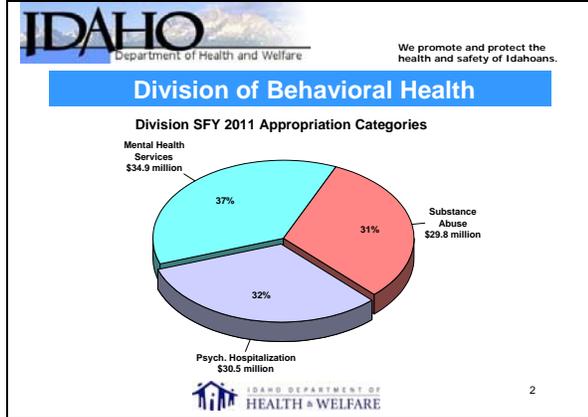


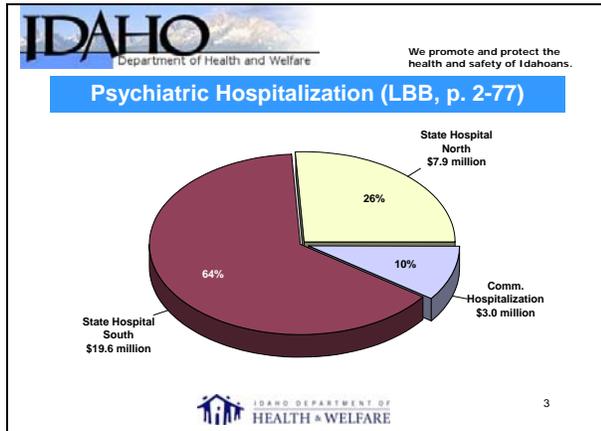
**JOINT FINANCE AND APPROPRIATIONS COMMITTEE
DEPARTMENT OF HEALTH & WELFARE
DIVISION OF BEHAVIORAL HEALTH
KATHLEEN ALLYN, ADMINISTRATOR**

PSYCHIATRIC HOSPITALIZATION

January 20, 2010



Finally, I want to talk with you about Psychiatric Hospitalization which begins at p. 2-77 of the LBB. As you can see, this category comprises about 32% of the Division's budget.



Psychiatric Hospitalization consists of the two state psychiatric hospitals, State Hospital South and State Hospital North, and the Community Hospitalization Program. State Hospital South is the largest portion of this category at 64%, followed by SHN at 26%, and Community Hospitalization at 10%.

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State Hospital South

- Located in Blackfoot
- 90 adult psychiatric beds
- 16 adolescent beds
- 29 nursing home beds
- Accredited by the Joint Commission
- Involuntary adult and adolescent patients found to be a danger to themselves or others
- Involuntary adult patients being restored to mental competency to stand trial

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State Hospital South is located in Blackfoot and has operated continuously for the past 124 years. State Hospital South is state-licensed and funded to provide 90 adult psychiatric beds, 16 adolescent beds and 29 nursing home beds. State Hospital South is also accredited by the Joint Commission, a national entity that accredits hospitals and other healthcare organizations. Essentially all of the patients admitted to State Hospital South are through court commitment either because they are found to be a danger to themselves or others or because they are incompetent to stand trial by reason of mental illness.

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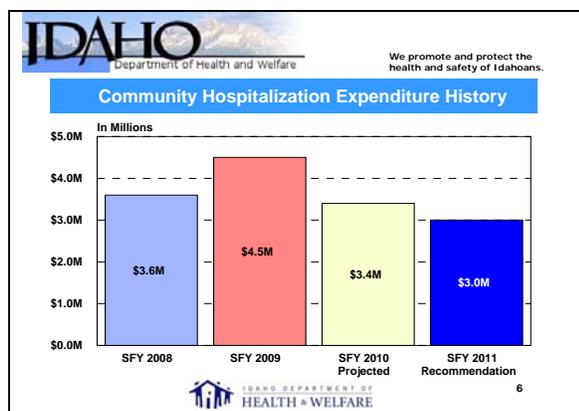
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State Hospital North

- Located in Orofino
- 60 adult psychiatric beds
- Preparing for accreditation by the Joint Commission
- Involuntary adult patients found to be a danger to themselves or others

 5

State Hospital North, in Orofino, began operation in 1905. Today, State Hospital North is state-licensed with 60 operating beds. It serves only adults with severe and persistent mental illness. State Hospital North is taking the steps necessary to seek accreditation by the Joint Commission that can be done without additional cost. Like State Hospital South, the patients admitted to State Hospital North are involuntary commitments through the courts. Essentially all of these clients have been found to be a danger to themselves or others.



Since the year 2000, the Legislature has appropriated funds to use for psychiatric hospitalizations in community facilities when the state hospitals are full. This program is known as the Community Hospitalization program.

