



Financial Realignment of Virginia's Public Behavioral Health System

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Interim Commissioner

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and Developmental Services

The Behavioral Healthcare (BH) Landscape



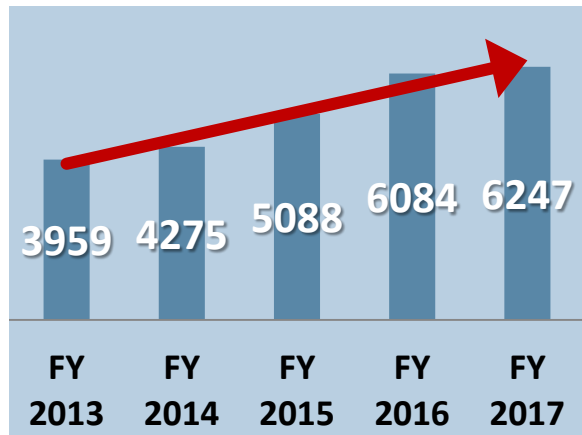
- BH issues drive up to 35% of medical care costs.
- Care for people with BH disorders costs up to 2-3 times as much as those without such disorders.
- State hospital capacity average: 15 beds per 100,000 people.
- **National average of state spending on hospitals = 23% of overall BH budget.**
- **National average of state spending on community = 75% of overall BH budget (~\$89 per capita, 2013).**
- From 2009-2012, 12 states closed 15 state mental health hospitals.



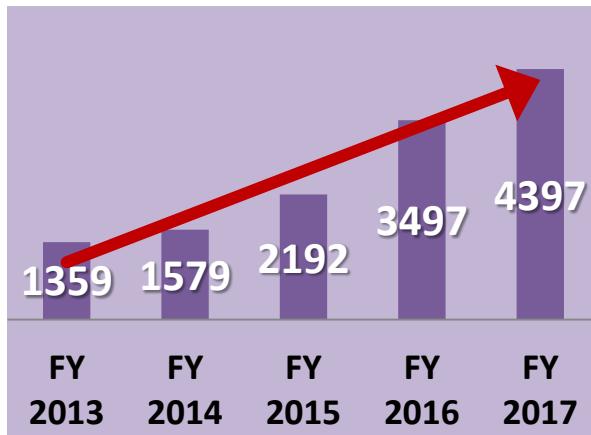
- In 2013, VA was 31st in non-Medicaid GFs for BH at \$92.58 per person. Median (Ohio) was \$100.29 per person.
- Roughly 50% of GF dollars for BH supports 3% of persons served.
- State Hospital Capacity: 17.3 beds per 100,000 people.
- **Virginia spending on hospitals = 49% of overall BH budget in FY18.**
- **Virginia spending on community = 48.5% of overall BH budget, FY18 (\$47 per capita, 2013).**
- Average 200 individuals ready for discharge in VA's mental health hospitals.
- VA has never closed a MH hospital.

Hospital Admissions and Discharges

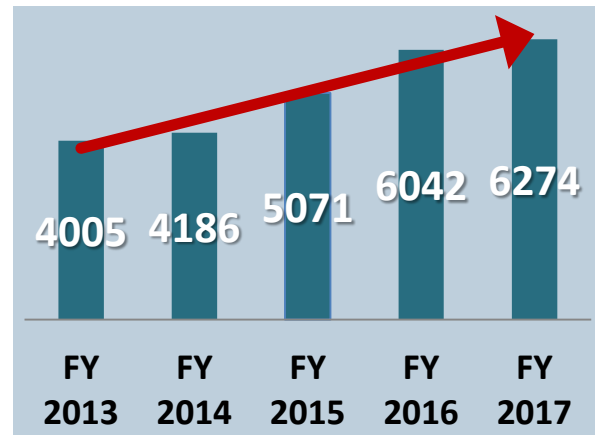
**Total State Hospital
Admissions, FY13 - FY17**



**Total TDO Admissions,
FY13 - FY17**

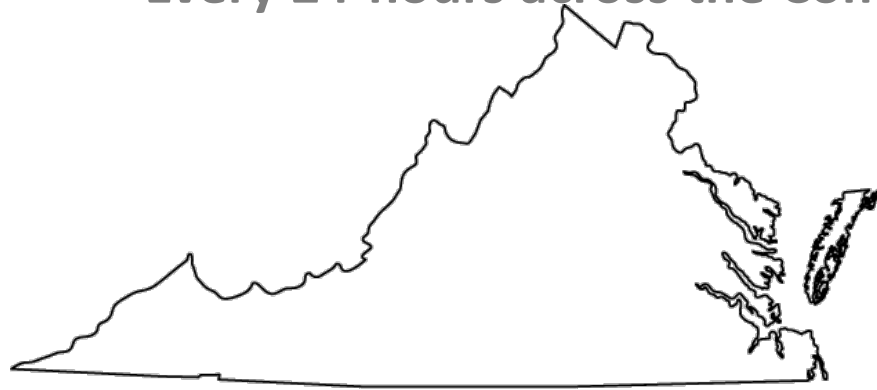


**Total State Hospital
Discharges FY13 - FY17**



Emergency Evaluations and Temporary Detention Orders

Every 24-hours across the Commonwealth there are:



