

MONTANA STATE HOSPITAL: UPDATE

A Report Prepared for the
Legislative Finance Committee

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PURPOSE

The Legislative Finance Committee (LFC) heard a report at its December 2007 meeting on challenges facing the Montana State Hospital (MSH). The LFC asked for an update on the central topics: high patient populations and nursing staff vacancies. This report provides information on those issues as well as: Goal 189 to reduce the MSH population to the licensed capacity of 189, and the timeline for development of new community services authorized by the 2007 Legislature. Follow up information was provided the Department of Public Health and Human Services (DPHHS) staff to the LFC at its March 7, 2008. Key points from DPHHS staff testimony is included in this report.

Registered Nurse Vacancies

There are 44.75 registered nurse (RN) FTE funded for MSH.¹ Like other hospitals, MSH has had difficulty recruiting and retaining nursing staff.²

Figure 1 shows the vacancy rates for RNs from January 2006 through January 2008. Vacancy levels have ranged from a low of 2 percent in October 2006 to a high of 32 percent in November 2007. In January 2008, the vacancy rate declined slightly to 25 percent.

Licensed Practical Nurse Vacancies

Figure 2 shows the vacancy rates for licensed practical nurses (LPNs), also an area of problematic vacancies. MSH has funding to support 30.00 LPN FTE. Vacancy rates for LPNs have ranged from a low of 3 percent, most recently in May 2007 to a high of 23 percent, most recently in January 2008.

Figure 1

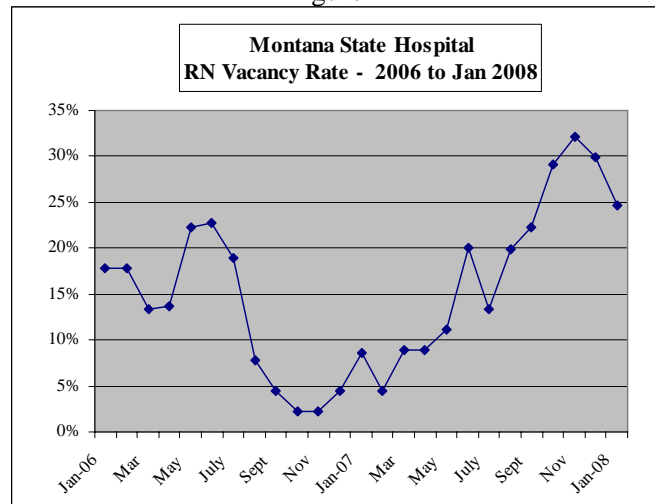
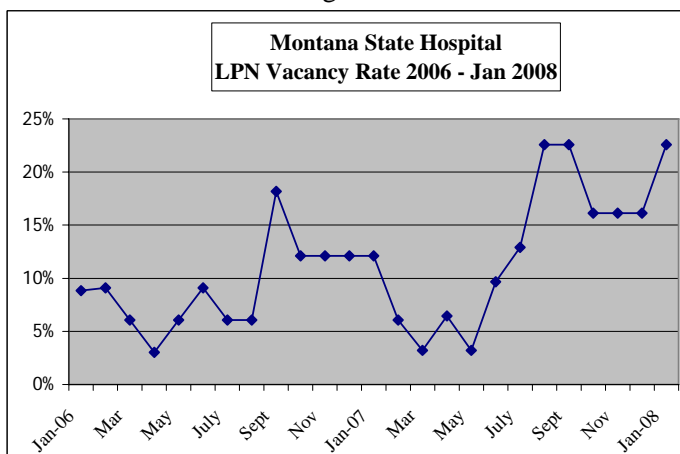


Figure 2



Pay Increases

The executive raised pay levels for nursing staff in an effort to retain current workers and to help fill vacancies. RN salaries were raised by \$2.50 per hour on January 5, 2008. MSH entry level wages for RNs are higher than the prison. However, the prison offers a progression from entry to market in five years and can give new RN hires credit for up to three years for previous experience.³

The LPN position was reclassified from a band 3 to a band 4, resulting in an entry level wage increase of \$2.35 per hour effective October 1,

2007. This reclassification raised state hospital pay rates to those paid by the state prison. The salaries of all LPN employees were raised to keep their pay levels commensurate with the percentage of market salary. For

¹ In December the number of RNs was reported as 42.75 FTE, 2.00 FTE fewer.

