



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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DATE: November 26, 2007
TO: Legislative Finance Committee
FROM: Lois Steinbeck
Senior Fiscal Analyst
RE: Montana State Hospital

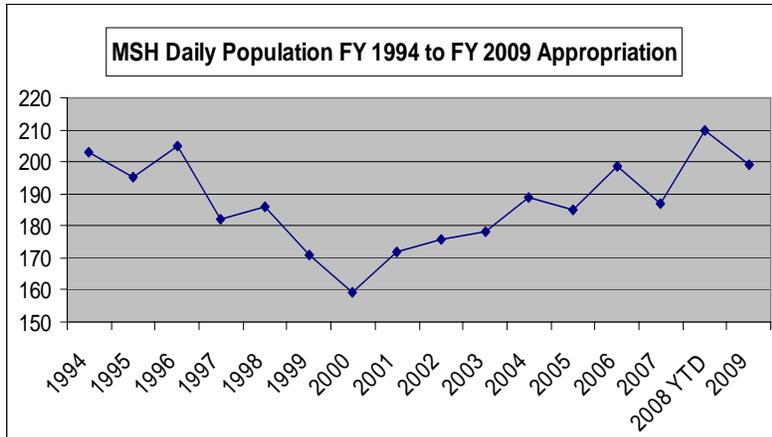
This report highlights recent challenges at the Montana State Hospital (MSH). The state hospital is the only state operated inpatient psychiatric hospital in Montana. It is also the facility most likely to provide inpatient hospital care longer than 30 days.

DAILY POPULATION

The Montana State Hospital (MSH) has a licensed capacity of 189 beds and a physical capacity of 209, which includes 15 group home beds in two units and 20 unlicensed beds in the Old Receiving Hospital. In the last two years, the MSH population has exceeded the licensed capacity. The lowest census – 159 in FY 2000 - occurred during due to the start up of the Program for Assertive Community Treatment (PACT)¹ and year after the statewide contract for mental health managed care ended.

The MSH daily population has routinely exceeded 200 during the first five months of FY 2008, averaging 209 over that time period. The graphic on the following page shows the ADP from 1994 through the appropriated level in FY 2009.

¹ PACT is a program that accepts persons with certain mental illnesses such as bi-polar disorder and schizophrenia. The clients to be served are individuals who have severe symptoms and impairments not effectively remedied by available treatments or who, because of reasons related to their mental illnesses, resist or avoid involvement with mental services. The PACT team must be available to provide treatment, rehabilitation, and support activities seven days per week, over two eight hour shifts, and operate a minimum of 12 hours per day on weekdays and eight hours each weekend day and every holiday. The team must have the capacity to provide multiple contacts per week to clients experiencing severe symptoms or significant problems in daily living.

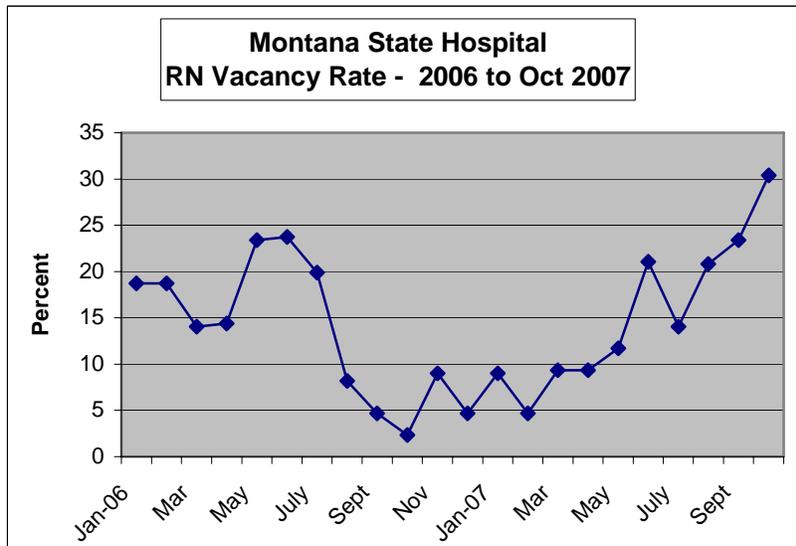


The 2009 biennium appropriation for MSH is based on expenditures that supported an ADP of 199.² The 2005 Legislature approved both a supplemental appropriation and continued funding in HB 2 for 36.60 additional FTE at MSH to address higher populations. Although operating costs support an ADP of 199, DPHHS staff believes the funding for

staff is adequate for a population of 189. At this point, MSH costs are not projected to exceed the appropriation.

