentage match rate is changing from 71.47 percent to 70.36 percent, requiring an additional State match of \$124,200 to maintain current service levels. In addition, the Hospital's Medicaid Disproportionate Share (DSH) funding (a "bonus" for serving a disproportionate share of Medicaid patients) has been reduced by \$71,400. If funds become available, the Fiscal Analyst recommends these funds be replaced by General Fund appropriations.

2.3 Expansion of Public Mental Health System

The Division is proposing to develop a statewide PACT (Program for Assertive Community Treatment) program as a public safety measure and as an alternative to hospitalization for people with the most serious mental illness. Teams of mental health professionals will provide intensive mental health treatment and support 24 hours a day to clients in their homes, at job sites or other natural settings. It will require approximately \$2.2 million state funds (plus \$5.5 million federal funds) to fund the planned eleven teams. It would probably be prudent to consider a phase-in of this program. Although the Fiscal Analyst has not recommended this new program for the FY 2002 appropriated budget, the Legislature should seriously consider the merits of this proposal.

2.4 Seclusion and Restraint

The federal Health Care Finance Agency (HCFA) is now requiring that a psychiatrist see every patient within one hour after being placed in seclusion and restraint (used to be within 24 hours). The Division estimates it will cost approximately \$302,000 to provide for a psychiatrist to always be on site or within one hour of the hospital to comply with this requirement. The Fiscal Analyst recommends this budget increase if funds become available.

2.5 Medical Costs

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. If funds become available, the Fiscal Analyst recommends that the Legislature appropriate \$200,000 for this need.

2.6 Legislative Intent Language

The 2000 Legislature approved the following intent language applicable to the Division of Mental Health:

Report on Credit for Time Spent by Mentally Ill Persons in Institutions

“It is the intent of the Legislature that the Department of Corrections, Board of Pardons and Parole and the Department of Human Services shall select an organization whose primary responsibility is representing people with disabilities, and is recognized under the Protection and Advocacy for Individuals with Mental Illness Act. Together these organizations shall study whether pre-adjudicated and mentally ill persons who are detained in jail or the Utah State Hospital should receive credit for time served. A report shall be produced and presented to the Law Enforcement and Criminal Justice Interim Committee in October.”

This group did meet during the interim and presented a preliminary report in October. However, it asked, and received, a six-month extension to finish the report.

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

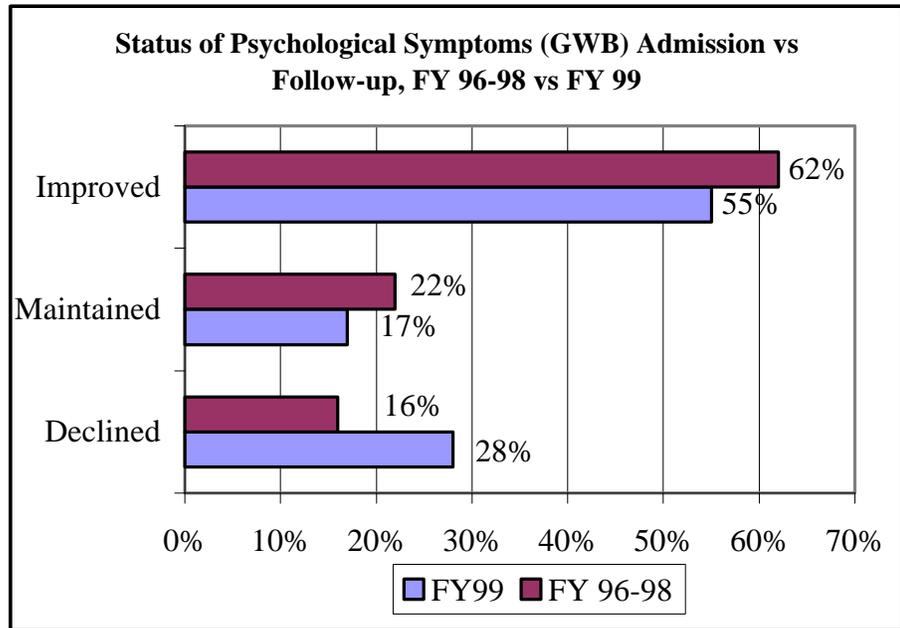
Some mental health centers provide additional services including housing, clubhouses, consumer drop-in centers, employment and rehabilitation, services to the homeless, forensic evaluations, family respite, nursing home and hospital alternatives and consumer education.