In the slide before you, you can see that, from SFY 2008 through SFY 2009, we saw an increase in expenditures. However, this year we seem to be seeing a leveling off in community hospitalization costs.

The Division has been working hard to bring community hospitalization costs under control. We have renegotiated contracts with hospitals to get better rates.

The Regions have worked more aggressively at trying to avert mental health crises before they require hospitalizations.

In October, we implemented new policies that result in better coordination between the hospitals and the regions in speeding up the admissions and discharge process. Clients who were waiting in community hospitals to get into the state hospitals are now getting in faster. Clients ready for discharge into a lower level of care in the community are getting out faster.

While the Division is projecting that Community Hospitalization costs will be about \$400,000 over the SFY 2010 appropriation, this is about \$1 million less than last year's expenditures on community hospitalizations.

This brings me to the one supplemental request the Division is making for Psychiatric Hospitalization.

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SFY 2010 Supplemental Request

7. Community Hospitalization (LBB, p. 2-79)

- One-time \$400,000 General Fund moneys for Community Hospitalization
 - Transfer \$154,800 from the grant funding Detox/MH Crisis Facility
 - Additional appropriation of \$245,200

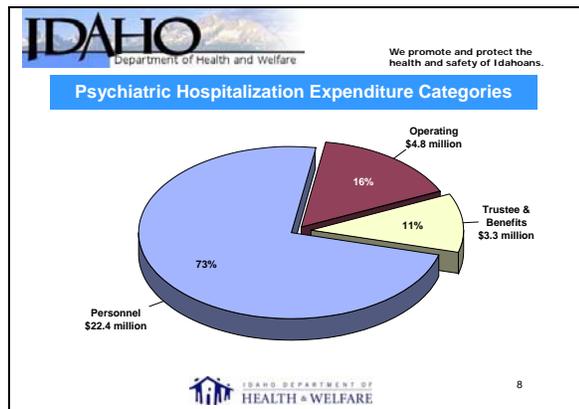
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7

If you would please turn to p. 2-79 in the LBB -- The Division is requesting a one-time supplemental of \$400,000 to cover community hospitalization costs over the current appropriation. Both state hospitals have psychiatrist and other prescriber vacancies which contribute to an increased use of community hospitals. The State Hospitals are not always able to operate at capacity without adequate prescriber coverage. Recruitment efforts have been ongoing; however, they have not resulted in filling all vacancies.

As proposed, part of the supplemental would be met through a one-time diversion of \$154,800 in remaining unobligated funds for Allumbaugh House in Community Mental Health Grants. The balance of the supplemental -- \$245,200 -- would come from a one-time general fund appropriation.

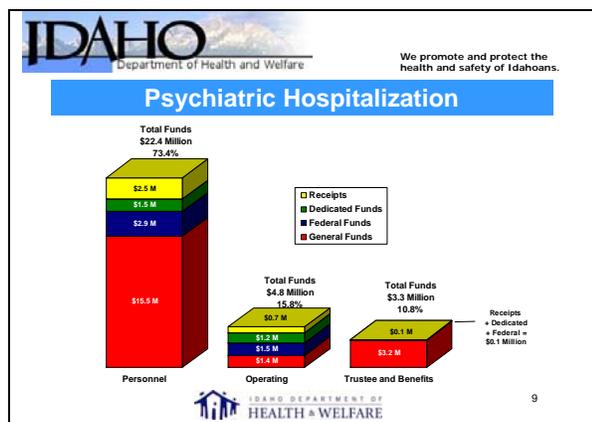
We would appreciate your approval of this one-time supplemental request. We believe we have made significant in-roads into managing Community Hospitalization costs and this supplemental will prevent reductions in other parts of the Division's budget.



With respect to holdbacks, most of the state hospitals' budgets are in Personnel. The pie chart before you somewhat understates the percentage of Personnel cost at the state hospitals because the chart includes \$3 million dollars in T&B for Community Hospitalization. If you consider the state hospitals alone, without the Community Hospitalization funds, Personnel is about 80 to 82% of the hospitals' budgets.

The two state psychiatric hospitals together have staffs of about 375 people, the vast majority of which are direct care staff. Reductions in staffing can result in licensure and accreditation problems. Furthermore, because the hospitals care for people who are a danger

to themselves or others, staffing reductions pose a potential danger to the public, staff and other clients. Therefore, any proposed reductions in Personnel hit the hospitals very hard.



As you can see from this slide, most of the funding for Psychiatric Hospitalization comes from State General Funds. While there are some receipts and federal funds, the largest source of funding is general fund. Again, \$3 million in General Funds in Trustee and Benefits is the Community Hospitalization program.

SHS Holdbacks

- 2 non-direct care staff laid off
- 4 positions held vacant indefinitely
- 4 direct care staff positions not immediately filled
- Non-direct care staff furlough required
- \$1.06 million Gen Fund Personnel reduction
- \$317,000 in Gen Fund Operating reduction

10

The hospitals took a number of actions to manage their costs, meet holdbacks, and continue to operate safely.