NURSING VACANCY RATE

In addition to a high census, MSH is facing other challenges. Like other medical institutions, MSH has had difficulty recruiting and retaining nursing staff. The executive is considering raising MSH pay levels for nursing staff to be commensurate with pay rates at Montana State Prison, which are about \$2.50 per hour higher. The following graphs shows MSH vacancy rates for RNs from January 2006 through October 2007.



Vacancy levels in nursing positions at MSH have been problematic, ranging from a low of 2 percent in October 2006 to a high of 30 percent in October 2007. One of the performance goals promulgated by the Addictive and Mental Disorders Division (AMDD) addressed the challenge of keeping nursing positions filled. The original goal that 90 percent of the scheduled shifts for Registered Nurses will be filled would allow the LFC to monitor and review the

² DPHHS staff (John Chappuis, Deputy Director and Joyce DeCunzo, Administrator, Addictive and Mental Disorders Division) notes that the appropriation supports staffing for a population of 189, not 199. The Health and Human Services Joint Appropriation Subcommittee accepted the executive budget for MSH, including the supplemental appropriation. 2006 base budget costs, including the supplemental appropriation, supported a population of 199.

challenge to recruit and retain nurses.³ However, the executive removed the measure of 90 percent, leaving policy makers without a “yard stick” to measure performance or determine the acceptable level of RN coverage.

In addition to programmatic and treatment impacts, the RN vacancy rate has potential financial implications as well. One of the most serious potential financial consequences could be the loss of Medicare and Medicaid certification⁴, which would result in loss of reimbursement from those two programs. The general fund is estimated to receive about \$3.0 million in Medicare and Medicaid reimbursement for MSH services in the last year and a half of this biennium.

HOUSING EXCESS POPULATION

The legislature approved funds to remodel the receiving hospital on the MSH campus. Some of the patients at MSH (as high as 20 at times) are housed in a unit in the receiving hospital in order to manage the high population levels. The division has considered several alternatives when the receiving hospital can no longer be used and will likely move persons to the Pintlar building and group home beds on campus.

IMPACT OF COMMUNITY SERVICES

Ed Amberg, the MSH administrator, recently reviewed admission and discharge data over the last 12 months. He concluded that admissions had risen 5 percent compared to the 10 percent increase in the average daily census. He expressed concern that the ability to discharge persons from MSH was hindered by the availability of appropriate community placements.

One of the MSH performance measures recommended by AMDD and reviewed by the LFC workgroup in October addresses this issue. The measure is to evaluate the impact of new community services on utilization of MSH. This goal would allow the LFC to monitor the impact of new and existing community services and their relationship to MSH discharges and population levels.

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

- o \$6.7 million total (\$3.0 million general fund) for behavioral health inpatient services (BHIF) in FY 2009
- o \$5.2 million general fund to expand the Mental Health Services Plan (MHSP) and convert the payment to fee for service
- o \$4.1 million total (\$4.0 million general fund) for 72 hour crisis services at the executive’s request
- o \$1.6 million general fund for mental health drop in centers and suicide prevention
- o \$1.7 million general fund for community services and prescription drugs for mentally ill offenders, which has been transferred to the Department of Corrections

³ Performance measures developed and reviewed by LFC workgroups at the October 2007 meeting may be changed by the Governor’s Office.

⁴ Ed Amberg, Administrator, Montana State Hospital, and Bob Mullen, Assistant Administrator, Addictive and Mental Disorders Division, e-mail communication, December 4, 2007

AMDD is developing much of the infrastructure for these expansions. For instance, the reimbursement systems are being developed, and staff for the 72-hour crisis services and MSHP expansions is to be hired by the end of 2007. AMDD has established a workgroup to develop BHIF licensure requirements and administrative rules.

The request for information for telepsychiatry services for the 72-hour crisis services initiative was due in early December. There were two responses from groups interested in providing services. However, neither responder could provide the entire range of services requested. AMDD is reviewing options since receiving the responses.

It is anticipated that the payment for crisis services in the community will come on line late in FY 2008 and that AMDD will have funding sufficient to purchase 2,700 days of care over a year.