

LEGISLATOR BRIEFING



MENTAL HEALTH ISSUES AND PRIORITIES

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I. Department of Mental Health Overview

The Department of Mental Health (DMH) serves over 170,000 Missourians annually with mental illness, developmental disabilities, and addictions. It is a safety net for the state's most vulnerable citizens and their families. DMH serves:

- **Adults with severe mental illness and children with severe emotional disorders**
- **People with developmental disabilities**
- **People with substance abuse and gambling disorders**

Community-based contract providers serve over 95 percent of these individuals. Approximately half are Medicaid eligible.

MENTAL HEALTH COMMISSION

- The 7-member Mental Health Commission appoints the DMH director with Senate confirmation. Commissioners serve as the principal policy advisers to the department. The Governor with Senate confirmation appoints commissioners to 4-year terms.
- Commission member positions must include individuals who represent Missourians with mental illness, developmental disabilities, and substance use disorders, and who have expertise in general business matters (630.010 RSMO).

DMH MISSION (RSMO Chapter 630.020)

Prevention: Reduce the prevalence of mental disorders, developmental disabilities, and drug abuse.

Treatment: Operate, fund, and license modern treatment and habilitation programs provided in the least restrictive environment.

Improve Public Understanding: Improve public understanding and attitudes toward mental illness, developmental disabilities, and addiction.

DMH DIVISIONS

- **Division of Behavioral Health (BH) – RSMo Ch. 631 and RSMo Ch. 632 (formerly the divisions of Alcohol and Drug Abuse and Comprehensive Psychiatric Services)**
- **Division of Developmental Disabilities (DD) – RSMo Ch. 633**
- **Division of Administrative Services**

II. FY 2014 DMH Budget by Program Category

Budget Category	Amount	% Total	FTE
State Psychiatric Facilities	\$188 million	11.7%	3,702 FTE
MH Community Programs	\$375 million	23.3%	34 FTE
Medications	\$13 million	0.8%	0 FTE
DD Habilitation Centers	\$90 million	5.6%	2,656 FTE
DD Regional Offices/Community Support	\$34 million	2.1%	747 FTE
DD Community Programs	\$718 million	44.6%	15 FTE
Community ADA Services	\$133 million	8.3%	50 FTE
Administration-Dir. Office/ Divisions	\$16 million	1.0%	230 FTE
Other: (Fed. Grants, MH Trust Fund, Overtime Pool, Fed. revolving funds, etc.)	\$42 million	2.6%	11 FTE
TOTALS	\$1.609 billion	100.0%	7,445 FTE

- DMH generates \$295 million per year in reimbursements from Medicaid, Medicare, disproportionate share (DSH) and other third party pay.
- Approximately 50% of all DMH GR funding is used as match for DMH services funded through the Medicaid program.
- The DMH Administrative Budget has been reduced by 7% over the past three years.

DMH CONTRACTED SERVICES

- DMH contracts with over 1,800 provider agencies employing 30,000 people statewide.
- More than 95 percent of DMH's 170,000 consumers receive their services through local contracted community-based provider agencies.

STATE OPERATED SERVICES

PSYCHIATRIC SERVICES

7 hospitals for adults
 1 hospital for children
 1 residential treatment center for children

DEVELOPMENTAL DISABILITIES

5 state-operated habilitation institutions
 11 regional offices

State operated services include the Sex Offender Rehabilitation and Treatment Program (SORTS) for sexually violent predators. The main SORTS program is at Southeast Missouri Mental Health Center in Farmington, with a satellite program at Fulton State Hospital.

III. Program Changes and Critical Issues

DMH has highlighted two major program changes and three critical issues.

Program Changes	Critical Issues
<p>Health Homes/DM 3700 DD Partnership for Hope</p>	<p>Replace Fulton State Hospital Provider Rate Inequities Critical Clinical Staffing Shortages</p>

Program Changes: **Health Homes/DM 3700**

Missouri’s Health Homes models are designed to serve high risk/high cost Medicaid participants, emphasizing care management for multiple health conditions, including serious mental illness. The initiative is a collaboration of the DMH, MO HealthNet Division, and the Coalition of Community Mental Health Centers (CMHC) and Federally Qualified Health Centers (FQHC). Since January 2012, the 28 CMHCs have enrolled 16,611 adults, and 2,387 children in Health Homes. Results from the first years show reductions in hospitalizations and emergency room use; improvements in health issues such as diabetes, hypertension and cholesterol.

