HJR 16: State-Operated Institutions

Potential Costs of Short-Term Inpatient Treatment

Prepared for the Children, Families, Health, and Human Services Interim Committee
June 2014

Background

In May, the Children, Families, Health, and Human Services Interim Committee asked for a draft bill to pay for short-term inpatient mental health treatment in lieu of an involuntary commitment procedure. The committee suggested a $1 million appropriation as a placeholder amount and asked for more information on the potential costs of treatment.

History and Original Cost Estimates for HB 132

The 2009 Legislature passed House Bill 132, which created a process for suspending an involuntary commitment proceeding if a person agrees to undergo short-term treatment.

As introduced, HB 132 required the Department of Public Health and Human Services (DPPHS) to contract for nine short-term treatment beds across the state. It also appropriated $1.7 million a year for the beds. However, both the funding and the requirement to contract for the beds were removed as the bill made its way through the legislative process.

The funding was based on cost information from DPHHS. The agency assumed it would pay a daily rate of $700 for hospital-based treatment and $350 for treatment in a voluntary crisis stabilization facility. The cost for nine beds would have totaled $2.3 million a year for hospital-based treatment or $1.15 million a year for treatment in a crisis facility.

The original appropriation of $1.7 million reflected an average of those costs.

Breaking Down the Costs

The daily rates used by DPHHS in 2009 would equal a yearly cost of $255,500 per hospital bed and $127,750 per crisis stabilization bed.

The following tables show the potential costs of short-term treatment for different numbers and types of beds, using the per-day costs from 2009. They also show the minimum number of episodes of care that the funding would make possible. Short-term treatment is limited to 14 days per episode, so a full year of funding could pay for at least 26 voluntary diversions.

Potential Costs for Hospital Beds

Beds @ $700	Episodes of Care	Annual Cost	Biennial Cost
1	26	$255,500	$511,000
2	52	$511,000	$1,022,000
3	78	$766,500	$1,533,000
4	104	$1,022,000	$2,044,000
5	130	$1,277,500	$2,555,000

Potential Costs for Crisis Stabilization Facility Beds

Beds @ $350	Episodes of Care	Annual Cost	Biennial Cost
1	26	$127,750	$255,500
2	52	$255,500	$511,000
3	78	$383,250	$766,500
4	104	$511,000	$1,022,000
5	130	$638,750	$1,277,500

Potential Costs of Averaged Rate

Beds @ $525	Episodes of Care	Annual Cost	Biennial Cost
1	26	$191,625	$383,250
2	52	$383,250	$766,500
3	78	$574,875	$1,149,750
4	104	$766,500	$1,533,000
5	130	$958,125	$1,916,250

Actual costs would depend on at least two factors:

- the frequency with which counties choose to suspend an involuntary commitment proceeding while a person seeks voluntary treatment; and

- the payment rate that DPHHS negotiates with hospitals, mental health centers, or other providers.

Additional Fiscal Considerations

In 2009, the final fiscal note for HB 132 predicted that the bill would reduce the revenue that the state receives from counties for precommitment costs. The fiscal note said that 38 percent of the people who were admitted to the Montana State Hospital (MSH) in fiscal year 2007 were not committed for long-term treatment. If no other payment source exists for costs incurred before a person is committed to MSH, the county of residence pays the costs. The fiscal note said the state would lose about $260,000 a year in county funds if people opted for short-term treatment in the community.

Committee Decision Points

If the committee decides to introduce LCCF07 as a committee bill in the 2015 Legislature, members should decide the following questions to allow for final drafting of the bill.

1. What amount of money should be appropriated for short-term diversion?

2. Should the appropriation be a biennial appropriation or allocated in annual amounts?