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.

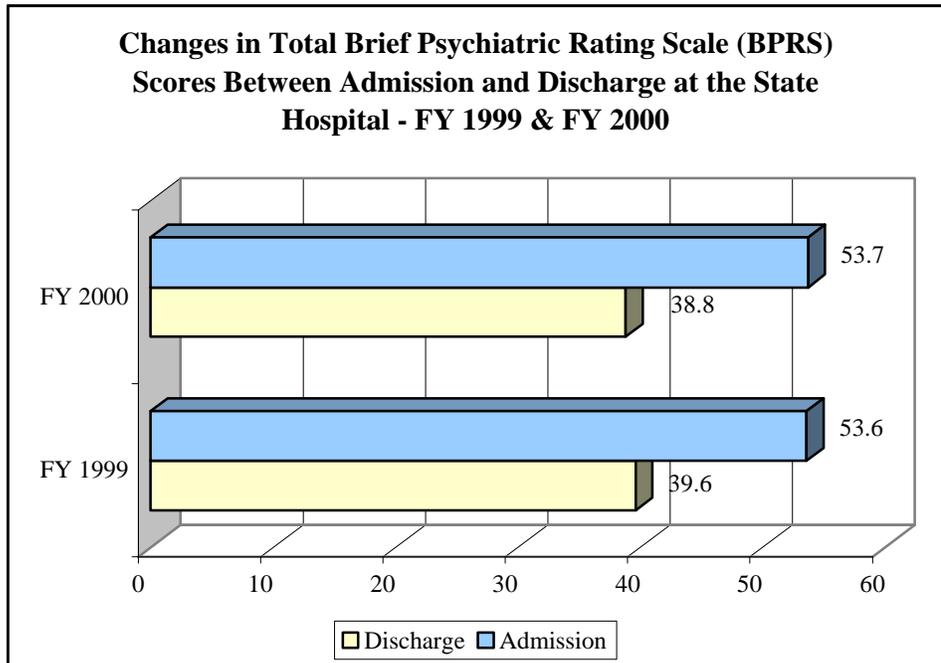
Improvements of Symptoms in Patients of the Community Mental Health System

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. The data shows that in FY 1999, 55 percent of clients receiving services through the Community Mental Health Centers in Utah saw their psychological symptoms improved. However, this is down somewhat from the reported improvements in prior years when 62 percent of clients improved.



Improvements in Patient Symptoms of Patients at the 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 121 patients discharged in FY 1999 compared to a sample from FY 2000. The reduction in the symptoms score demonstrates the effectiveness of the Hospital’s efforts to reduce patient symptoms prior to discharge. This shows an average of 26 percent drop in patient symptom scores in FY 1999 (from 53.6 to 39.6), which is comparable to the sample from FY 2000.



3.1 Mental Health Administration – State Office

Recommendation The Fiscal Analyst’s FY 2002 recommendation for the Division’s State Office Administration is \$1.2 million, including \$937,400 from the General Fund.

	2000 Actual	2001 Estimated	2002 Analyst	Est/Analyst Difference
Financing				
General Fund	1,024,801	932,500	937,400	4,900
Federal Funds	67,502	230,500	228,500	(2,000)
Dedicated Credits Revenue	4			
Transfers - Other Agencies			200	200
Transfers - H - Medical Assistance	56,862	55,900	60,600	4,700
Beginning Nonlapsing	20,399			
Total	\$1,169,568	\$1,218,900	\$1,226,700	\$7,800
Expenditures				
Personal Services	865,899	946,400	925,200	(21,200)
In-State Travel	20,654	20,700	20,700	
Out of State Travel	36,778	20,000	20,000	
Current Expense	197,852	183,400	212,400	29,000
DP Current Expense	48,385	48,400	48,400	
Total	\$1,169,568	\$1,218,900	\$1,226,700	\$7,800
FTE/Other				
Total FTE	16	17	17	0

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 conduct 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 Community Services

Recommendation The Analyst recommends \$7.2 million for the Community Services Program budget for FY 2002, including nearly \$4.5 million from the General Fund.