256
**EMERGENCY
EVALUATIONS
CONDUCTED**

71
**TEMPORARY DETENTION
ORDERS (TDOs) ISSUED**

Year	Number of Crisis Evaluations	Number of TDOs	% of Evaluations Leading to TDOs	TDOs Admitted to Private Hospitals
FY 2015	83,701	24,889	29.7%	(91.2%) 22,687
FY 2016	96,041	25,798	26.8%	(86.5%) 22,322
FY 2017	93,482	25,852	27.7%	(84.6%) 21,861
Of note:	• Oct. 2017, Western State – 69% of civil TDOs had insurance. • July 2017, N. VA Mental Health Hospital – 52% of admissions had insurance.			

State Hospital Utilization FY 2014 and FY 2017

(1st Day of the Month Census)

	CH	CSH	ESH	NVMHI	PGH	SVMHI	SWVMHI	WSH	Average
FY 2014	86%	66%	88%	97%	90%	93%	92%	86%	87%
FY 2017	94%	86%	100%	86%	97%	90%	94%	95%	93%

55-69%

70-84%

85-99%

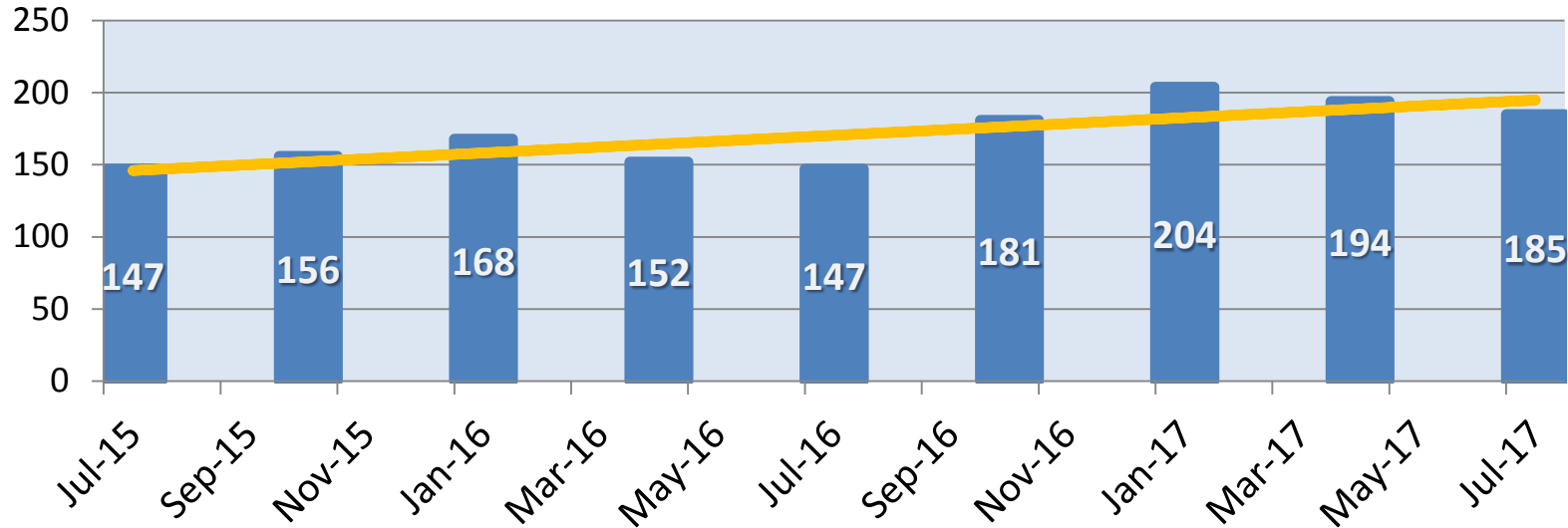
100%+

A utilization rate of **85%** or lower is safest for both patients and staff

Hospital Challenges – Extraordinary Barriers to Discharge List (EBL)

In August 2017, there were **179** individuals in state hospitals who have been clinically ready for discharge for more than 14 days but appropriate community services are not available to facilitate a safe discharge. This is 13 percent of the total statewide census.

Number of Individuals on the EBL



Workforce Challenges

- Direct care staff turnover is the highest in 10 years, a huge issue for state hospital census management.

