The Department of State Hospital's (DSH) proposed budget for Fiscal Year (FY) 2020-21 totals $2.1 billion, a decrease of $141,773,000 (-3%) from the FY 2020-21 Governor's Budget, with a decrease of 314.5 positions.

COMPARISON

FY 2020-21 Governor's Budget vs. FY 2020-21 May Revision

(Dollars in Thousands)

FUNDING SOURCE	FY 2020-21 Governor's Budget	FY 2020-21 May Revision	Difference	% Change
General Fund (0001)	**$2,073,628**	**$1,932,888**	**($140,740)**	**-7%**
Lease Revenue Bond (Ref 003)	**$40,618**	**$40,618**	**$0**	**0%**
State Hospitals	$40,618	$40,618	**$0**	**0%**
Support Funds (Ref 011)	**$2,030,588**	**$1,889,848**	**($140,740)**	**-7%**
Administration	$250,504	$201,289	**($49,215)**	**-20%**
State Hospitals	$1,588,235	$1,524,657	**($63,578)**	**-4%**
CONREP	$51,118	$51,118	**$0**	**0%**
Contracted Patient Services	$117,316	$89,369	**($27,947)**	**-24%**
Evaluation & Forensic Services	$23,415	$23,415	**$0**	**0%**
Support HIPAA (Ref 017)	**$1,322**	**$1,322**	**$0**	**0%**
Administration	$1,322	$1,322	**$0**	**0%**
Non- Budget Act (Ref 502)	**$1,100**	**$1,100**	**$0**	**0%**
Medicare- State Hospital	$1,100	$1,100	**$0**	**0%**
Lottery Fund (0814)	**$42**	**$42**	**$0**	**0%**
State Hospitals	$42	$42	**$0**	**0%**
Reimbursements (Ref 511)	**$176,615**	**$175,582**	**($1,033)**	**-1%**
Administration	$3,412	$3,412	**$0**	**0%**
State Hospitals	$173,203	$172,170	**($1,033)**	**-1%**
TOTALS	**$2,250,285**	**$2,108,512**	**($141,773)**	

FUNDING SOURCE	FY 2020-21 Governor's Budget	FY 2020-21 May Revision	Difference	% Change
General Fund (0001)	**$229**	**$9,428**	**$9,199**	**4017%**
Capital Outlay	$229	$9,428	**$9,199**	**4017%**
Public Bldgs Construction (0660)	**$0**	**$0**	**$0**	**0%**
Capital Outlay	$0	$0	**$0**	**0%**
TOTALS	**$229**	**$9,428**	**$9,199**	

SUPPORT BUDGET

The May Revision's Budget reflects a net decrease of $141,773,000 in General Fund (GF). The following provides specific detail of proposed budget adjustments from the 2020-21 Governor's Budget.

BUDGET CHANGE PROPOSALS

Since the release of the Governor's 2020-21 Proposed Budget, California, our nation, and the world have been impacted by the COVID-19 pandemic. In response to COVID-19, DSH has prioritized its efforts towards preparation and response to the pandemic. This pandemic has not only affected many lives but has had serious economic impacts across California. As a result, California is facing a significant General Fund deficit. As such, several of DSH's budget proposals presented in January have either been revised or withdrawn in the May Revision as detailed below.

Budget Change Proposals ($50.6 million and 36.3 positions in 2020-21)

Revised Proposals:

- *Electronic Health Record (EHR) with Clinical Assessments, Reports and Evaluation System-Phase 2 ($2.4 million and 4.0 positions in 2020-21, $3.2 million and 8.0 positions in 2021-22, and $6.1 million and 18.0 positions in 2023-24 and $3.5 million and 18.0 positions in 2024-25 and ongoing)*

  Reflecting an extension in the project timeline, the proposal has been revised to 4.0 permanent positions in FY 2020-21 and 18.0 permanent positions phased in across a three-year period to continue planning and procurement of the EHR component of DSH's "Continuum" health care product. Continuum is the product which encompasses the major DSH patient care components, including patient primary care, forensic behavioral health, laboratory services, pharmaceuticals, radiology and dental care. The request will support the completion of activities required by the State's Project Approval Lifecycle (PAL) Stage Gates 3 and 4, which includes procurement of the solution. The estimated timeline for full implementation of this project has shifted from January 2024 to September 2026.

