

DPHHS Healthcare Facilities Division

February 1, 2023

2023 Health and Human Services Joint Appropriations Subcommittee
House Bill 5



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House Bill 5

DPHHS Healthcare Facilities Division Budget Requests in HB5

The budget requests in HB5 for the Healthcare Facilities Division represent efforts for the Montana State Hospital (MSH) to obtain Centers for Medicare and Medicaid Services (CMS) recertification; to close MSH's geriatric psychiatry unit (Spratt); provide supplemental funding required to meet the objectives of projects initiated and approved in previous biennia; and to support construction related to the DPHHS Behavioral Health Initiative.

These investments are the anchor to DPHHS' strategy to achieving a ***strong, community-centric, regional behavioral healthcare system*** that meets demand for inpatient services & complements our ongoing work to strengthen community-based services for outpatient care.

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES					
DPHHS	SUP	SUP MR-01	20	SUPPLEMENTAL MSH Waste Water Treatment System Repairs	\$1,400,000
DPHHS	SUP	SUP MR-02	21	SUPPLEMENTAL MSH Main Building Roof Replacement	\$800,000
DPHHS	SUP	SUP MR-03	22	SUPPLEMENTAL MMHNCC Roof Replacement	\$1,500,000
DPHHS	SUP	SUP MR-09	28	SUPPLEMENTAL MVH Roof Replacement	\$1,600,000
DPHHS	SUP	SUP MR-15	34	SUPPLEMENTAL MVH Special Care Unit Courtyard Improvements	\$517,000
DPHHS	SUP	SUP MR-16	35	SUPPLEMENTAL MVH Major Building Maintenance (Flooring Project)	\$367,000
DPHHS	SUP	SUP MR-17	36	SUPPLEMENTAL MVH ARPA Mechanical Upgrade	\$423,039
DPHHS	SUP	SUP CD-04	125	SUPPLEMENTAL SWMVH Cottage Connectors	\$5,250,000
DPHHS	MR	MR-09	45	MMHNCC Site Improvements & Increase Parking	\$300,000
DPHHS	MR	MR-10	46	MMHNCC Key Card Entry System	\$125,000
DPHHS	MR	MR-11	47	MMHNCC Backup Water Well	\$200,000
DPHHS	CD	CD-01	142	MSH Compliance Upgrades for Recertification and Deferred Maintenance	\$15,903,000
DPHHS	CD	CD-03	144	DPHHS Behavioral Health Initiative	\$113,000,000
DPHHS	CD	CD-33	176	MMHNCC Heated Storage Unit	\$720,000

DPHHS Healthcare Facilities Division Budget Requests in HB5 | Supplementals

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

DPHHS	SUP	SUP MR-01	20	SUPPLEMENTAL MSH Waste Water Treatment System Repairs	\$1,400,000
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DPHHS	CD	CD-33	176	MMHNCC Heated Storage Unit	\$720,000

PRIORITY SUP MR-01

INFLATIONARY ADJUSTMENT
WASTE WATER TREATMENT SYSTEM REPAIRS

MONTANA STATE HOSPITAL
\$1,400,000

ORIGINAL PROJECT INFO
66TH LEGISLATIVE SESSION

The upgrades to the wastewater system include a new wastewater treatment facility capable of complying with current and anticipated regulatory requirements.

The existing campus wastewater treatment system utilizes unlined lagoons estimated to be over 50 years old which do not meet current or anticipated MDEQ environmental design and discharge requirements. The existing treatment system cannot be operated in a manner that complies with discharge standards without major modifications or replacement.

Alternatives Considered:

- 1. Upgrade 2 Existing Cells, Aerated Treatment with Land Application
- 2. Upgrade 3 Existing Cells with Land Application
- 3. Lemna Aerated Lagoon with Post Nitrification, Seasonal Irrigation
- 4. Aerated Lagoons with SAGR Nitrification system, Seasonal Irrigation

An engineering analysis of the wastewater treatment alternatives has been completed which includes potential alternatives and estimation of cost. Option 2 is recommended for implementation as it had the least capital cost of viable alternatives and the lowest present worth value of both capital and operating costs. All options will be re-evaluated during preliminary design in order to select the most cost effective solution based on current costs and other design issues

INFLATIONARY ADJUSTMENT INFO

Repairs to the wastewater treatment facility at the Montana State Hospital were approved in Section 9, Chapter 476, Laws of 2019 for \$4.5M.

Option 3 was selected as the best option. The project is nearing completion and the original scope included removal of the existing lagoon as it will no longer be needed once the new system is operational. The removal was deducted from the project scope due to the significant and unprecedented recent cost escalation within the construction industry.