² One of the performance measures being tracked by the LFC is the goal that 90 percent of the scheduled shifts for RNs will be filled.

³ MSH entry wage for an RN is \$22.85. The market wage for an RN in band 6 of pay plan 20 is \$25.44.

instance, if an LPN position was at a pay level of 95 percent of market salary, the hourly raise for that position was \$2.793.⁴

MSH Census

MSH has a licensed capacity of 189 beds and a physical capacity of 209 beds, which includes 15 group home beds in two units and 20 unlicensed beds in the Old Receiving Hospital. The MSH daily population has routinely exceeded 200 during the first eight months of FY 2008, averaging 209⁵. The graph shows the daily population from 1994 through the appropriated level in FY 2009. The 2007 Legislature approved the executive budget request, which supported a state hospital population of 199, which is reflected in the graph. DPHHS staff emphasize that the staffing levels funded by the FY 2009 appropriation are sufficient to support a population of 189 or 10 fewer persons.⁶

Goal 189

In early February, the executive adopted a goal to reduce the MSH population to 189. On February 7, DPHHS declared an exigency situation at MSH due to the ongoing high census.

DPHHS legal staff prepared a document explaining why an exigency circumstance exists and that DPHHS would be exempt from competitive procurement for community mental health services due to the exigency. The memo quotes section 9 from the DPHHS

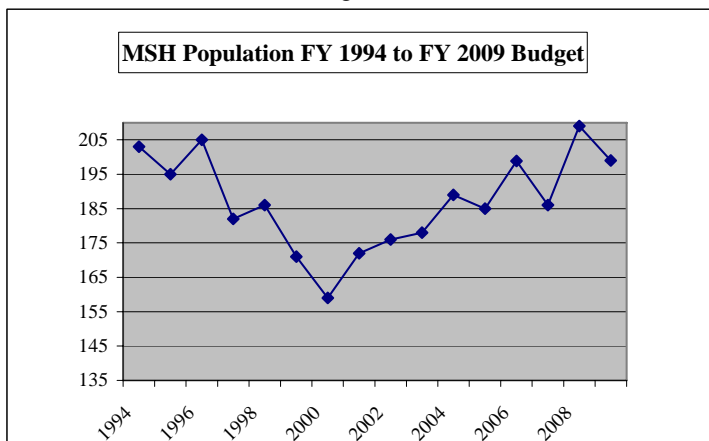
“Policy On Purchase Of Services”. The salient points from that section are:

- DPHHS is exempted from the competitive procurement policy if the purchase is due to an exigency
- The purchase must be limited to services necessary to meet the exigency and may not extend further in the time necessary to address the exigency
- The purchase cannot be made in a circumstance where there was time available to competitively purchase an item and that course was not pursued in time
- The DPHHS legal office must approve the exigency
- An exigency purchase must be accompanied by a procurement file noting the type of service to be purchased, the name of the person or entity the service is purchased from, the purchase price, the type of contract and a written justification for the exigency purchase

Most likely, DPHHS will determine the exigency has been addressed when the state hospital population stabilizes at 189.⁷ At that time the exemption from competitive procurement expires. DPHHS staff told the LFC at its March 7 meeting that MSH population might stabilize at 189 in July 2009.⁸

DPHHS also may amend the MSH admissions policy to accept persons between 8 am and 5 pm Monday through Friday, rather than the policy to admit persons as they are transported to the hospital. The admissions

Figure 3



⁴ Bob Mullen, Assistant Division Administrator, AMDD, e-mail communication, February 25, 2008.