	2000	2001	2002	Est/Analyst
Financing	Actual	Estimated	Analyst	Difference
General Fund	4,336,438	4,463,100	4,463,100	
Federal Funds	2,249,873	2,858,100	2,387,900	(470,200)
Transfers - Other Agencies		70,000	70,000	
Transfers - H - Medical Assistance	426,396	279,000	279,000	
Beginning Nonlapsing		5,100		(5,100)
Closing Nonlapsing	(5,089)			
Lapsing Balance	(2,261)			
Total	\$7,005,357	\$7,675,300	\$7,200,000	(\$475,300)
Expenditures				
Personal Services	104,073	115,100	112,300	(2,800)
In-State Travel	8,613	1,900	1,900	
Out of State Travel	7,634	3,200	3,200	
Current Expense	480,642	380,400	380,400	
DP Current Expense	3,516	100	100	
Other Charges/Pass Thru	6,400,879	7,174,600	6,702,100	(472,500)
Total	\$7,005,357	\$7,675,300	\$7,200,000	(\$475,300)
FTE/Other				
Total FTE	1	2	2	

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. The Division receives funds from public education and passes them to the Centers. These funds form a flexible funds pool for the LICs and they are spent on mental health services.
- ▶ *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.
- ▶ *F.A.C.T. - Youthful Sex Offenders*: The Division had a one year contract with the Division of Youth Corrections to provide treatment services. (No FY 1997 funding)
- ▶ *Research and Training*: The Division receives a federal grant to support research and training projects.

3.3 Mental Health Centers

Recommendation

The Fiscal Analyst's recommended FY 2002 budget for Mental Health Centers totals approximately \$21.3 million, including \$19.5 million from the General Fund.

	2000 Actual	2001 Estimated	2002 Analyst	Est/Analyst Difference
Financing				
General Fund	19,438,609	19,475,400	19,475,400	
Federal Funds	1,359,870	1,780,600	1,780,600	
Total	<u>\$20,798,479</u>	<u>\$21,256,000</u>	<u>\$21,256,000</u>	<u>\$0</u>
Expenditures				
Other Charges/Pass Thru	20,798,479	21,256,000	21,256,000	
Total	<u>\$20,798,479</u>	<u>\$21,256,000</u>	<u>\$21,256,000</u>	<u>\$0</u>

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, and the counties operate others. The local mental health authorities must provide a minimum 20 percent match of the State funds.

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 have claimed that if they cannot access beds for their patients, the Division should reimburse them for the cost of providing acute beds in other facilities.

Hospital Alternative (PACT)

The Division is proposing an alternative program of services known as PACT (Program for Assertive Community Treatment). This program will provide increased public safety as well as care for people with the most serious mental illness in an alternative setting to institutionalization. It promises to reduce costs and improve 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 eleven mental health professionals (mental health workers, nurses, case-managers, and a psychiatrist) would be available to the client at any time to administer medications and provide intensive therapy and support services. This team would also arrange other wrap-around services. Each team would be responsible for 30 to 50 clients, at a cost significantly less than the State Hospital or private hospitals. The Fiscal Analyst is not recommending funding for this program in FY 2002, however, it is an issue the Legislature should consider.