This request for \$1,400,000 will finalize the scope of the project as designed and originally intended.



FUNDING		
Original Appropriation	LRBP Bonds	\$4,500,000
<i>Inflationary Adjustment</i>	<i>LRBP Cash</i>	<i>\$1,400,000</i>
TOTAL		\$5,900,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$4,050,000
<i>Inflationary Construction Costs</i>	<i>\$1,400,000</i>
Consultant Services	\$450,000
TOTAL	\$5,900,000

PRIORITY SUP MR-02

INFLATIONARY ADJUSTMENT
MAIN BUILDING ROOF REPLACEMENT

MONTANA STATE HOSPITAL
\$800,000

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

The existing roof of the main building at Montana State Hospital is over 20 years old and requires continual maintenance and repair to prevent moisture from penetrating into the building. This request proposes to reroof the main building in phases, beginning with the most critical areas initially.

The area determined to have the greatest deterioration and moisture penetration on the main building are the shingles on the south side of the roof nearest the skylights running down the center of the hospital. During heavy snow fall or rain, improperly installed screws on the upper portion of the roof cause water leaks through to the membrane resulting in leaks and damage to the ceilings in the offices. A similar condition required replacement of the single-ply roof membrane nearest the laundry room. Additional sections of low-slope single-ply roof membrane in other areas of the hospital are deteriorated and exhibit numerous punctures that require replacement.

The existing asphalt shingles throughout the main body of the Main Hospital roof are approaching the end of their useful life expectancy and have deteriorated due to age. During high winds, more and more shingles are blowing off, exposing the roof substrate, and allowing moisture to permeating the roof and cause damage within the hospital. The condition of the existing roof requires constant maintenance and upkeep to prevent leaks and moisture penetration. The partial re-roof proposed by this request will address areas that have been deemed most critical and have the highest potential for failure,

preventing subsequent interior damage and prolonging the useful life of the roof.

INFLATIONARY ADJUSTMENT INFO
Roof repairs at the Montana State Hospital were approved in Section 2, Chapter 461, Laws of 2021 for \$600,000.

Recent inspections and repairs identified that critical underlayment/sheeting is missing from the original construction. Fasteners to structural steel were not installed resulting in sections of the roof free floating without being secured. Cost to move and reinstall roof-mounted HVAC units was not in the original scope of work.

The above scope increases, combined with the significant and unprecedented recent cost escalation within the construction industry, have necessitated this request for an additional \$800,000 to finalize the scope of the project as designed and originally intended.

FUNDING		
Original Appropriation	LRBP Cash	\$600,000
<i>Inflationary Adjustment</i>	<i>LRBP Cash</i>	<i>\$800,000</i>
TOTAL		\$1,400,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$540,000
<i>Inflationary Construction Costs</i>	<i>\$800,000</i>
Consultant Services	\$60,000
TOTAL	\$1,400,000

PRIORITY SUP MR-03

INFLATIONARY ADJUSTMENT
ROOF REPLACEMENT

MONTANA MENTAL HEALTH NURSING CARE CENTER
\$1,500,000

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

Portions of the existing asphalt shingle roof on the Montana Mental Health Nursing Care Center (MMHNCC) have deteriorated, are in poor condition and prone to allowing moisture to penetrate the facility.

The existing asphalt shingles of the roof are approaching the end of their useful life. Maintenance and repairs made over time have extended the life of damaged and deteriorated roof areas and preventing additional leaks from infiltrating the roof system. High accumulations of snow fall or rain result in unforeseen water leaks which produce unsightly damage and staining to interior finishes, requiring repairs and occasionally replacement.

A more permanent solution is essential to ensure the roof system is weather-tight, new leaks and future moisture damage to building components and finishes is eliminated and disruption to residents and staff is prevented



INFLATIONARY ADJUSTMENT INFO

Roof repairs at the MMHNCC were approved in Section 2, Chapter 461, Laws of 2021 for \$550,000

Substantial areas of the roof have leakage into some of the walls and the roof deck is damaged throughout the facility and the entirety of the roofing system needs replacement. The extent of the leakage and damage was discovered during the original project and the scope of repairs was reduced to what could be accomplished in the original budget to quickly mitigate as much of the situation as possible, leaving much of the roof yet to be repaired.

The above scope increases, combined with the significant and unprecedented recent cost escalation within the construction industry, have necessitated this request for an additional \$1,500,000 to finalize the scope of the project and address the additional, recently discovered level of damage.