⁵ The MSH population dipped to a low of 189 within a few days after the LFC December 11 – 12 meeting, and then rose to over 200 again.

⁶ Joyce DeCunzo, Administrator, AMDD, personal conversation, March 4, 2008.

⁷ Mullen, Memorandum, March 4, 2008.

⁸ DeCunzo, AMDD, testimony, Legislative Finance Committee, March 7, 2008. Note that this is an estimated target date and that achieving that target will be influenced by implementation of 72-hour crisis stabilization services statewide and availability of BHIF services.

policy change would not be considered until other community emergency services are in place – most notably the 72-hour crisis services⁹, which are discussed later.

New Services to Facilitate Discharge of Persons from MSH

As part of Goal 189, Addictive and Mental Disorder Division (AMDD) staff met with adult mental health providers in Missoula, Great Falls, Helena, Billings, and Miles City to contract for a fixed number of service slots for persons to be discharged from MSH and to continue services to 28 persons living in J’s House in Missoula¹⁰.

AMDD is contracting for group home, adult foster care, and Program for Assertive Community Treatment¹¹ (PACT) slots in these communities. AMDD may also fund housing costs for a number of people for a short amount of time. Figure 4 shows the number of slots, types of services, locations, and the month services are expected to be available.

Figure 4
Community Intensive Services - Goal 189

Location/Total Number of Beds Each Month	Service Type	Feb	March	April	May	June	Percent of Total
Missoula - J's House	Independent Living Facility	28	28	28	28	28	41.2%
Missoula - Share House	Group Home - Co-Occurring	2	4	6	6	6	8.8%
Miles City	Group Home	0	1	1	1	1	1.5%
Billings	Group Home	0	2	2	2	2	2.9%
Helena (Phase I)	Group Home	0	4	4	4	4	5.9%
Helena (Phase II)	Group Home	0	0	0	4	4	5.9%
Helena PACT	PACT	0	10	10	10	10	14.7%
Great Falls	Group Home	0	0	0	8	8	11.8%
Great Falls PACT	PACT	0	5	5	5	5	7.4%
		30	54	56	68	68	100.0%
Percent of Total		44.1%	79.4%	82.4%	100.0%	100.0%	

Source: Joyce DeCunzo, Administrator, AMDD, e-mail communication, February 21, 2008.

About a third of the beds – 28 independent living service slots – will fund continuation of services for persons who have been discharged from the state hospital and who live at J’s House.¹² AMDD opted to pay for continuation of these services because J’s House was scheduled to close at the end of February 2008. AMDD wanted to ensure continuation of services to avoid persons potentially being readmitted to MSH if they could not find alternate services. AMDD also agreed to pay \$10 per day per person served at J’s House.

The target population for the remaining 40 slots is persons at MSH ready for placement in these types of intensive services who are not Medicaid eligible. If persons are Medicaid eligible, there is a payment source for services and those persons are more likely to be able to access intensive community services. DPHHS staff believes that a waiver of federal Medicaid regulations is unnecessary to negotiate directly with selected providers for provision of a specific number and type of services because all service providers were asked to participate in the process.¹³

⁹ Ibid.

¹⁰ DeCunzo, AMDD, testimony, Legislative Finance Committee, March 7, 2008.

¹¹ The PACT program provides intensive services to adults with a serious and disabling mental illness. Services are delivered by a team of professionals, with specific expertise in designated fields and a staff to client ratio based on the number of persons served. For instance, the staffing ratio must be no greater than 1 staff member to 9 persons if the team serves 65 to 80 persons.

¹² DeCunzo, AMDD, testimony, Legislative Finance Committee, March 7, 2008.

¹³ John Chappuis, Deputy Director and State Medicaid Director, DPHHS, personal communication March 4, 2008.

No contracts have been signed yet, but AMDD is planning that all services will be up and full by May 2008. AMDD also expects, in some cases, to provide pharmacy assistance, therapeutic aide support, or PACT bundled services for individuals able to live independently with sufficient support.