- *Pharmacy Modernization – Phase 2 ($928,000 in 2020-21, $5.6 million in 2021-22, and $1.2 million in 2022-23 and $823,000 ongoing)*

  The schedule for this project to support the pharmacy modernization implementation at the state hospitals has been revised and funding adjusted accordingly. The revised proposal will fund consulting staff, software and equipment required to implement the Pharmacy Modernization project with the first hospital implementation estimated to begin in October 2020 and the last hospital estimated for completion in FY 2022-23. Pharmacy Modernization consists of an inventory control system, unit dose repackaging equipment, automated drug dispensing equipment, controlled medication security equipment, standardized patient specific medication billing and data integration. In addition, the project will rearchitect the existing pharmacy application environment to accommodate the new pharmacy systems.

- *Statewide Roof Repairs and Replacement ($26.7 million and 1.0 position in 2020-21 and $129,000 and 1.0 position ongoing)*

  This proposal has been reduced to replace the three most critical roofs that have well exceeded their useful life expectancy including one roof replacement project at DSH-Metropolitan, one at DSH-Napa, and one at DSH-Patton. Additionally, the proposal includes 1.0 Associate Governmental Program Analyst (AGPA) to provide project management oversight, including ongoing monitoring, tracking and reporting on the statewide roofing funding and ongoing maintenance program.

- *Mission-Based Review–Treatment Team and Primary Care ($9.4 million and 36.3 positions in 2020-21, $37.7 million and 149.9 positions in 2021-22, $49.7 million and 198.6 positions in 2022-23, $57.5 million and 228.6 positions in 2023-24 and $64.2 million and 250.2 positions in 2024-25 and ongoing)*

  This proposal has been revised to phase in across a five-year period, to support the workload of providing psychiatric and medical care treatment to patients committed to DSH. The revised proposal prioritizes the primary care and medical leadership positions in FY 2020-21. Implementation of other components of this proposal including treatment team positions, trauma-informed care, and discharge planning resources are delayed beginning implementation in FY 2021-22. The proposal uses data-informed methodologies for standardizing caseload for DSH's interdisciplinary treatment team and primary care, resulting in an increase in the number of treatment teams and primary care physicians in the state hospitals. This will improve patient outcomes, result in shorter lengths of stay, and reduce patient violence and staff injuries.

- *Statewide Ligature Risk Special Repair Funding ($5.3 million in 2020-21 and 2021-22, $8.4 million in 2022-23 and 2023-24; and $15.4 million in 2024-25 through 2026-27)*

  Proposes funding implemented across seven years to mitigate ligature risks within four of The Joint Commission (TJC) accredited state hospitals. This is necessary to meet standards for acute psychiatric hospitals required by the Centers for Medicaid and Medicare Services (CMS), and to maintain TJC accreditation at these four state hospitals. This proposal has been revised to focus on the high-risk ligature areas in the first five years and defer lower risk area to later years.

- *Statewide Integrated Health Care Provider Network (HCPN) ($3.2 million in 2020-21, $2.2 million in 2021-22, and 2022-23, and $1.4 million in 2023-24 and ongoing)*

  This proposal has been revised to delay implementation to January 2021. It includes funding to develop and implement a contract for a Statewide Integrated Health Care Provider Network HCPN (The Network), including prior authorization (PA) and third-party administration (TPA) services to support continuity of care and provide stable and timely access to specialty, quality medical services for patients, at an affordable cost. Of the amount proposed, $1.4 million are ongoing per-claim costs for processing claims, maintaining the provider network and the PA tool. The proposal includes two-year temporary funding for these ongoing costs until potential cost savings can be quantified and actualized.

- *Relocation to the Clifford L. Allenby Building – Phase 2 ($3.3 million in 2020-21)*

  This is a joint proposal with the California Health and Human Services Agency (CHHS), Department of Developmental Services (DDS) and DSH to provide the services and equipment necessary for occupancy of the new Clifford L. Allenby building that are not funded through the capital outlay project. This augmentation is required for move activities and includes funding for costs to relocate staff and operations to the new Clifford L. Allenby Building located at 1215 O Street in Sacramento in January 2021. This proposal has been reduced to reflect anticipated reduction in space needs due to ongoing operational changes resulting from COVID-19 and through plans to transfer existing IT equipment to the new building and with deferral of equipment refreshes and purchase of energy savings equipment that were originally proposed.