FUNDING		
Original Appropriation	LRBP Cash	\$550,000
Inflationary Adjustment	LRBP Cash	\$1,500,000
TOTAL		\$2,050,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$495,000
Inflationary Construction Costs	\$1,500,000
Consultant Services	\$55,000
TOTAL	\$2,050,000

PRIORITY SUP MR-09

INFLATIONARY ADJUSTMENT

ROOF REPLACEMENT

MONTANA VETERANS' HOME

\$1,600,000

ORIGINAL PROJECT INFO

67TH LEGISLATIVE SESSION

This project proposes a cost-effective means to extend the life of the roof on the Montana Veterans' Home (MVH) by repairing and resealing the existing roof membrane.



The newest roof installation was in 2010 for the 40-bed expansion. The DOM roof was repaired in 2015 for a cost of \$17,869. Eight sections of the existing building roofing are showing signs of deterioration

Repairing and resealing the roof will extend the useful life of the roofing system for less cost than a total re-roof or the cost incurred to repair/replace the roof and interior finish damage should an unexpected roof failure occur.

INFLATIONARY ADJUSTMENT INFO

The original project info proposed repairing and resealing the existing roof which was approved in Section 2, Chapter 461, Laws of 2021 for \$144,000.

However, upon further investigation and assessment of the entire roofing system, it has been determined that simply repairs and a coating will not sufficiently extend the life of the roof.

A full replacement of the facility's entire roofing system is essential. This increased scope request for \$1,600,000, has also been escalated to account for inflationary factors.



FUNDING		
Original Appropriation	State Special	\$144,000
<i>Inflationary Adjustment</i>	<i>State Special</i>	<i>\$1,600,000</i>
TOTAL		\$1,744,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$129,600
<i>Inflationary Construction Costs</i>	<i>\$1,600,000</i>
Consultant Services	\$14,400
TOTAL	\$1,744,000

PRIORITY SUP MR-15

INFLATIONARY ADJUSTMENT
SPECIAL CARE UNIT COURTYARD IMPROVEMENTS

MONTANA VETERANS' HOME
\$517,000

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

This project will provide a solution to decrease resident fall risks, decrease the risk of resident-vehicle collisions and provide a safer outdoor space for residents. The project will include the following improvements:

- Reduce courtyard size to allow the roadway to be widened, which will eliminate the blind curve and associated safety issues.
- Construct a 4-foot retaining wall to create a natural looking barrier as well and provide increased visibility into the courtyard to allow supervision by SCU staff and allow residents to utilize the space independently.
- Add a gazebo structure in the center of the courtyard to provide shelter for residents.
- Re-route the emergency exit.

For some residents, the courtyard is the only place to get outside independently during the warm weather months. The grade of the courtyard walking path has a downward slope extending to a secured gate. Residents in wheelchairs can lose control due to the sidewalk grade resulting in accidents.

In addition the road around the courtyard poses a risk for pedestrians who walk around the campus. There are no sidewalks on the roadway around the corner of the SCU courtyard. The road curves sharply and is a narrow curve with poor visibility. There are speed limit signs posted but without traffic enforcement this area has the potential to result in a vehicle – pedestrian accident or a vehicle to vehicle head-on collision. The project would help mitigate the risks of both resident fall issues as well as pedestrian – motor collision risk.

INFLATIONARY ADJUSTMENT INFO

The original courtyard improvements were approved in Section 2, Chapter 461, Laws of 2021 for \$75,000.

The original scope of work was not fully developed to include all essential components and has been re-evaluated to more accurately align all the elements involved and address inflation.

Due to increased scope and the significant and unprecedented recent cost escalation within the construction industry, the scope of the project cannot be completed without this additional \$517,000 requested.



FUNDING		
Original Appropriation	LRBP Cash	\$75,000
<i>Inflationary Adjustment</i>	<i>LRBP Cash</i>	<i>\$517,000</i>
TOTAL		\$592,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$67,500
<i>Inflationary Construction Costs</i>	<i>\$517,000</i>
Consultant Services	\$7,500
TOTAL	\$592,000

PRIORITY SUP MR-16

INFLATIONARY ADJUSTMENT
MAJOR BUILDING MAINTENANCE (FLOORING PROJECT)

MONTANA VETERANS' HOME
\$367,000

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

This interior upgrade project proposes to replace flooring in the Montana Veterans' Home (MVH)

- Area to receive new flooring include:
- Common corridors in the 50-bed and 40-bed wings
 - Staff break rooms
 - Dining rooms
 - Therapy gym
 - Nurse stations
 - Floor in the service entry wing

The existing vinyl composition tile (VCT) flooring is cracking, chipping, and deteriorating prematurely, causing loose area of flooring creating unsafe conditions and tripping hazards for residents and staff.