State Hospital Staffing Vacancy Rates – August 2017

	CAT	CSH	CCCA	ESH	NVMHI	PGH	SVMHI	SWVMHI	WSH
Direct Care DSAs	18%	10%	19%	30%	7%	35%	11%	6%	0%
Direct Care RNs	26%	24%	50%	27%	14%	39%	12%	12%	27%

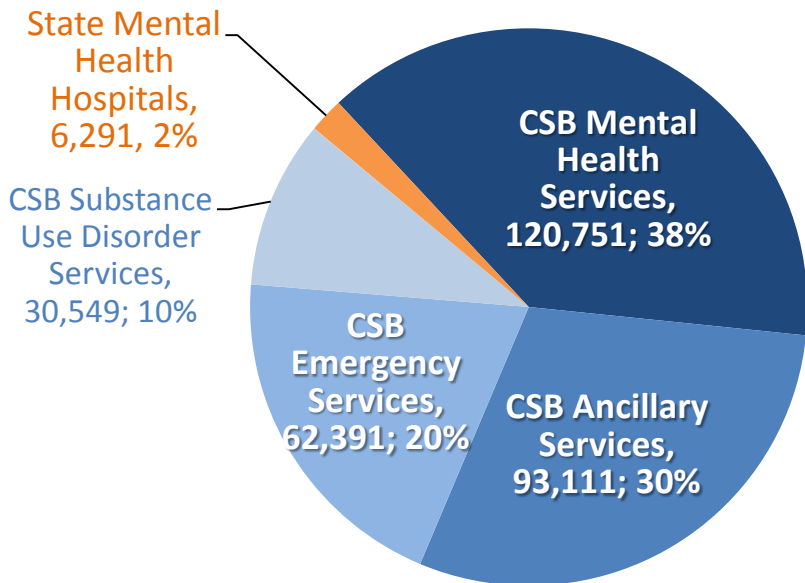
- The average salary trails the national market. Hospitals are facing staffing shortages and overtime is increasing as a result.
- RN vacancy rate across nine hospitals is 25.7%; Direct care vacancy rate is 16.8%.
- CSBs are losing case managers to the Health Plans who are paying \$10-15,000 more with other incentives. "Pay not equal to workload" was among the top five reasons cited for leaving a case management position.

RN = Registered nurse

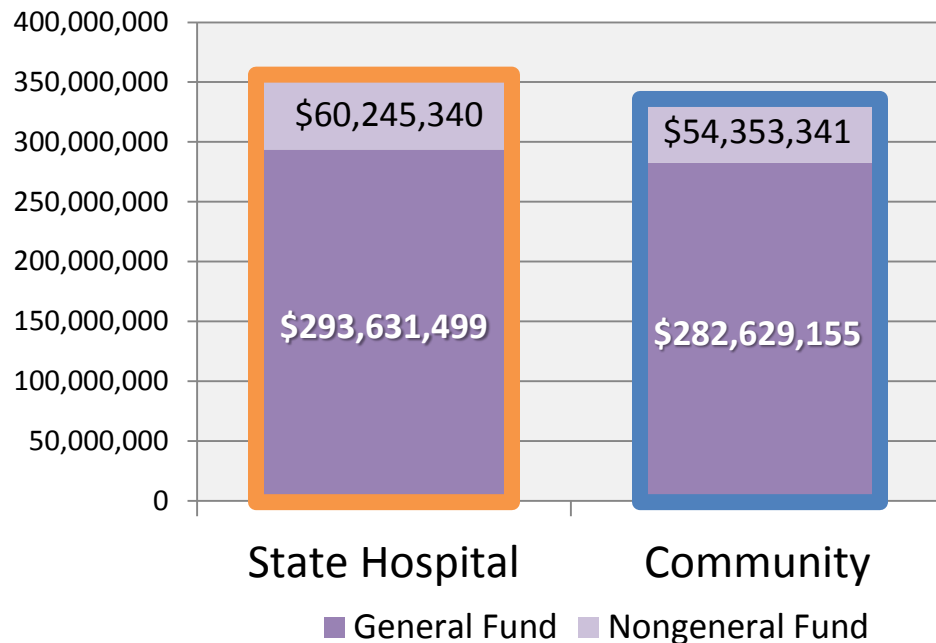
DSA = Direct service associate

Virginia's Behavioral Health Services (FY 2017)

Individuals Served - Hospital & Community



Spending - Hospital & Community



State Hospital Budgets (FY 2018)

Hospital	FY 2018 GF Appropriation	FY 2018 NGF Appropriation	FY 2018 Base Operating Plan
Central State (CSH)	\$63,886,054	\$380,063	\$64,278,117
Eastern State (ESH)	\$68,620,257	\$2,357,166	\$70,977,423
Southwestern VA (SWVMHI)	\$32,360,705	\$6,488,164	\$38,848,869
Western State (WSH)	\$51,882,545	\$6,363,140	\$58,245,685
Commonwealth Center for Children & Adolescents (CCCA)	\$9,921,263	\$3,614,326	\$13,635,589
Catawba	\$14,297,435	\$10,335,302	\$24,632,737
Northern VA (NVMHI)	\$28,639,650	\$3,026,310	\$31,665,960
Piedmont Geriatric (PGH)	\$8,967,073	\$21,226,378	\$30,193,451
Southern VA (SVMHI)	\$14,928,391	\$1,789,217	\$16,717,608
TOTAL	\$293,503,373	\$55,580,066	\$353,791,855
Four Largest State Hospitals (CSH, ESH, SWVMH, WSH)	GF Appropriation		% of Total GF Appropriation
	\$216,749,561		74%

Last fiscal year, state hospitals generated \$50.9M in Medicaid of which half (\$25.4M) was a state general fund commitment.

