

The Department of State Hospital's (DSH) proposed budget for Fiscal Year (FY) 2020-21 totals \$2.3 billion, an increase of \$231.8 million (+11%) from the 2019 Budget Act, with 169.7 proposed positions in the budget year. The proposed budget includes investments in community and jail-based programs to continue DSH's efforts towards meeting the increased demand for services for individuals deemed Incompetent to Stand Trial, improving the departments operations and delivery of services, and state hospital facility repairs and improvements.

COMPARISON
FY 2019 Budget Act vs. FY 2020-21 Governor's Budget
(Dollars in Thousands)

| FUNDING SOURCE | Budget Act 2019 | FY 2020-21 Governor's Budget | Difference | % Change |
|-------------------------------------|------------------------|-------------------------------------|-------------------|-----------------|
| General Fund (0001) | \$1,847,988 | \$2,073,628 | \$225,640 | 12% |
| Lease Revenue Bond (Ref 003) | \$39,903 | \$40,618 | \$715 | 2% |
| State Hospitals | \$39,903 | \$40,618 | \$715 | 2% |
| Support Funds (Ref 011) | \$1,805,660 | \$2,030,588 | \$224,928 | 12% |
| Administration | \$155,448 | \$250,504 | \$95,056 | 61% |
| State Hospitals | \$1,506,648 | \$1,588,235 | \$81,587 | 5% |
| CONREP | \$43,058 | \$51,118 | \$8,060 | 19% |
| Contracted Patient Services | \$77,107 | \$117,316 | \$40,209 | 52% |
| Evaluation & Forensic Services | \$23,399 | \$23,415 | \$16 | 0% |
| Support HIPAA (Ref 017) | \$1,325 | \$1,322 | (\$3) | 0% |
| Administration | \$1,325 | \$1,322 | (\$3) | 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) | \$170,433 | \$176,615 | \$6,182 | 4% |
| Administration | \$3,412 | \$3,412 | \$0 | 0% |
| State Hospitals | \$167,021 | \$173,203 | \$6,182 | 4% |
| TOTALS | \$2,018,463 | \$2,250,285 | \$231,822 | 11% |



| FUNDING SOURCE | Budget Act 2019 | FY 2020-21 | Difference | % Change |
|---------------------|-----------------|--------------|-------------------|-------------|
| General Fund (0001) | \$16,922 | \$229 | (\$16,693) | -99% |
| Capital Outlay | \$16,922 | \$229 | (\$16,693) | -99% |
| TOTALS | \$16,922 | \$229 | (\$16,693) | -99% |

SUPPORT BUDGET

The Governor’s Budget reflects a net increase of \$231.8 million in General Fund (GF). Included in the GF increase, DSH will receive \$58.2 million of employee compensation and retirement adjustments. The following provides specific detail of proposed budget adjustments for DSH in the 2019 Budget Act.

BUDGET CHANGE PROPOSALS

Budget Change Proposals (\$136.2 million)

- *Mission-Based Review – Treatment Team and Primary Care (\$32 million in 2020-21; \$37.7 million in 2021-22; \$49.7 million in 2022-23; \$57.5 million in 2023-24; \$64.2 million ongoing)*

Proposes 250.2 positions, phased in across a five-year period, to support the workload of providing psychiatric and medical care treatment to patients committed to DSH. 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. In addition, resources are included to implement best practices such as trauma-informed care, create a discharge planning program, and manage and operate and integrated behavioral health system.

- *Mission-Based Review – Protective Services (\$7.9 million in 2020-21; \$13.4 million in 2021-22; \$12 million ongoing)*

Proposes 94.1 positions implemented across two years to implement the first phase of a staffing standard to support protective services functions at DSH. This proposal provides support for most protective services functions at DSH-Napa and outside custody and executive leadership system-wide. This will reduce overtime hours and provide additional officers to improve security for patients and staff. The methodology developed for DSH-Napa is intended to serve as a model for the standardization at the other state hospitals.

- *Electronic Health Record (EHR) with Clinical Assessments, Reports and Evaluation System-Phase 2 (\$9.6 million in 2020-21; \$3.5 million ongoing)*

Proposes 18.0 permanent positions 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.

- *Pharmacy Modernization – Phase 2 (\$5.4 million in 2020-21; \$2.4 million in 2021-22; \$823,000 ongoing)*

To support the pharmacy modernization implementation for all five state hospitals, this request will fund consulting staff, software and equipment required to implement the Pharmacy Modernization project. 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 Integrated Health Care Provider Network (\$6.3 million in 2020-21; \$2.2 million 3-year limited term)*

Proposes 6.0 three-year limited-term positions 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, \$1.41 million are ongoing per-claim costs for processing claims, maintaining the provider network and the prior authorization tool and \$800,000 are ongoing costs for staffing. The proposal includes two-year temporary funding for these ongoing costs until potential cost savings can be quantified and actualized.

- *Quality Improvement and Internal Auditing, Monitoring, Risk Management and Hospital Support (\$1.6 million ongoing)*

Proposes 11.0 positions to strengthen 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, and to provide the Office of Audits (OOA) with necessary resources for ongoing independent, objective financial and operational compliance audits, and performance audits.