If not replaced, the flooring will continue to deteriorate, crack, chip and cause increased trip hazards for residents and staff as well as unsanitary conditions due to the inability to satisfactorily clean and disinfect exposed porous surfaces of the damaged flooring.

INFLATIONARY ADJUSTMENT INFO

The major building maintenance effort was approved in Section 2, Chapter 461, Laws of 2021 for \$117,000.

The flooring portion of the major maintenance project has proven to be more costly than originally anticipated.

Due to increased scope and the significant and unprecedented recent cost escalation within the construction industry, the scope of the project cannot be completed without this additional \$367,000 requested.

FUNDING		
Original Appropriation	State Special	\$117,000
<i>Inflationary Adjustment</i>	<i>LRBP Cash</i>	<i>\$367,000</i>
TOTAL		\$484,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$105,300
<i>Inflationary Construction Costs</i>	<i>\$367,000</i>
Consultant Services	\$11,700
TOTAL	\$484,000

PRIORITY SUP MR-17

INFLATIONARY ADJUSTMENT
ARPA MECHANICAL UPGRADE

MONTANA VETERANS' HOME
\$423,039

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

A facility air handling system that processes air to decrease contaminated particulates from recirculating into the shared living spaces will help prevent the spread of COVID-19 and other air borne pathogens at this skilled nursing facility. In June 2021 Morrison-Maierle provided a detailed evaluation of the MVH ventilation systems along with recommendations for improvement.

For a typical resident room, with a size of 200 sq-ft and a standard 8-ft ceiling height, the recommended continuous ventilation rate for these rooms should be at least 2-air changes per hour (53-CFM) of 100% outdoor air with no recirculated air. The current ventilation airflow to these rooms is provided through the fan coil's wall louver and is only active when the unit is in heating or cooling demand. The ventilation rate is zero when the unit is not operating. The recommended method for increasing the ventilation rates to these areas is with the addition of new (roof mounted) Dedicated Outdoor Air Systems (DOAS Units) and/ or heat recovery ventilation units. Due to ceiling space constraints, it may be necessary to reroute some ductwork.

This project includes new ventilation, duct work and controls, as well as structural and electrical upgrades. According to 18-2-102 (2)(a), MCA, the Governor may authorize emergency repair or alteration of a building and is authorized to transfer funds and authority as necessary to accomplish the project. Conversations with A&E indicated available federal authority, while Senior and Long Term Care holds the funds. If this project is approved by the HAC and

subsequently the Governor, this project can be completed without the consent of the full legislature.

INFLATIONARY ADJUSTMENT INFO

The initial cost estimate was based on a construction cost of \$590,000 for the HVAC and \$200,000 for the sewer line upgrade. The estimates did not include soft costs including design and contingency and asbestos survey/abatement.

Due to the significant and unprecedented recent cost escalation within the construction industry in addition to adding in soft costs, the project cannot be completed without this additional \$423,039 requested.

FUNDING		
Original Appropriation	State Special	\$790,000
<i>Inflationary Adjustment</i>	<i>LRBP Cash</i>	<i>\$423,039</i>
TOTAL		\$1,213,039

ESTIMATED PROJECT COSTS	
Construction Costs	\$711,000
<i>Inflationary Construction Costs</i>	<i>\$423,039</i>
Consultant Services	\$79,000
TOTAL	\$1,213,039

PRIORITY SUP CD-04

INFLATIONARY ADJUSTMENT
COTTAGE CONNECTORS

SOUTHWEST MONTANA VETERANS' HOME
\$5,250,000

ORIGINAL PROJECT INFO
67TH LEGISLATIVE SESSION

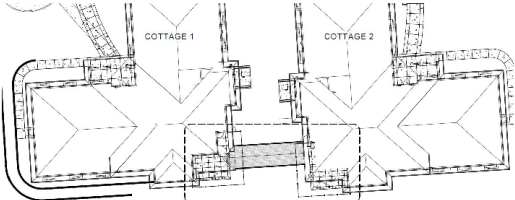
The Southwest Montana Veterans' Home is currently under construction in Butte. When completed, it will be the third state veterans' home in Montana. The design embraces the shift from a medical/institutional model, to one of a community-style neighborhood.



Five cottages will be home for 12 residents. The small, intimate style will make the residents feel like they are home and not on a long hospital visit. The cottages are served by the Community Center which contains the daily activity, social interaction, supportive service spaces and administrative offices. The layout of the cottages in relation to the CC creates challenges for not only the residents but the contractor that will operate the facility.