Missouri’s Health Homes initiative was preceded by DM 3700 – a similar collaborative effort that used intensive outreach by the CMHCs to high-risk, high-cost clients with serious medical problems complicated by mental illness, but, unlike the Health Home clients, were not enrolled in any mental health services. The project encourages the clients to enroll with a CMHC where they receive help managing their physical and mental health care needs. For the 2,287 persons who have been in the program for 12 months, there has been a 6.7 percent overall reduction in the healthcare costs. This equates to a \$247 reduction per member, per month, or \$6.77 million annually.

Key in reducing costs for both programs has been providing the individuals with a “healthcare home” that includes a primary care or behavioral health provider responsible for overall health

coordination, such as help scheduling and keeping medical care appointments, offering prevention and wellness opportunities and assistance following medical advice and complex medication regimens.

Many states are now developing comprehensive care models for their disabled populations. Missouri is considered the pioneer in this effort. These models emphasize aggressive outreach to patients reluctant to seek help, case management, care coordination and continuous review of health outcomes. Contracts with care management agencies, such as CMHCs and FQHCs, provide performance bonuses for reducing costs and achieving desired health outcomes.

Program Changes: DD Partnership for Hope

The Partnership for Hope set into motion a unique collaboration between local county developmental disability boards, the Missouri Department of Mental Health and the federal Medicaid program. The first of its kind in the nation, the Partnership for Hope delivers the additional services that traditional Medicaid programs do not include, such as dental coverage and employment support. It also helps with transportation, housing, technology, personal assistance as well as physical and behavioral health.

Historically, the state's limited resources were unable to keep up with the need for services creating a large backlog of Missouri families waiting for help. Because of the backlog, many families waited years to receive the services they needed. Priority had been given to individuals in crisis, such as persons who were homeless or whose primary caregiver had passed away. In many of these cases, residential or institutional treatment became the only option. This perpetuated a crisis-driven system with many eligible people on waiting lists for services in which only persons experiencing extreme emergencies could enter. Accessing services at the crisis point is very expensive and can cost \$300 or more per day for persons needing residential care.

With Partnership for Hope, the ultimate goal is to have every Missouri county participating and to eliminate the in-home waiting list for Medicaid eligible individuals needing developmental disability services. Highlights of Missouri's progress include:

- Partnership for Hope reaches individuals earlier, with far less costly services (capped at \$12,000 per-individual/per-year), allowing them to remain with their families, learn to live more independent and productive lives in their communities, and avoid costly out-of-home placement.
- The Partnership involves a new collaboration between local County Developmental Disability Boards (SB 40 Boards), the state, and the Federal Centers for Medicaid/Medicare (CMS). SB 40 Boards and the state equally match funding to draw down Federal Medicaid reimbursement for individuals in the program.
- The county boards locally select the people in the program. Services include in-home personal assistance, employment and career preparation, transportation, behavioral therapy, speech therapy, physical therapy, dental care, and other in-home services.
- 99 counties and the City of St. Louis currently participate in the Partnership, with one more county proposing to join. Funding is sufficient to serve at least 3,300 individuals in FY 2014.

The map on page 7 shows participating counties.