Withdrawn Proposals:

- *Quality Improvement and Internal Auditing, Monitoring, Risk Management and Hospital Support ($0)*

  This proposal would have strengthened DSH's Statewide Quality Improvement Division (SQID) and support Standards Compliance (SC) and Quality Improvement (QI) operations that include systemwide coordination, conduct and monitoring of clinical compliance audits, quality assurance plan development, policy development and implementation, plans of correction to oversight agencies, licensing and accreditation survey preparation, risk mitigation. It also would have increased resource for the Office of Audits (OOA) for ongoing independent, objective financial and operational compliance audits, and performance audits. DSH will continue to prioritize mission critical activities of this division within existing resources.

- *Cooperative Electronic Document Management System (CEDMS) Implementation ($0)*

  This was a joint proposal with CHHS, DDS and DSH to support the CEDMS implementation for all three entities moving to the Allenby building by January 2021. This project leveraged the existing DDS legacy Document Management System (DMS) used by the DDS Developmental Centers. The project has been put on hold with the California Department of Technology until such time as funding resources may become available. By placing the project on hold, the departments have the option to resume the project at a later date without starting at Stage 1 Business Analysis, preserving project planning efforts invested to date. As an alternative to this proposal, the departments will evaluate their records retention practices and identify opportunities to maximize records archive and retrieval. Additionally, the departments will continue to evaluate strategies to reduce their production of paper records to the extent possible.

- *Increase Resources for Regulation Promulgation ($0)*

  Proposed 3.0 limited term resources and funding to promulgate mission critical regulations. This proposal has been withdrawn due to economic impacts to the General Fund from COVID-19 pandemic. DSH will continue to process mission critical regulations within existing resources while prioritizing those that are most critical.

- *Disaster, Preparedness, Response Recovery (-$535,000 and -5.0 positions in 2020-21 and ongoing)*

  The 2019-20 Budget Act provided increased resources for DSH to augment its disaster preparedness, response and recovery efforts. DSH had not yet fully implemented this proposal. DSH will continue to perform disaster preparedness, response and recovery efforts within its existing resources at the hospitals and coordinated by the one position in DSH-Sacramento that is proposed to be retained. DSH proposes to retain the funding for critical increased telecommunications equipment and other disaster preparedness contracts and services that were included in the 2019-20 Budget Act.

ENROLLMENT, CASELOAD AND POPULATION

DSH continues to experience a growth in referrals of patients to its programs. As of May 5, 2020 DSH, has a total of 1,391 patients pending placement, of which 1,022 are Incompetent to Stand Trial (IST). Due to the economic impacts of COVID-19 on California's General Fund, and DSH's focus on COVID-19 response, the enrollment, caseload and population estimates have either been revised or withdrawn accordingly from the original estimates in Governor's Budget.

State Hospital Estimate (-$34.6 million in 2019-20; -$36.9 million 2020-21)

Revised Estimates:

- *Lanterman-Petris-Short (LPS) Population Services Adjustment (-$1.03 million in 2020-21 and ongoing)*

  Reflects a decrease in reimbursement authority of $1,033,041 the 2020-21 Governor's Budget in FY 2020-21 and ongoing to reflect updated projected LPS collections of $165,849,514.

- *DSH-Metropolitan Increase Secured Bed Capacity (-$26.5 million in 2019-20; -$6.8 million in 2020-21)*

  To provide additional capacity to address the ongoing system-wide forensic waitlist with a particular focus on the continuing IST waitlist, this expansion at DSH-Metropolitan is the final phase of a project started in the Budget Act of 2016. As of the May Revision, DSH anticipates further delay in the remaining three unit activations. These delays are due to unforeseen construction delays and COVID-19 impacts. As a result, DSH will yield a reduction of 171.3 positions and $26.5 million in 2019- 20 and a reduction of 43.7 positions and $6.8 million in 2020-21.