To visit another cottage or move to or from the CC, residents will have to cross the street. Due to their required level of care, most residents will need assistance to travel anywhere within the neighborhood. With connected cottages, residents can be moved easily throughout the units without going outside during inclement

weather reducing health risks to residents. Meals for the cottages can be prepared in one kitchen. Activities and events for residents of multiple cottages can be arranged in a single unit decreasing staff time. Connected walkways allow the ability to share staff, increasing efficiency, reducing labor costs and possibly the potential cost to the Veteran.



INFLATIONARY ADJUSTMENT INFO

The cottage connectors were approved in Section 1, Chapter 468, Laws of 2021 for \$3,300,000. The project has been bid and one connector with the access road is in construction.

This funding is to add the final two connectors which have been bid as alternates and await the \$5,250,000 in additional funding to incorporate them into the existing construction contract.

FUNDING		
Original Appropriation	LRBP Cash	\$3,300,000
Inflationary Adjustment	LRBP Cash	\$5,250,000
TOTAL		\$8,550,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$2,970,000
Inflationary Construction Costs	\$5,250,000
Consultant Services	\$330,000
TOTAL	\$8,550,000

DPHHS Healthcare Facilities Division Budget Requests in HB5 | Major Repairs

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES					
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DPHHS	CD	CD-03	144	DPHHS Behavioral Health Initiative	\$113,000,000
DPHHS	CD	CD-33	176	MMHNCC Heated Storage Unit	\$720,000

PRIORITY MR-09

SITE IMPROVEMENTS & INCREASE PARKING

MONTANA MENTAL HEALTH NURSING CARE CENTER
\$300,000

This project will improve the existing staff & visitor parking lots and add parking spaces to accommodate the increased number of patients and staff at the Montana Mental Health Nursing Care Center in Lewistown.

MMHNCC was built in 1952. It is comprised of four original wings and two additional wings built in 1975.

An increase in parking is needed due to added staff for the Office of Public Instruction and the opening of D-Wing to accommodate patients from Warm Springs currently housed in the Spratt Building. Without additional parking spaces, visitors would be required to park across the street in the high school parking lot or on the street. Additional spaces on the MMHNCC site will provide safe parking for visitors and will not impose on the high school parking. As part of this project, a security fence around D-Wing will be removed.

Ten to twelve additional spaces are currently needed. The existing parking lot will be evaluated for the best possible configuration to accommodate the additional spaces. In addition, the existing parking lot will be improved and resurfaced as needed.



FUNDING	
LRBP Cash	\$300,000
TOTAL	\$300,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$270,000
Consultant Services	\$30,000
TOTAL	\$300,000

PRIORITY MR-10

KEY CARD ENTRY SYSTEM

MONTANA MENTAL HEALTH NURSING CARE CENTER
\$125,000

This project will eliminate the need for keyed locks by implementing a facility-wide door access control system providing a higher level of safety and security for patients.

MMHNCC was built in 1952. It is comprised of four original wings and two additional wings built in 1975.

As a licensed long-term care facility that houses a challenging population, MMHNCC is required to have a secure building. Currently, a physical key system is used requiring staff to carry multiple keys for approximately 80 door openings. Changing access is a cumbersome process to change out lock cores and reissue keys.

A card-scanner system will eliminate the need for physical keys. Swipe card access is tracked and controlled, preventing unauthorized entry. Temporary access can be granted to traveling staff. Doors will automatically lock and remain locked, eliminating the chance a door is inadvertently left unlocked.



FUNDING	
LRBP Cash	\$125,000
TOTAL	\$125,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$112,500
Consultant Services	\$12,500
TOTAL	\$125,000

PRIORITY MR-11

BACKUP WATER WELL

MONTANA MENTAL HEALTH NURSING CARE CENTER
\$200,000

This project will construct a 400-500 foot well with 100 gallon per minute flow rate to provide an emergency backup water system to connect to the facility's water system.

MMHNCC was built in 1952. It is comprised of four original wings and two additional wings built in 1975.

In 2021, a burst pipe in the city of Lewistown resulted in a total loss of water at the facility. The new water well will provide a back-up water system in the event of a loss of municipal water.

A new backup water system will be installed to improve reliability of domestic water to the facility and building users during water outages from the City Water System. The new water system will include a wellhouse, pumps, water purification, metering and other appurtenances required to meet public water standards for a backup public water supply.

FUNDING	
LRBP Cash	\$200,000
TOTAL	\$200,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$180,000
Consultant Services	\$20,000
TOTAL	\$200,000

Projects at MMHNCC to Close Spratt

The requested \$625,000 would allow DPHHS to close the geriatric psychiatry unit (Spratt) at MSH and move patients to clinically appropriate settings, including an expanded wing at the Montana Mental Health Nursing Care Center (MMHNCC).