At **SHS**, the General Fund portion of personnel budgets was reduced by 5% on top of previously implemented on-going holdbacks. State Hospital South has taken some personnel actions to meet required holdbacks. These included:

- Laying off two non-direct care staff
- Holding 4 positions vacant for the entire fiscal year (Administrative Assistant II, LPN Nurse, 2 Temp

Landscape staff)

- Having 4 direct care staff positions open for part of the fiscal year (physician, psychiatrist, RN Nurse Manager, Clinician)

Finally, furlough for non-direct care staff is being required during FY2010. In all, SHS was facing a Personnel reduction of \$1.06 million in General Funds in addition to a reduction in Operating of \$317,000 in Gen Funds.

Because these reductions to the Personnel budgets at State Hospital South would have forced lower patient census levels resulting in higher costs in Community Hospitalization, the Department transferred \$617,100 into SHS Personnel. SHS also received one-time Governor's Discretionary Funds of \$163,000.

These funds were also necessary for SHS to retain Joint Commission accreditation and state licensure. Because of the 24/7 operations at SHS, the hospital would not have been able to meet the staffing and safety regulations to administer the hospital without this additional funding.

SHN Holdbacks

On-site laboratory closed; lab services contracted

- 1 Medical Technologist laid off
- Salary savings through vacancies and turnover
- \$851,900 Gen Fund Personnel reduction
- \$40,000 in Gen Fund Operating reduction

11

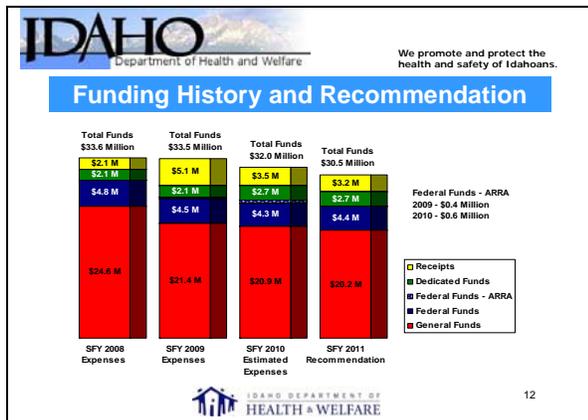
In response to the additional 5% personnel holdback, State Hospital North maintained a higher employee vacancy rate (8% compared to 6%) to manage personnel reductions. SHN also is holding 3 positions open indefinitely (Custodian, Maintenance & Operations Supervisor and Clinician).

SHN is currently recruiting for a vacant psychiatrist position but has filled some direct care positions to sustain patient-to-staff ratios and safety on the patient care units. For the most part, SHN has been able to operate at a capacity of 60 beds, although this occasionally has been impacted by construction on one patient unit.

SHN closed the on-site laboratory and is now contracting for laboratory services. The result was 1 Medical Technologist layoff. Other savings have been achieved through planned vacancy savings or turnover.

In order to meet holdbacks, SHN needed to reduce Personnel by about \$852,000 in General Funds and Operating by about \$40,000 in Gen Funds.

Like State Hospital South, SHN received a transfer to its base budget of \$252,600 and one-time Governor's Discretionary Funds of \$62,200 to reduce the impact on SHN Personnel, maintain patient census, and recruit professionals for medical and psychiatric services.



Here you can see the funding for Psychiatric Hospitalization from SFY 2008 through the recommendation for SFY 2011.

Over 80% of the state hospitals' funding is in Personnel so the hospitals would be heavily impacted by an across-the-board reduction in Personnel. As you heard from Director Armstrong, this is one reason the Department has asked for flexibility to mitigate the impacts of the reductions. In the case of the hospitals, sufficient staffing must be maintained to retain hospital accreditation and licensure. Most importantly, the hospitals must be adequately staffed to be able to protect the public (including staff and patients) by

caring for people who are a danger to themselves or others or who cannot be tried for a crime because of mental illness.

- VistA system is up and running
- Already seeing benefits
- Plan to integrate data with other Behavioral Health data bases if granted federal spending authority

One final note – I would like to take this opportunity to thank you for providing the funding to implement a new electronic management and health records system in the state hospitals. As you may know, we chose the VistA system which is used by the Veteran's Administration Hospitals. The VistA system is now up and running in both hospitals and we are already seeing improvements in hospital operations as a result.

One notable area is in the reduction of medication errors because of the new electronic medication administration record. Another benefit is that the staff at the VA has been very helpful in sharing information about using the system with state hospital staff. As

time goes on and the system is in operation longer, I will report to you about other improvements made possible by this new system.

Joint Finance-Appropriations Committee

Division of Behavioral Health

Psychiatric Hospitalization

Kathleen Allyn
Administrator

January 20, 2010

QUESTIONS?