- *Enhanced Treatment Program Staffing (-$3.1 million in 2019-20; -$1.4 million in 2020-21)*

  The Enhanced Treatment Program (ETP) is a new enhanced level of care designed to treat patients who are at the highest risk of violence and who cannot be safely treated in a standard treatment environment. These units will provide improved treatment in a heightened secure setting to patients with a demonstrated and sustained risk of aggressive, violent behavior toward other patients and staff. As of the May Revision, DSH anticipates additional activation delays in all four units. The three DSH-Atascadero unit activation delays are due to existing conditions, code issues, changes required by the State Fire Marshall, and challenges with the availability of labor, material deliveries, and subcontractor scheduling. The DSH-Patton unit activation was further delayed by the contracting process and testing for asbestos. As a result, DSH will yield a reduction of 21.1 positions and $3.1 million in 2019-20 and a reduction of 8.4 positions and $1.4 million in 2020-21.

- *Mission Based Review- Court Evaluations and Reports ($2.4 million in 2019-20; -$3.3 million in 2020-21)*

  This staffing standard established population-driven methods for calculating staffing needs for the following forensic functions: Evaluations, Court Reports and Testimony, Forensic Case Management and Data Tracking and Neuropsychological Services (Neuropsychological Assessments and Cognitive Remediation Pilot Program). The 2019 Budget Act included 94.6 permanent full-time positions and $40.2 million, phased in over a three-year period, to implement a staffing standard to support the forensic services workload associated with court-directed patient treatment. However, due to the impacts of COVID-19, the remaining positions are proposed to be shifted to be phased in over a four-year period. The expansion of the phase-in approach will yield an increase of $2.4 million in 2019-20, and cost savings of $3.3 million in 2020-21, $2 million in 2021-22 and $48,000 in 2022-23 through 2024-25.

- *Mission Based Review- Direct Care Nursing (-$7.5 million in 2019-20; -$21 million in 2020-21)*

  This staffing standard examined nurse-to-patient ratios for providing nursing care and the components available to achieve these ratios, including internal registries, overtime, and position movements among facilities. It also included staffing methodologies for the administration of medication and the afterhours nursing supervisory structure. The 2019 Budget Act included a total of 379.5 positions and $46 million, phased in across a three-year period, to support the workload of providing 24-hour care nursing services within the Department. As of the May Revision, DSH's priorities have shifted to preparedness and response efforts to the COVID-19 pandemic. Due to these priorities and the economic challenges and resulting General Fund deficits California faces, DSH proposes to phase the implementation of these resources across a total of five years. The expansion of the phase-in approach will result in cost savings of $7.5 million in 2019-20, $21 million in 2020-21, $15.1 million in 2021-22, $4.3 million in 2022-23 and an increase of $41,000 in 2023-24 and 2024-25.

Withdrawn Estimate:

- *Patient Driven Operating Expenses and Equipment (-$3.5 million in 2020-21 and ongoing)*

  The 2019 Budget Act included a standardized patient OE&E cost estimate methodology based on updated census estimates for FY 2019-20 ongoing and estimated costs per patient based on prior year actual expenditures for several budget categories. The Governor's Budget estimate included increased funding for outside hospitalizations and pharmaceuticals. Due to the current economic challenges and General Fund deficits California is facing due to COVID-19, this request is withdrawn.

Conditional Release Program (CONREP) Estimate (-$3.4 million in 2019-20)

Revised Estimate:

- *CONREP: Existing Continuum of Care: Step-Down Transitional Program (-$3.4 million in 2019-20)*

  The Budget Act of 2019 included $5.1 million in FY 2019-20 and $11.0 million in FY 2020-21 and ongoing to establish a 78-bed step-down program for state hospital patients ready for CONREP. As of the May Revision, DSH is experiencing a delay in program activation and will assume recruitment and training activities in July 2020 and patient admissions to begin in August 2020. Due to this delay, DSH will incur a one-time cost savings of $3.4 million in 2019-20.