Amount Requested

- \$625,000**
 - Site Improvements & Increase Parking - \$300,000
 - Key Card Entry System - \$125,000
 - Backup Water Well - \$200,000

Business Need

Closing the Spratt unit will require MSH to discharge patients to clinically appropriate long term care settings. Patients would be preferentially transferred to community providers, and if no provider will take them, they will be evaluated for transfer to the MMHNCC. This funding request would make site improvements at the MMHNCC to accept these patients, including renovations to open a vacant 25-bed secure wing at the MMHNCC.

Benefits

Patients in the Spratt unit are not being prepared for discharge and there are opportunities to improve delivery of care. Closing the Spratt unit would move current patients to more clinically appropriate long term care settings and improve patient outcomes.

CMS recertification costs at MSH would be reduced because the Spratt unit would be eliminated.

LRBP Projects to Close Spratt

- | |
|--|
| <ol style="list-style-type: none">1. Supplemental for MMHNCC Roof Replacement2. Major Repair for MMHNCC Site Improvements & Increase Parking3. Major Repair for MMHNCC Key Card Entry System4. Major Repair for MMHNCC Back-up water system to address emergency preparedness deficiencies5. Capital Development for MMHNCC Heated Storage Unit to address emergency preparedness deficiencies |
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DPHHS Healthcare Facilities Division Budget Requests in HB5 | Capital Development

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

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PRIORITY **CD-01**

**COMPLIANCE UPGRADES FOR RECERTIFICATION
AND DEFERRED MAINTENANCE**

MONTANA STATE HOSPITAL
\$15,903,000

The budget for this proposed project is aimed to fund remediations of known physical plant deficiencies at the Montana State Hospital (MSH) to bring the facility back into compliance with Centers for Medicare & Medicaid (CMS) Services conditions and regulations.

This project is required for MSH to begin the CMS recertification process. DPHHS anticipates that federal funding will be restored if MSH achieves recertification.

Investing in MSH to comply with CMS regulations is important to advance a stronger behavioral health system in the state by improving the financial standing of the facility which in turn allows for adequate investment in the level and quality of care provided.

MSH lost CMS certification in March 2022, resulting in an approximate \$8 million annual loss of revenue to the General Fund. Renewed CMS compliance and recertification will allow DPHHS to recover this revenue and continue making important investments in this care setting.

This budget will be used to specifically invest in capital and physical infrastructure needs, as part of broader improvements that have been needed for a long time. MSH requires HVAC repair, medical clinic upgrades, roof repair and other investments to meet standards required for recertification.



MSH is the state’s safety net for individuals needing acute inpatient psychiatric treatment. MSH is also a critical component of the state’s criminal justice system, supporting evaluations and restoration of competency. Given the importance of MSH as a safety net and its role within the criminal justice system, investing in MSH’s CMS certification efforts is an imperative first step to strengthening the behavioral health system in Montana.

FUNDING	
LRBP Cash	\$15,903,000
TOTAL	\$15,903,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$14,312,700
Consultant Services	\$1,590,300
TOTAL	\$15,903,000

MSH Compliance Upgrades for Recertification and Deferred Maintenance

The requested \$15.9 million would remediate physical plant deficiencies at MSH to achieve CMS recertification, improve quality of care, and restore revenue.

Amount Requested

\$15,903,000

Business Need

There are significant physical plant deficiencies that need to be repaired prior to a CMS certification survey. The hospital building was built in the 90s and there is deferred maintenance and environment of care deficiencies, which would cause a CMS surveyor to fail the hospital. Clinical improvement initiatives would be made alongside this request; funding for those initiatives are under HB2. Recertification is expected to take 2 years.

Benefits

Investing in MSH to comply with CMS regulations is a critical first step to achieving a strong behavioral health system in the state by improving the financial standing of the facility as well as the level and quality of care provided.

Return on Investment

Approximately **\$8 million** annual revenue to General Fund from Medicare/Medicaid.