3.4 Residential Services

Recommendation

The Fiscal Analyst recommends that approximately \$3 million from the General Fund be appropriated for Residential Services in FY 2002. This is the same as in FY 2001.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	2,630,452	2,967,500	2,967,500	
Total	<u>\$2,630,452</u>	<u>\$2,967,500</u>	<u>\$2,967,500</u>	<u>\$0</u>
Expenditures				
Other Charges/Pass Thru	2,630,452	2,967,500	2,967,500	
Total	<u>\$2,630,452</u>	<u>\$2,967,500</u>	<u>\$2,967,500</u>	<u>\$0</u>

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

Recommendation

The Analyst’s recommended FY 2002 budget for the State Hospital totals \$39.7 million, including \$29.2 million from the General Fund. This includes the \$190,000 General Fund transfer from the Department of Corrections and \$4,000 from Administrative Services for operation of the 800 MHz radios.

	2000	2001	2002	Est/Analyst
	Actual	Estimated	Analyst	Difference
Financing				
General Fund	25,703,900	29,532,000	29,178,700	(353,300)
Dedicated Credits Revenue	2,699,521	2,785,200	2,733,600	(51,600)
Transfers - Other Agencies	528,678	360,000	245,400	(114,600)
Transfers - H - Medical Assistance	7,099,100	7,713,900	7,571,000	(142,900)
Lapsing Balance	(2,182)			
Total	<u>\$36,029,017</u>	<u>\$40,391,100</u>	<u>\$39,728,700</u>	<u>(\$662,400)</u>
Expenditures				
Personal Services	29,050,289	33,033,000	32,302,900	(730,100)
In-State Travel	5,256	8,000	8,000	
Out of State Travel	42,548	22,800	22,800	
Current Expense	6,267,105	6,563,700	6,731,400	167,700
DP Current Expense	597,897	663,600	577,600	(86,000)
DP Capital Outlay		30,000	16,000	(14,000)
Capital Outlay	65,922	70,000	70,000	
Total	<u>\$36,029,017</u>	<u>\$40,391,100</u>	<u>\$39,728,700</u>	<u>(\$662,400)</u>
FTE/Other				
Total FTE	738	760	760	
Vehicles		47	47	

Purpose	The State Hospital complements the local mental health centers by providing specialized services not available in community settings. The Hospital's population includes adults and children, for whom no appropriate, less restrictive, environment is currently 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.
Medication Cost Increases	The State Hospital has experienced significant inflation in the cost of medications over the past few years. Also, newer, more effective drugs are being used which results in shorter average patient stays. Patients being admitted to the Hospital are now more seriously ill. All this is driving up the Hospital's cost of prescription drugs. The Division has requested \$200,000 in new General Funds to offset these increases. If funds become available, the Fiscal Analyst recommends that the Legislature appropriate \$200,000 for this need.
Federal Funding Changes	There are several changes in federal funding that will affect the State Hospital in FY 2002. The federal medical assistance percentage match rate is changing from 71.47 percent to 70.36 percent. To maintain current service levels, the State matching funds need to be increased by \$124,200. In addition, the Hospital stands to lose \$71,400 in Medicaid Disproportionate Share (DSH) funds. The Hospital receives DSH funds for serving a disproportionate share of Medicaid patients. The federal government has reduced the percentage from 8 percent to 7 percent. If funds become available, the Fiscal Analyst recommends these funds be replaced by General Fund appropriations.
Seclusion and Restraint	The federal Health Care Finance Agency (HCFA) is now requiring that a psychiatrist see every patient within one hour after being placed in seclusion and restraint. This is a change from 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. This necessitates that a psychiatrist be on the premises (or within one hour of the campus) at all times. It has submitted a building block for \$302,600 (General Fund) for additional professional compensation of existing staff. The Fiscal Analyst recommends this budget increase as an "unfunded building block" for FY 2002.
Hospital Cost History	The following table shows the average numbers of available beds at the State Hospital and the average daily occupancy rate for the past three years. It also shows the total hospital budget, cost per patient per day and per year, and cost per bed per day and per year. The FY 2000 data reflects impact of the new forensic facility. Cost per patient-day has increased 10.1 percent since 1998. Besides inflation and salary increases, the main reason for the increase was the opening of the forensic facility, a more costly facility to operate.