Housing and Community Integration Services (FY 2014 – FY 2017)

	FY 2014 (Actuals)	FY 2015 (Actuals)	FY 2016 (Actuals)	FY 2017 (Actuals)
Local Inpatient Purchase of Services (LIPOS)	\$8.4M	\$8.5M	\$10.9M	\$10.9M
Discharge Assistance Planning (DAP)	\$20.5M	\$22M	\$27.4M	\$29.9M
Crisis Stabilization	\$15.6M	\$15.5M	\$15.6M	\$15.6M
Permanent Supportive Housing	\$0	\$0	\$2.1M	\$4.3M
Total	\$44.5M	\$45.9M	\$56M	\$60.6M

Cost of Business as Usual

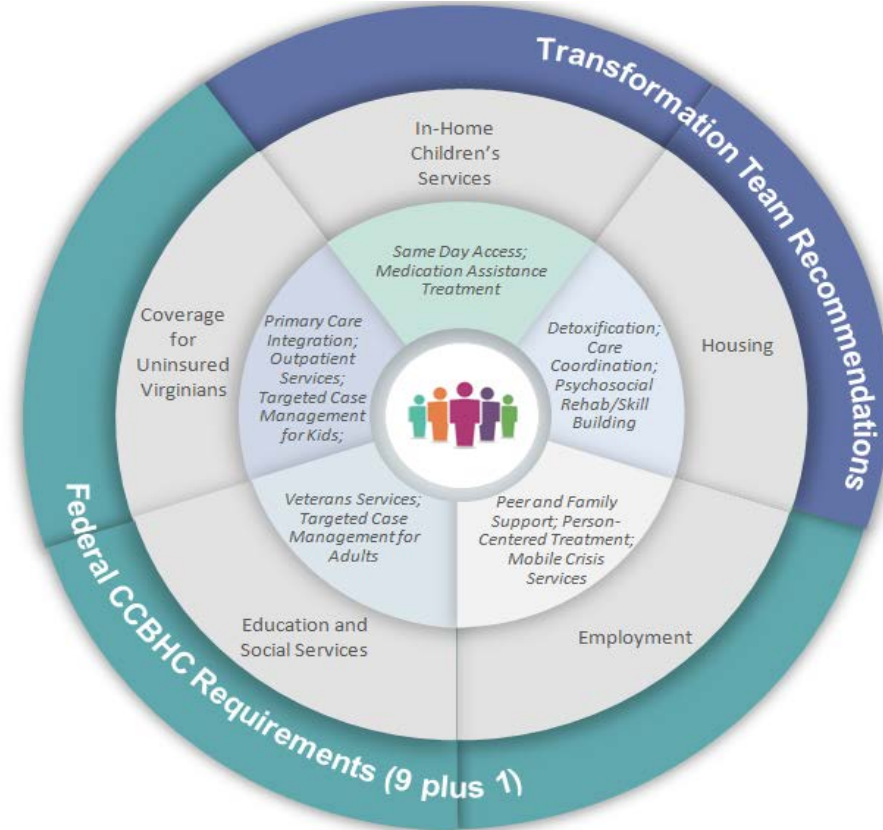
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
Business as Usual	Maintain Current 1418 Beds			Add 56 Beds at Western State Hospital (WSH)		1474 Beds	
Census*	1347	1375	1404	1432	1460	1489	1516**
Utilization	95%	97%	99%	97%	99%	101%	103%
Staffing Cost		\$5.8M	\$6.2M	\$6.2M	\$6.2M	\$6.2M	\$6.2M
Discharge Assistance Planning (DAP)/Local Inpatient Purchase of Services (LIPOS) Cost		\$4.9M	\$9.8M	\$14.7M	\$19.6M	\$24.5M	\$29.4M
Staffing for 56-Bed WSH		\$1.4M	\$6.2M	\$8.3M	\$8.3M	\$8.3M	\$8.3M
Permanent Supportive Housing (PSH) Cost		\$3M	\$6M	\$9M	\$12M	\$15M	\$18M

* Census projections are based on the 2% per year growth experienced since “last resort” legislation went into effect in FY 2014: FY 2014 = 87%; FY 2017 = 93%.

** FY 2024: Demand decreases IF outpatient services, permanent supportive housing and crisis services for STEP-VA are all fully implemented.