It is estimated that services will cost an additional \$450,000 general fund this year (FY 2008) and up to \$1.9 million annually in FY 2009. General fund will be transferred from Medicaid service appropriations to cover the additional mental health services, since Medicaid costs are lower than projected.¹⁴ It is anticipated that the current trend in Medicaid will continue and excess Medicaid appropriation authority will be available to fund the new services during FY 2009 as well. However, if the trend reverses and Medicaid costs approach or exceed appropriation levels, DPHHS would need to review expenditures and potentially make programmatic changes to stay within appropriated amounts. DPHHS staff anticipates that in order to continue this program beyond June 30, 2009, legislative approval and funding would be needed.¹⁵

Based on the verbal commitments, two individuals have been placed in a Missoula group home while the contract is being finalized and the 28 residents in J's House will continue to be served. AMDD anticipates the daily cost to be \$130.00 per day.

AMDD has tentative agreement on price with other providers. Billings and Miles City services are anticipated at the current group home rate of \$98.14 per day. PACT services in Helena and Great Falls are to be paid at the PACT rate of \$43.43 per day. Group home service rates in Helena and Great Falls have been verbally discussed at \$154.07 per day. These rates are all subject to change until the contracts are finalized.¹⁶ The higher group home rates include funding for other therapeutic services that will be provided in addition to group home services.¹⁷

The contracts will be written to terminate at the end of FY 2009. DPHHS will reimburse providers for all the service slots, whether they are filled or not. Other specialized services, such as pharmacy assistance, will be term limited based on the contract. DPHHS invited all providers to participate in the contracts for additional services.¹⁸

Community Service Expansions Funded by the 2007 Legislature

The 2007 Legislature appropriated funds to expand adult community mental health services. The legislature appropriated:

- \$6.7 million total (\$3.0 million general fund) for behavioral health inpatient services (BHIF) in FY 2009
- \$5.2 million general fund to expand the Mental Health Services Plan (MHSP) and convert the payment to fee for service¹⁹
- \$4.1 million total (\$4.0 million general fund) for 72-hour crisis stabilization services at the executive's request
- \$1.8 million general fund for mental health drop in centers and suicide prevention
- \$1.7 million general fund for community services and prescription drugs for mentally ill offenders, which has been transferred to the Department of Corrections

¹⁴ DPHHS is estimating a \$3.3 million general fund reversion in FY 2008, which would be reduced by the amount AMDD spends on additional services.

¹⁵ Chappuis, personal conversation, March 4, 2008. Mr. Chappuis would strongly recommend legislative approval.

¹⁶ Mullen, Memorandum, March 3, 2008.

¹⁷ Lou Thompson, Chief, Mental Health Services Bureau, AMDD, testimony, Legislative Finance Committee, March 7, 2008.

¹⁸ Ibid.

¹⁹ The movement to a fee for service system was a verbal discussion with the Public Health and Human Services Joint Appropriations Subcommittee and is not a condition of the appropriation. AMDD is gradually adding certain provider types to a fee for service payment. Since MHSP is not an entitlement, the division is gradually expanding the provider network so that the appropriation is not overspent.

Some of the service expansions are in place, notably the increase in provider types that will be reimbursed in MHSP, implementation of the suicide prevention program, and expansion of mental health drop-in centers in Miles City, Billings, Livingston, and Bozeman, with a pilot planned for a rural area.

AMDD is developing contracts with providers in Helena, Butte, Missoula, Bozeman, Billings, Hamilton, and Miles City for pilot programs for 72-hour crisis stabilization services, which came on line March 1. The pilots are coming on line about nine months after the start up date anticipated during the 2007 legislative session. Beginning January 1, 2009, funding for crisis services will be available statewide. As noted in the December 2007 staff report, AMDD estimates that the 72-hour crisis funding is sufficient to fund a minimum of 2,700 days of care over a year or 900 episodes of 72-hour stabilization care. Since some persons may need fewer than 72-hours of crisis care, the number of persons served would be higher than 900.