Required Capital Projects

1. Supplemental for MSH Hospital Roof
2. Supplemental for MSH Wastewater Treatment
3. Restore Nurse Call System to Fully Operational Status
4. Fencing Around Buildings out to Muster Points
5. Statement of Conditions
6. HVAC Repair / Replacement
7. Medical Clinic Upgrade
8. Various Demolitions
9. Loading Dock Replacement
10. Kitchen Upgrade
11. Fix Sally Port Relays to Make Operable
12. Replace Sliding Sally Port Doors
13. Standardize Restraint Bed Type
14. Address Ligature Risks and Replace Bumper Guards
15. Replacement of Fire Doors
16. Replacement of Spraying Faucets
17. Automated Medication Dispensing Carts (e.g., Pyxis Machines)
18. Regular Air Quality/Industrial Hygiene Air Sampling Support
19. Replacement of Metal Detectors
20. Redundant System for Emergency Supply Water Treatment Backup
21. Mobile Water Tank for Fire Protection Back-Up
22. Contingency for Unanticipated Repair Projects Impacting Recertification

PRIORITY CD-03

BEHAVIORAL HEALTH INITIATIVE

DEPARTMENT OF HEALTH & HUMAN SERVICES

\$113,000,000

This budget request is aimed at strengthening Montana’s behavioral health care continuum via more localized and modernized settings that offer an alternative to today’s state-run health care facilities and meet the demand for acute inpatient treatment observed by the state. The Department of Public Health and Human Services (DPHHS) remains focused on offering settings that are person-centered, trauma-informed, and clinically appropriate for its patients. This request will help augment and right size elements of the state’s existing behavioral health delivery system, as well as reduce the footprint of certain state-run health care facilities that do not have access to adequate health care workforce pools and must over rely on expensive contract staff.

- DPHHS intends to establish two inpatient facilities in separate, urban regions to address a significant lack of access to appropriate levels of care that meet both acute and chronic needs of persons with severe mental illness. This funding would also help establish a modern, less restrictive 12-bed intermediate care facility for individuals with intellectual disabilities.
- DPHHS intends to contract for the clinical management and operations of such facilities, as well as consider the acquisition and repurposing of existing health care infrastructure in addition to the merits of pursuing new construction.

Inflationary factors related to health care and clinical labor costs, as well as those associated with capital and land costs in Montana, are extremely dynamic. These factors will likely continue to evolve, and the current request is a



best estimate that may change in the future. To advance the establishment of three facilities through the acquisition of existing infrastructure and/or new construction, DPHHS and the Department of Administration request \$113,000,000.

FUNDING	
LRBP Cash	\$113,000,000
TOTAL	\$113,000,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$101,700,000
Consultant Services	\$11,300,000
TOTAL	\$113,000,000

Behavioral Health System for Future Generations

The \$113 million requested would authorize capital construction related to the Behavioral Health System for Future Generations initiative, which would design and implement regional behavioral health alternate care settings; modernize intensive services for people living with dual-diagnosed developmental disabilities; and invest in systemwide and community-based initiatives such as certified community behavioral health centers.

Amount Requested

\$113,000,000

Business Need

DPHHS Behavioral Health Initiative: Envisioning a Revitalized Behavioral Health System Across Montana

This request would authorize capital construction related to the Behavioral Health System for Future Generations Fund, which was discussed in a Subcommittee Work Session on January 17, 2023.

DPHHS contractors, Alvarez & Marsal and Guidehouse, will provide support in assessing and defining capital construction needs.

Benefits

These efforts will improve how Montana supports treatment for individuals with serious mental illness and expand the capacity of the behavioral health care continuum.

Potential Capital Projects	
1. Increase access to needed acute behavioral health programs in addition to inpatient beds	<p><i>Est. costs to build two new 50 bed facilities: \$102 million</i></p> <p>Building two new behavioral health care settings in large population areas will improve MSH's long-term delivery of care, reduce MSH reliance on contract staff, increase access to behavioral health services, and increase access to inpatient beds across the state.</p>
2. Transition IBC to a new intensive treatment program (ICF/IID)	<p><i>Est. costs to build one new 12 bed facility: \$9 million</i></p> <p>Moving from a publicly-run intermediate care facility (ICF/DD) to a privately-managed intensive treatment program licensed as an ICF/IID will result in increased accountability, increased quality of services being delivered and improved access for individuals with complex needs.</p>

PRIORITY CD-33

HEATED STORAGE UNIT

MONTANA MENTAL HEALTH NURSING CARE CENTER
\$720,000

This project will construct a 2,400 square foot heated storage unit to accommodate emergency preparedness supplies currently housed in vehicle garages.

MMHNCC was built in 1952. It is comprised of a mental health long term care facility and houses the office of public assistance for Lewistown, MT.

During the pandemic, MMHNCC required addition storage for emergency supplies and had to utilize vehicle garages. Moving forward, an increased number of supplies must be stored and maintained on site to better prepare for emergencies. Construction of a storage unit will provide a secure and central location for all supplies.