System Transformation, Excellence and Performance in Virginia (STEP-VA)

- Infuses the services to better manage symptoms, negotiate employment, manage time, develop and maintain relationships, and negotiate other real life problems in daily living.
- Reduces the demand for psychiatric and medical hospitalization.
- Addressing demand for state hospitals cannot be fully accomplished by implementing STEP-VA.
- Through STEP-VA and by expanding housing to target discharge-ready individuals in state hospitals, Virginia's imbalanced system shifts to stronger community services and more integrated housing and supports, more in line with other states.



Implementation Dates for STEP-VA Services Required by VA Code (2017)

STEP-VA Service	GA Implementation <i>Code</i> Requirement	Funds Allocated
Same Day Access	July 1, <u>2019</u>	2017: \$4.9M GF / \$4M NGF (GAP); only covers 18 of 40 CSBs
Primary Care Integration	July 1, <u>2019</u>	—
Behavioral Health Crisis Services	July 1, <u>2021</u>	—
Outpatient Behavioral Health	July 1, <u>2021</u>	—
Psychiatric Rehabilitation	July 1, <u>2021</u>	—
Peer/Family Support Services	July 1, <u>2021</u>	—
Veterans Behavioral Health	July 1, <u>2021</u>	—
Care Coordination	July 1, <u>2021</u>	—
Targeted Case Management (Adults and Children)	July 1, <u>2021</u>	—

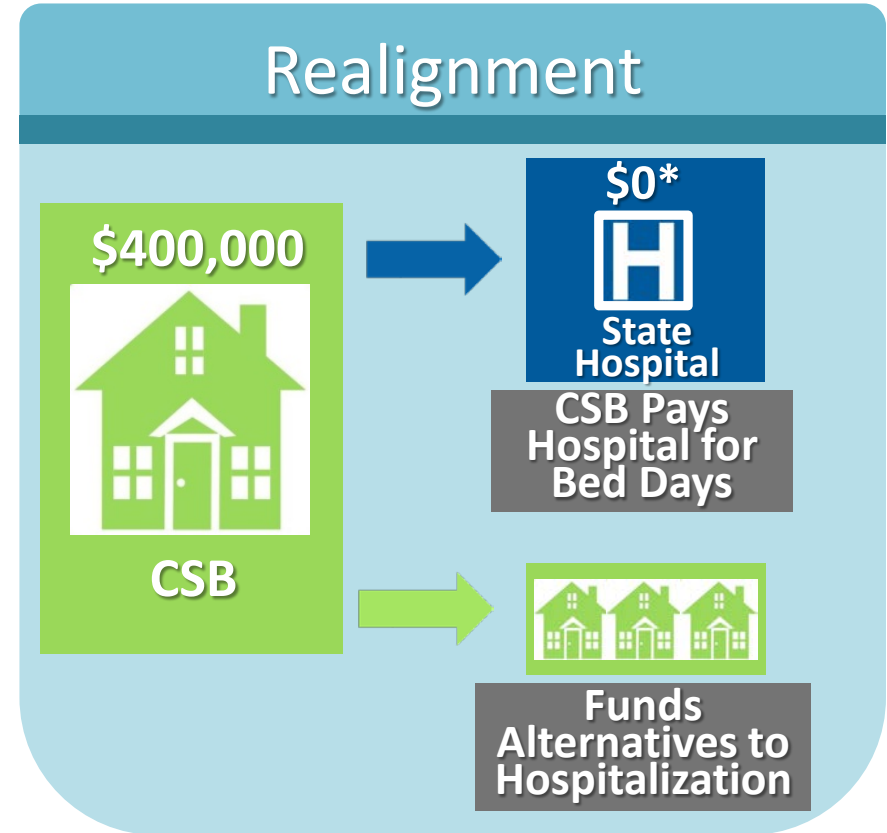
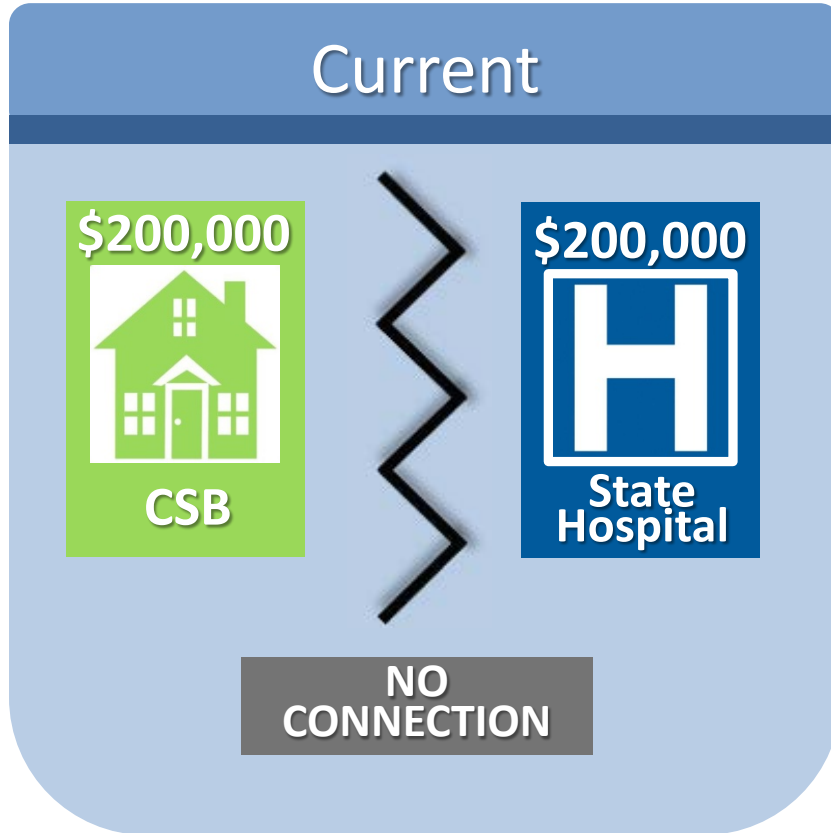
General Assembly Requirement for Financial Realignment Plan