The second part of the 72-hour crisis stabilization services initiative is telepsychiatry services provided 24 hours a day, 7 days a week. AMDD has opted to recruit an additional four psychiatrists and provide the telepsychiatry services through MSH, a possibility discussed during legislative appropriation hearings.²⁰ The division has identified internet “meeting” software that is secure, has real time transmission, and delivers a crisp picture. The plan is to provide each on call psychiatrist the computer and internet connections to receive calls and provide consulting services across the state. Each hospital or other community provider accessing the telepsychiatry services would need to use compatible equipment and provide internet access. LFD staff has requested that DPHHS provide the LFC with its best estimate of when the services might be up and running.

DPHHS established a workgroup to develop BHIF licensure requirements and administrative rules governing BHIF services. BHIF services would provide an alternative to placement in MSH for persons needing intensive, short term care. After meeting with federal staff from the Centers for Medicare and Medicaid Services, DPHHS staff concluded that it would be difficult to obtain Medicaid reimbursement for BHIF services, unless a BHIF were a licensed hospital. LFD staff has requested that DPHHS advise the LFC about its decisions on and potential timing of BHIF implementation. Some stakeholders expressed concern that communities and businesses would not make the investment to build or create a BHIF, because the appropriation for BHIF services is for FY 2009 only.²¹

SUMMARY

In summary:

- Pay increases for RNs and LPNs at MSH were initiated to assist recruitment and retention. The vacancy rates for RNs have lessened somewhat, although they remain problematic – from 32 percent in November 2007 to 25 percent in January 2008.
- Vacancy rates in LPNs have recently spiked – from 16 percent in December 2007 to 30 percent in January 2008
- The executive has implemented a goal to reduce the MSH population to an average of 189
 - DPHHS determined an exigency existed at MSH because of the ongoing high population in excess of licensed capacity
 - The exigency determination allows DPHHS to bypass the agency policy of competitive procurement of services
 - The exigency is anticipated to continue until the hospital population stabilizes around 189
 - AMDD is directly negotiating with adult mental health service providers in selected communities to add an additional 68 intensive service slots
 - The maximum estimated cost for the new slots is \$1.9 million general fund annually
- New adult mental health community services funded by the 2007 Legislature are being implemented, however, the 72-hour crisis stabilization services are coming on line about nine months after the start up date considered during the legislative session and BHIFs face some implementation challenges

²⁰ AMDD will also consider augmenting the MSH telepsychiatry services with contracted services.

²¹ Mental Health Oversight Advisory Council meeting, February 13, 2008, Helena, Montana.

LFC ACTION

The LFC requested that it be updated about issues related to Goal 189, MSH staffing levels, and development of adult mental health community services at its June meeting. The following questions were included in the report and summarize DPHHS responses to those questions at the March LFC meeting.

- 1) What is the anticipated timeline for the telepsychiatry services to come on line?

AMDD testimony at the LFC meeting, anticipated that telepsychiatry services may come on line as early as July 1, 2008.²²

- 2) What action will DPHHS take regarding implementation of BHIFs?

DPHHS will continue to pursue development of BHIFs. DPHHS has been notified by federal Medicaid staff that Medicaid reimbursement may also be available if BHIFs were operated as intensive level group home services.²³

- 3) Will DPHHS request funds from the 2009 Legislature to continue the new services added in FY 2009, including BHIF and Goal 189 services?

DPHHS Deputy Director Chappuis noted that AMDD will most likely request continuation of funding for the 68 service slots as well as BHIFs. However, the final decision to include the request will need to be approved by the DPHHS Director and Governor's staff.²⁴

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²² DeCunzo, AMDD, testimony, Legislative Finance Committee, March 7, 2008.

²³ Chappuis, DPHHS, testimony, Legislative Finance Committee, March 7, 2008.

²⁴ Ibid.