FUNDING	
LRBP Cash	\$720,000
TOTAL	\$720,000

ESTIMATED PROJECT COSTS	
Construction Costs	\$648,000
Consultant Services	\$72,000
TOTAL	\$720,000

Appendix

Appendix | Potential Costs for Behavioral Health System for Future Generations Initiative

Cost assumptions for construction of two new 50-bed behavioral health facilities and one new 12-bed intermediate care facility for individuals with intellectual and/or developmental disabilities.

Potential Costs for two new 50-bed Behavioral Health Facilities

Select Cost Assumptions	Est. Costs	Rationale
Projected Capital Expense		
Cost per S.F.*	\$ 817.98	Estimated cost per square is based upon assumption of approximately 50-bed facilities with sizing based on estimated acute healthcare facility constructions costs, considering enhanced security measures due to complexity of patient population and intent to build trauma-informed and patient/family centric settings of care. Source: RSMeans Square Foot Costs
Escalation to Year Built	35%	35% construction cost factor applied anticipating need to respond to inflationary factors including contractor availability, construction material supply chain limitations leading to construction material shortages. Source: Beckers Hospital Review
Land Acquisition Cost	\$ 3,000,000	Potential cost for one acre of commercial property that is equipped with sewer, water, and utility hookups. Source: Zillow
Total Estimated Design/Build Cost	\$ 102,384,570	2 50-Bed Facilities

Potential Costs for one new 12-bed ICF/IID

Select Cost Assumptions	Est. Costs	Rationale
Projected Capital Expense		
Cost per S.F.*	\$ 451.75	Cost per square foot to construct one 12-bed intermediate care facility for an intensive treatment program. Source: RSMeans Square Foot Costs
Escalation to Year Built	35%	Construction cost inflation due to contractor availability, rapidly escalating supply costs due to construction material shortages. Source: Beckers Hospital Review
Land Acquisition Cost	\$ 1,500,000	Potential cost for one acre lot of commercial property that is equipped with sewer, water, and utility hookups. Average of Missoula, Billings, and other cities. Source: Zillow
Total Estimated Design/Build Cost	\$ 9,306,240	12-Bed Facility
Projected Operating Revenue		
Total Estimated Revenue	\$ 5,102,113	With FMAP for New Facility

Appendix | 2024/2025 Budget Requests - Background

The budget requests in HB5 and HB10 for the Healthcare Facilities Division represent efforts to obtain recertification and close the Spratt unit at the Montana State Hospital, and supplemental funding required to meet the objectives of projects initiated and approved in previous biennia. In addition, two bills introduced for the 2023 legislative session round out requests to stabilize and reform the delivery of services in state run health care facilities.

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES						
DPHHS	SUP	SUP MR-01	20	SUPPLEMENTAL MSH Waste Water Treatment System Repairs	\$1,400,000	1 MSH Recertification
DPHHS	SUP	SUP MR-02	21	SUPPLEMENTAL MSH Main Building Roof Replacement	\$800,000	
DPHHS	CD	CD-01	142	MSH Compliance Upgrades for Recertification and Deferred Maintenance	\$15,903,000	
DPHHS	IT	IT-2		Electronic Health Records and Billing - State Facilities	\$27,607,304	
DPHHS	SUP	SUP MR-03	22	SUPPLEMENTAL MMHNCC Roof Replacement	\$1,500,000	2 Spratt Closure
DPHHS	MR	MR-09	45	MMHNCC Site Improvements & Increase Parking	\$300,000	
DPHHS	MR	MR-10	46	MMHNCC Key Card Entry System	\$125,000	
DPHHS	MR	MR-11	47	MMHNCC Backup Water Well	\$200,000	
DPHHS	CD	CD-33	176	MMHNCC Heated Storage Unit	\$720,000	
DPHHS	SUP	SUP MR-09	28	SUPPLEMENTAL MVH Roof Replacement	\$1,600,000	3 Other Supplemental
DPHHS	SUP	SUP MR-15	34	SUPPLEMENTAL MVH Special Care Unit Courtyard Improvements	\$517,000	
DPHHS	SUP	SUP MR-16	35	SUPPLEMENTAL MVH Major Building Maintenance (Flooring Project)	\$367,000	
DPHHS	SUP	SUP MR-17	36	SUPPLEMENTAL MVH ARPA Mechanical Upgrade	\$423,039	
DPHHS	SUP	SUP CD-04	125	SUPPLEMENTAL SWMVH Cottage Connectors	\$5,250,000	
DPHHS	CD	CD-03	114	DPHHS Behavioral Health Initiative	\$113,000,000	4 BH Initiative