This plan shall include (Item 284 E.1.):

- i. a timeline and funding mechanism to eliminate the extraordinary barriers list and to maximize the use of community resources for individuals discharged or diverted from state facility care;*
- ii. sources for bridge funding, to ensure continuity of care in transitioning patients to the community, and to address one-time, non-recurring expenses associated with the implementation of these reinvestment projects;*
- iii. state hospital appropriations that can be made available to CSBs to expand community mental health and substance abuse program capacity to serve individuals discharged or diverted from admission;*
- iv. financial incentive for CSBs to serve individuals in the community rather than state hospitals;*
- v. detailed state hospital employee transition plans that identify all available employment options for each affected position, including transfers to vacant positions in either DBHDS facilities or CSBs;*
- vi. Legislation/Appropriation Act language needed to achieve financial realignment; and*
- vii. matrices to assess performance outcomes.*

The plan is due December 1, 2017

Realignment Concept



CSB Summary of Identified Needs

In July 2017, DBHDS requested that CSBs identify strategies and resources for reducing state hospital utilization.

Crisis Services

Crisis stabilization and detoxification units, mobile crisis teams, expanded contracts with private hospitals

Housing

Permanent supportive housing, transitional supervised living homes, intensive residential settings, assisted living facilities

Services and Supports

In-home supports, jail based services, clinical support for nursing homes, discharge planning for private hospitals, increased use of peer support services, case management, outpatient therapy, PACT teams, psychosocial programming, and increased access to outpatient psychiatry

FY 2019 – Year One – Community Integration Plan

Year One Goal – Build alternatives to state hospital placement.
Projected Results – 178 discharges; Reduce the EBL from 170 to 117.

Implement a community integration plan to prepare for financial realignment:

- Develop new supervised living homes and assisted living facilities attached to permanent supportive housing. This facilitates transitions to integrated placements and makes room for more discharges. Leads to 104 discharges.
- 50 additional discharge assistance slots (DAP) leads to 50 discharges.
- Develop four safe and appropriate transitional supervised living homes specifically for the individuals who have been found Not Guilty by Reason of Insanity (NGRI) and are court-determined to be ready for discharge. Leads to 24 discharges.
- Begin a standard utilization review process to ensure that individuals in state hospitals who no longer meet continued stay criteria are promptly identified.

FY 2020 – Year Two

Year Two Goal: Finalize bed utilization targets and funding distribution.
Projected Results – 144 discharges; Reduce the EBL from 117 to 88.

- Continue community integration plan: leads to 70 discharges through supervised and assisted living, 24 through NGRI homes, 50 more through DAP
- Transition to continued stay criteria from EBL.
- Complete implementation of standardized reporting related to utilization.
- Bed reduction targets will be based on factors including the utilization of state hospitals per 100,000 population, ADC, access to private hospitalization, regional/geographic factors, and judicial practices.
- DBHDS approval of community capacity options developed by CSBs or regions.
- Finalize reimbursement/refund procedures based on bed utilization.
- Finalization of any further *Code*/regulatory changes required for financial realignment to include precluding local funds from being used to support state hospital care.

FY 2021 – Year Three

End of Year Three Goal – Reduce the state hospital average daily census (ADC) by 80.