Contracted Patient Services Estimate (-$3.2 million in 2019-20; -$28 million in 2020-21)

Revised Estimates:

- *Jail-based Competency Treatment Programs (JBCT) and Admission, Evaluation, and Stabilization Center (AES) (-$3.2 million in 2019-20 and -$2.4 million in 2020-21)*

  Existing JBCT Programs (-$3.1 million in 2019-20 and $321,000 in 2020-21 ongoing)

  As of the May Revision, DSH will achieve an additional savings of $3.1 million in the current year due to the delayed activation of the Kern AES Center's expansion. Currently, the Sonoma JBCT program is funded for a total capacity of 10 beds but there has been a consistent level of IST referrals to support a 12-bed program. To accommodate this change, DSH requests $321,000 in 2020-21 and ongoing to support these additional two beds.

New JBCT Programs (-$155,000 in 2019-20 and -$2.7 million in 2020-21)

As of the May Revision, DSH has updated its assumptions commensurate with the timing of contract execution and activation for the new programs proposed in Governor's Budget. As a result, DSH is revising the request to reflect the phased-in plan and deferral of new program activations to 2021-22. In total, five new programs and 61 beds are proposed to be activated in 2020-21.

- *Incompetent to Stand Trial (IST) "Off-Ramp" Services (-$1 million in 2020-21)*

  In the 2020-21 Governor's Budget, DSH proposed funding of $2 million in 2020-21 and ongoing to support four additional IST "Off-Ramp" programs in the following four regions: Bay Area, Northern California, Central California, and Southern California. The funding is to support contracted psychologist services that would be centralized at existing JBCT program counties and deployed to neighboring counties to assess ISTs for restoration of competency within the jails located in their assigned region. DSH has been actively working with interested counties and determined the feasibility of the anticipated activation of January 2021. Due to an anticipated delayed implementation because of COVID-19, DSH will yield a one-time savings of $1 million in 2020-21 with full implementation in 2021-22.

Withdrawn Estimate:

- *Community Care Collaborative Pilot (CCCP) Program (-$24.6 million in 2020-21; -$33.3 million in 2021-22)*

  In the 2020-21 Governor's Budget, DSH proposed the Community Care Collaborative Program (CCCP) as a six-year pilot program in three counties that would provide incentives to treat and serve individuals deemed IST on felony charges in the community. As of the May Revision, DSH withdraws this request due to the economic challenges and resulting General Fund deficits California is facing as a result of the global COVID-19 pandemic. This withdrawal will result in cost savings of $24.6 million in 2020-21, $33.3 million in 2021-22, $42.7 million in 2022-23, $61.2 million in 2023-24 and $80.8 million in 2024-25.

CAPITAL OUTLAY

The May Revision's Budget includes an extension of liquidation for one project and a re-appropriation for another.

State Hospital	Project Description	Project Phase	Amount
DSH- Metropolitan	Fire Alarm Update	Construction- Extension of liquidation	$0
DSH-Patton	Fire Alarm Update	Construction- Re-appropriation	$9,428,000

STATE HOSPITAL POPULATION

DSH is responsible for the daily care and treatment to over 7,000 patients with an estimated caseload, by the end of 2020-21, totaling 6,270 across the state hospitals, 491 in contracted programs, and 713 in its CONREP non-SVP and CONREP SVP programs in the community. Over the last decade, the population demographic has shifted from primarily civil court commitments to a forensic population committed through the criminal court system. Approximately 91% of the patient population is forensic. The remaining 9% are patients admitted in accordance with the Lanterman-Petris-Short (LPS) Act. DSH is primarily funded through the State General Fund and reimbursements collected from counties for the care of LPS patients. The table below displays patient caseload by commitment type and contract location.

2020-21 May Revision Estimated Caseload	
Location	**Estimated Census on June 30,2021**
Population by Commitment Type – Hospitals	
IST—PC 1370	1,658
NGI—PC 1026	1,396
OMD	1,326
SVP	961
LPS/PC 2974	742
PC 2684 (*Coleman*)	187
WIC 1756 (DJJ)	0
Subtotal	**6,270**
Contracted Programs	
Kern AES Center	90
Regional JBCT	266
Single County JBCT	135
Subtotal	**491**
CONREP Programs	
CONREP Non-SVP[1]	692
CONREP SVP	21
Subtotal	713
GRAND TOTAL	**7,474**

[1]The CONREP Non-SVP caseload number includes STRP beds.