Critical Issues: Replacing Fulton State Hospital

1. Fulton State Hospital (FSH) serves:
 - 300 maximum and intermediate security severely mentally ill patients with violence histories in the Biggs Maximum Security Center and in one of the two FSH Guhleman Center buildings;
 - 75 patients in a Sexual Offender Treatment Services program (SORTS) in the other Guhleman building; and
 - 25 severe DD/MI patients with severe behavioral disorders at the Hearnese Center Complex.
2. Poor working conditions are causing DMH increasing difficulty in attracting/holding key clinical staff and direct care workers. Patient wards are dark, cramped and exceedingly noisy due to concrete walls and floors with inadequate space for treatment and vocational training. These cumulative factors create a dangerous environment for patients and staff.
3. While FSH has kept patient injuries low, staff injuries at FSH are high, with Workers Compensation claims the highest of any facility in the state (\$4 million). FSH Overtime is also very high (\$3.7 million) because of poor facility layouts and increasingly difficult patients requiring individualized staff coverage. DMH estimates that about half these costs are building-related based on its past experience in rebuilding other state hospitals.
4. DMH now draws \$50 million per year in Indigent Care (DSH) federal reimbursements for FSH. Doing so is conditioned on continuing to meet CMS certification standards, increasingly difficult in current facilities.
5. FSH served 471 psychiatric patients in FY 2010. Since then, DMH reduced the maximum and intermediate security psychiatric patient census to 300 by moving less dangerous patients to other state psych hospitals. All DMH state hospitals are now operating at full capacity. Without moving those patients, new FSH bed construction costs would have totaled \$340 million instead of the \$211 million now projected by OA-FMDC.
6. Reducing the FSH patient census also emptied one of the two Guhleman Center buildings to accommodate the growth of the SORTS program. Without this, the state would have been required to build a new \$70 million SORTS facility by 2012, based on OA-FMDC SORTS expansion construction estimates.
7. At current SORTS patient growth rates, DMH will again run out of SORTS space by the end of FY 2016. Even if construction of a new FSH psychiatric center is completed by FY 2019 and another 100 Guhleman Center beds are freed for SORTS use, DMH will still need to find temporary space for new SORTS patients until then.
8. The current inefficient and rapidly deteriorating FSH campus utilities grids also serve a DOC inmate substance abuse program and the School for the Deaf. The campus has experienced major power grid failure, a collapse of an underground sewer system, or a major water line malfunction five times in 2013.
9. The state has deferred \$73 million in maintenance for FSH during the last 10 years, hesitating to spend money on a deteriorated infrastructure and facilities that that would continue to be too expensive to maintain.
10. The Governor's recommendation calls for rebuilding FSH through an appropriations-backed bond.

Critical Issues: Provider Rate Inequities

Community-based services contracts comprise 80 percent of DMH's total budget yet serve over 95 percent of DMH consumers. Over the past 20 years contracted community provider reimbursement rates have lagged far behind inflation due to the state's failure to adjust provider rates each year. Providers struggle to meet costs for food, fuel, insurance and proper staffing.

- The information below shows how far contracted community providers have fallen below inflationary growth over the last 10 years:
 - **DBH Contracted Providers for ADA services** **25%**
 - **DBH Contracted Providers for MH services** **27%**
 - **DD Contracted Providers** **24%**
- The community-based agencies face daunting challenges in recruitment and retention of qualified staff in clinical and direct care positions. It is difficult for community providers to compete with the VA and other health care organizations in the private sector or even with state-operated services. Even in years where annual inflationary adjustments have been made, the costs of medicine, food, transportation and communication far exceeded the inflationary adjustments.
- Fiscal Year 2014 DD received \$8.9M in GR to start addressing provider rate issues. Funding was targeted to adjust contract providers with the lowest rates for individuals with similar Rate Allocation Scores. The Support Intensity Scale (SIS) was used to develop Rate Allocation Scores for individuals. Funding was distributed to contract providers with the lowest rates serving individuals with similar support needs.

Critical Issues: Critical Clinical Staffing Shortages

Missouri state-operated facilities and contracted providers are experiencing extreme shortages in clinical staff such as psychiatrists, nurses, psychologists, social workers, and behavioral analysts. Behavioral difficulties of the patients and poor working environments result in high levels of employee injuries. Public sector salaries fall 30% or more below private health care industry salaries.

- Mental health salary and retirement benefits offered for clinicians are no longer competitive, nor are recruitment and retention benefits or college tuition payback strategies.
- Turnover/vacancy rates of DMH facilities are more than double the national and state averages for nurses and other professional staff.
- In July 2012, the average RN vacancy rate at DMH psychiatric facilities was 15% with four of its facilities at a rate of 20% or higher. In FY 2013, the vacancy rate at Fulton State Hospital has been 35% or higher.