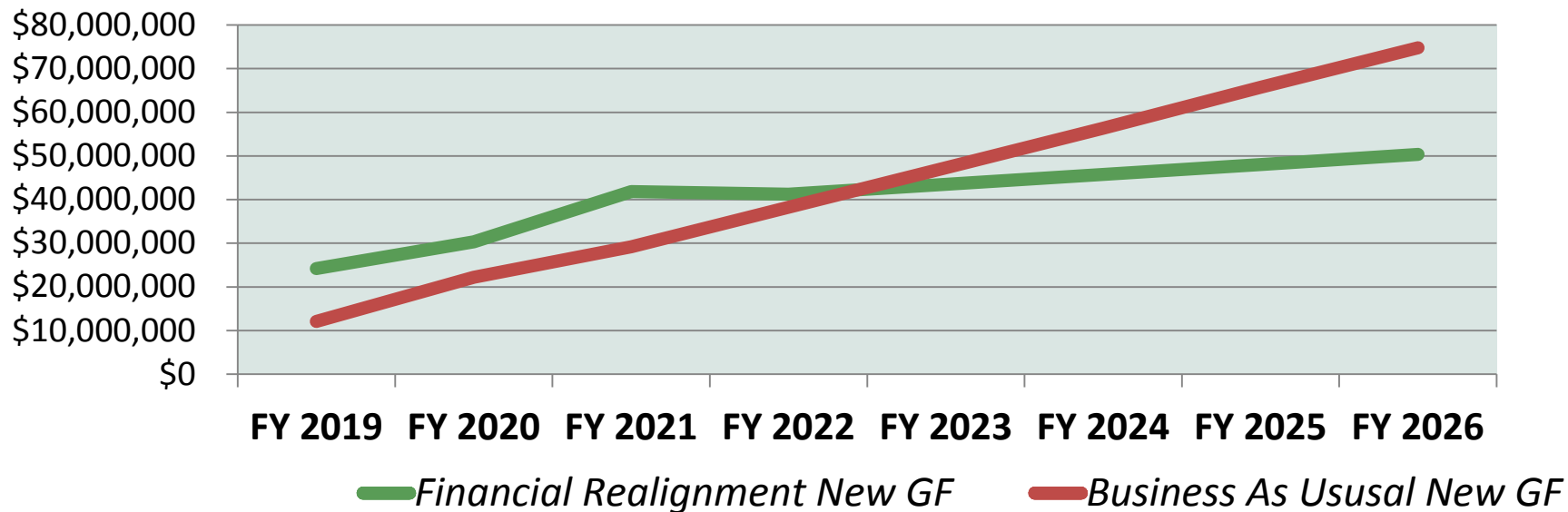
- Community integration plan is ongoing.
- Financial Realignment Start-Up: Based on plans approved by DBHDS in FY 2020, CSBs and/or Regions begin building needed services, may include:
 - new assisted living facilities,
 - crisis stabilization units,
 - contracting with private providers when necessary.
- Standardized utilization review and monthly report processes will continue.
- Census reduction achieved by end of fiscal year.

FY 2022 – Year Four

Year Four Goal – Implement full realignment.
Projected Results – Reduce and maintain census at ADC of 1,280 vs *current* projection of 1,460 for FY 2022.

- Bed utilization targets established for each CSB. Targets will be converted to a monthly utilization target for each CSB.
- The payment for bed day based on non-fixed costs of hospital care.
- Bed utilization above the monthly target will result in the CSB being billed for the days utilized above the target. Bed utilization below the monthly target will result in a “refund” from the state hospital.
- Add provisions to the performance contract between DBHDS and the CSBs to preclude local funds from being used for state hospital bed purchase.

Cost of Financial Realignment vs. Business as Usual



	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Business as Usual GF	\$12.0M	\$22.2M	\$29.2M	\$38.3M	\$47.3M	\$56.4M	\$65.7M	\$74.8M
Realignment GF	\$24.2M	\$30.4M	\$41.8M	\$41.2M	\$43.5M	\$45.8M	\$48.0M	\$50.3M

Impact on Business as Usual

- Reduces the number of hospitalized individuals no longer needing a hospital level of care and decreases the amount of time individuals wait on the EBL.
- Helps build placement and support capacity in the community system, and addresses infrastructure critical to making STEP-VA services successful.
- Reduces state hospital utilization closer to best practice rate of 85%.
- Changes the determination of the number of beds required in state hospitals to be by actual need rather than history or “guesstimates.”
- Avoids spending similar amounts of money over the next 5-6 years on more hospital beds/staff to the impediment of building community capacity.
- Introduces managed care principles: financial support of appropriate service/cost, utilization review with continued stay criteria, multiple data points to monitor performance/make adjustments.

Age of Facility Structures

Facility and Building	Avg. Age	0-10 yrs.	11-20 yrs	21-30 yrs	31-40 yrs	41-50 yrs	51-60 yrs	61-70 yrs
Catawba Hospital	64 yrs							
Central State Hospital	56 Yrs							
Commonwealth Center for Children and Adolescents	21 Yrs							
Eastern State Hospital	10/56 Yrs	treatment	support buildings					
Hiram W. Davis Medical Center	43 Yrs							
Northern Virginia Mental Health Institute	21/52 Yrs	addition			original building			
Piedmont Geriatric Hospital	68 Yrs							
Southeastern Virginia Training Center	5 yrs.							
Southern Virginia Mental Health Institute	47 Yrs							
Southwestern Virginia Mental Health Institute	26/71 Yrs	treatment			support			
Western State Hospital	4 Yrs.							
Virginia Center for Behavioral Rehabilitation	9 Yrs.							