State Hospital Budget History & Cost Per Patient and Per Bed				
	FY 1998	FY1999	FY 2000	Two Year % Change
Average Number Beds Available	343	343	358	
Average Patients Per Day	306	306	323	
Average Occupancy Rate	89.2%	89.2%	90.2%	
Hospital Budget (Actuals)	\$31,001,857	\$32,097,061	\$36,029,017	16.2%
Average Cost per Patient / Day	\$278	\$287	\$306	10.1%
Average Cost per Patient / Year	\$101,313	\$104,892	\$111,545	
Average Cost per Bed / Day	\$248	\$256	\$276	11.3%
Average Cost per Bed / Year	\$90,384	\$93,577	\$100,640	

4.0 Additional Information: Division of Mental Health

4.1-Funding History

	1998	1999	2000	2001	2002
Financing	Actual	Actual	Actual	Estimated	Analyst
General Fund	45,590,500	48,802,800	53,134,200	57,370,500	57,022,100
Federal Funds	2,139,285	2,836,072	3,677,245	4,869,200	4,397,000
Dedicated Credits Revenue	2,917,206	2,917,769	2,699,525	2,785,200	2,733,600
Transfers - H - Medical Assistance	7,389,759	7,004,403	7,582,358	8,048,800	7,910,600
Transfers - Other Agencies	362,214	336,439	528,678	430,000	315,600
Beginning Nonlapsing	98,671	29,875	20,399	5,100	
Closing Nonlapsing	(29,875)	(20,399)	(5,089)		
Lapsing Balance			(4,443)		
Total	\$58,467,760	\$61,906,959	\$67,632,873	\$73,508,800	\$72,378,900
Programs					
Administration	1,063,787	1,186,734	1,169,568	1,218,900	1,226,700
Community Services	3,873,419	5,550,857	7,005,357	7,675,300	7,200,000
Mental Health Centers	19,616,541	20,265,947	20,798,479	21,256,000	21,256,000
Residential Services	2,912,156	2,806,360	2,630,452	2,967,500	2,967,500
State Hospital	31,001,857	32,097,061	36,029,017	40,391,100	39,728,700
Total	\$58,467,760	\$61,906,959	\$67,632,873	\$73,508,800	\$72,378,900
Expenditures					
Personal Services	25,535,438	27,049,608	30,020,261	34,094,500	33,340,400
In-State Travel	33,656	31,219	34,523	30,600	30,600
Out of State Travel	48,611	70,596	86,960	46,000	46,000
Current Expense	6,013,065	5,777,291	6,945,599	7,127,500	7,324,200
DP Current Expense	674,599	786,485	649,798	712,100	626,100
DP Capital Outlay	25,666	5,160		30,000	16,000
Capital Outlay	20,044	22,932	65,922	70,000	70,000
Other Charges/Pass Thru	26,116,681	28,163,668	29,829,810	31,398,100	30,925,600
Total	\$58,467,760	\$61,906,959	\$67,632,873	\$73,508,800	\$72,378,900
FTE/Other					
Total FTE	661	657	755	779	779
Vehicles				47	47

4.2-Federal Funds

Program	FY 2000 Actual	FY 2001 Authorized	FY 2002 Analyst
Community Support Grants	\$159,129	\$102,100	\$102,100
State Matching Funds	0	0	0
Totals for this grant/contract	\$159,129	\$102,100	\$102,100
MH Svc for Homeless Grants	\$300,000	\$300,000	\$300,000
State Matching Funds	0	0	0
Totals for this grant/contract	\$300,000	\$300,000	\$300,000
MH Svc for Homeless Grants	\$1,457,813	\$2,300,400	\$1,833,000
State Matching Funds	0	0	0
Totals for this grant/contract	\$1,457,813	\$2,300,400	\$1,833,000
Community MH Svc Grants *	\$1,760,302	\$2,166,700	\$2,161,900
State Matching Funds	0	0	0
Totals for this grant/contract	\$1,760,302	\$2,166,700	\$2,161,900
<i>* No direct match required, except for "maintenance of effort."</i>			
Total Federal Funds	\$3,677,244	\$4,869,200	\$4,397,000
Total State Funds	0	0	0
Total Funds	\$3,677,244	\$4,869,200	\$4,397,000