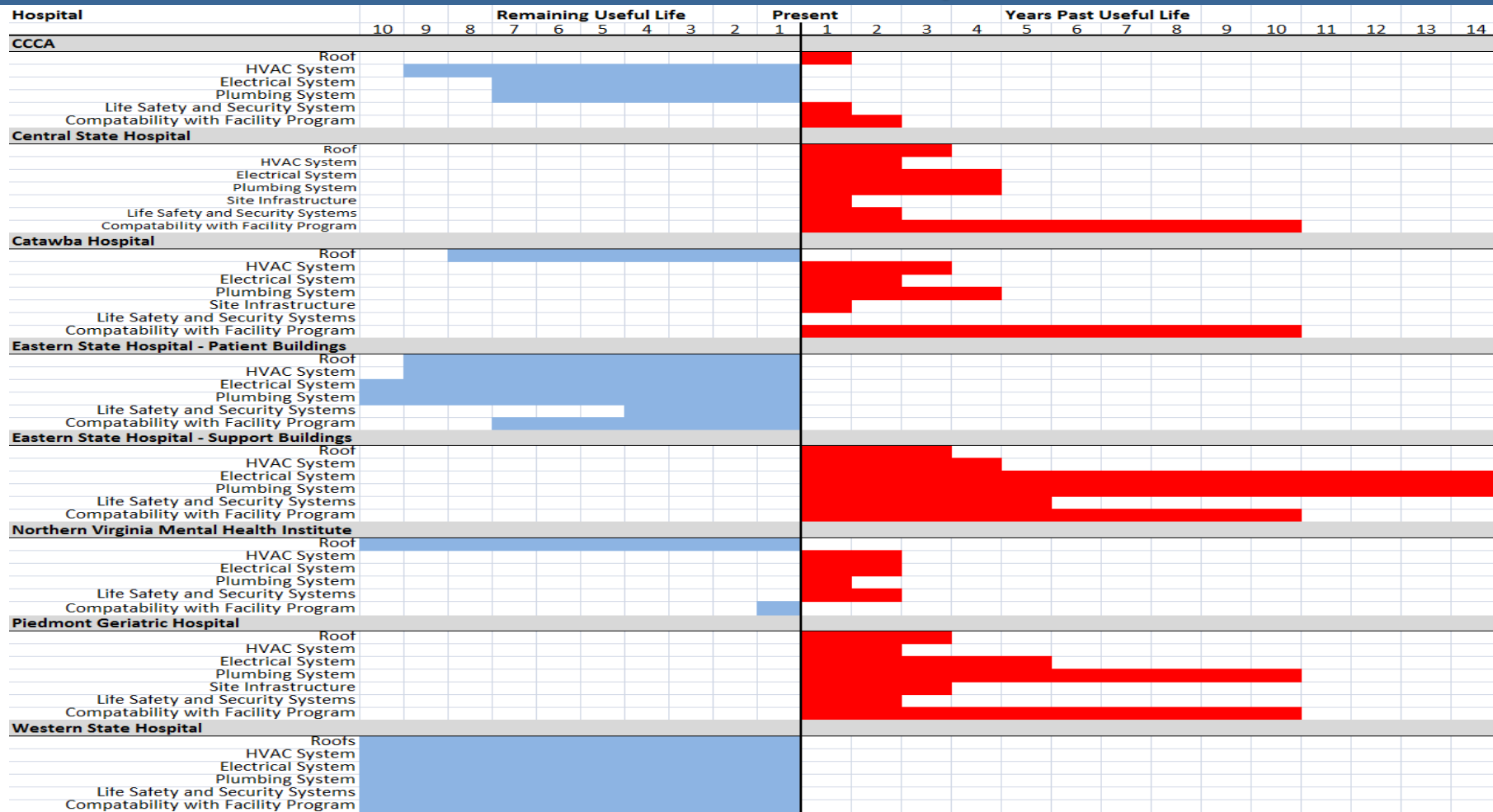


Less than 20 years old

Over 20 but less than 30

Over 30- needs renovation or replacement

Useful Life Analysis



Central State (CSH) vs Western State (WSH)



View from a **CSH** civil unit's nurses' station into a patient dayroom. The building's archaic design provides little natural light or outdoor views. Blind spots and bad sightlines pose a significant safety risk. Conversely, therapeutic design can impact recovery and reduce aggression.



WSH Team Centers offer a view of the ward including all dayrooms and down each corridor of the unit. Hallways provide clear sight lines for staff and a secure way for patients to move from the wards to the treatment malls and commons areas. It is light-filled and inviting.