- *Post-Incident Debriefing and Support (\$831,000 ongoing)*

Proposes 5.0 permanent positions to establish a statewide Employee Post-Incident Debriefing and Support Services program. This program will provide crisis and peer support services for DSH employees who have been impacted by a violent or traumatic incident in the state hospitals.

- *Statewide Roof Repairs and Replacement (\$49.4 million in 2020-21; \$129,000 ongoing)*

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



- *Statewide Ligature Risk Special Repair Funding (\$10.5 million ongoing until 2027-28)*

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.

- *Relocation to the Clifford L. Allenby Building – Phase 2 (\$8.2 million in 2020-21; \$4.2 million ongoing)*

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 purchases and their corresponding on-going costs to relocate staff and operations to the new Clifford L. Allenby Building located at 1215 O Street in Sacramento in January 2021.

- *Cooperative Electronic Document Management System (CEDMS) Implementation (\$6.4 million in 2020-21; \$4.1 million in 2021-22; \$0.7 million ongoing)*

This is 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 leverages the existing DDS legacy Document Management System (DMS) used by the DDS Developmental Centers. The departments also request 4.0 permanent positions and one-time resources equivalent to 6.6 positions in FY 2020-21. The CEDMS functionality addresses capturing, storing, retrieval, indexing, versioning, transactions, security, archive and record management, as well as metadata.

- *Increase Resources for Regulation Promulgation (\$483,000 in 2020-21; \$483,000 in 2021-22)*

3.0 two-year LT positions to promulgate mission critical regulations.

ENROLLMENT, CASELOAD AND POPULATION

DSH continues to seek solutions to address the significant growth in its patient population. As of December 31, 2019, DSH has a total of 1,136 patients pending placement, of which 844 are Incompetent to Stand Trial (IST). The enrollment, caseload and population estimates propose new investments in both community-based and jail-based competency restoration treatment for ISTs along with other adjustments related to serving patients in both the state hospitals and the Conditional Release Program (CONREP).

Contracted Patient Services Estimate (-\$6,000 in 2019-20; \$33.5 million ongoing)

- *Community Care Collaborative Pilot (CCCP) Pilot (\$24.6 million in FY 2020-21, total of \$364.2 million over 6 years)*

CCCP is a 6-year pilot program in three counties that provides incentives to treat and serve individuals deemed IST on felony charges in the community. This program will primarily target development of community-based treatment options, incentivize counties to significantly reduce the overall rate of felony defendants deemed IST, and demonstrate effective strategies to treat and house a high-risk and high-need population. The proposed budget for this program includes 3.0 positions and \$24.6 million in budget year with an incrementally increased annual appropriation over a six-year period to support the program.



- *JBCT New Programs (\$231,000 in 2019-20; \$8.9 million in 2020-21; \$11.2 million ongoing)*

DSH continues to build out its continuum of care to support IST patients by working with a number of counties to develop new JBCT programs in their local jails. The proposed budget includes current year one-time funding of \$231,000 to support the daily bed rate increase of two program activations. DSH requests \$8.9 million in FY 2020-21 and \$11.2 million ongoing with an anticipated 63 bed capacity increase to support the growing IST patient population.

- *Jail-Based Competency Treatment (JBCT) Existing Program and Activation Updates (-\$237,000 in 2019-20; -\$1.9 million ongoing)*

DSH continues to partner with various county Sherriff's to provide jail-based competency restoration services for individuals deemed incompetent to stand trial on felony charges. This estimate provides updates to activations of new programs authorized in previous budgets and proposes funding adjustments for several programs who have identified increased costs in providing restoration of competency services for DSH. Significant adjustments in this estimate include the removal of Alameda County as a proposed site for a JBCT program due to the closure of the jail that was to house the JBCT program. This results in a savings of \$7.4 million. Also included is a proposed current year expansion of the Admission, Evaluation and Stabilization (AES) Center's capacity by an additional thirty beds. To support this current year activation, DSH proposes to utilize approximately \$3.5 million in available one-time FY 2019-20 savings due to other delayed JBCT program activations. In addition, this estimate proposes \$12,000 in FY 2020-21 and ongoing to fund an additional 0.3 contracted Patients' Rights Advocate position in order to comply with Assembly Bill 103.

- *Incompetent to Stand Trial (IST) "Off-Ramp" Services (\$2 million ongoing)*

The Budget Act of 2019 included funding for an "IST Off-Ramp" team in Los Angeles County to assess felony ISTs committed by Los Angeles County in the jail for restoration of competency prior to placement in a DSH program. DSH proposes to implement four additional IST-off ramp programs in the following four regions: Bay Area, Northern California, Central California, and Southern California. These programs would deploy 2 forensically trained psychologists in contracted positions to each region to monitor felony IST defendants for restoration of competency while incarcerated in a jail pending placement to a DSH IST treatment program. Placeholder funding of approximately \$2.0 million in FY 2020-21 and ongoing to support a total of 8.0 contracted positions is proposed.



State Hospital Estimate (-\$20.1 million in 2019-20; \$11 million 2020-21 ongoing)

- *Lanterman-Petris-Short (LPS) Population Services Adjustment (\$6.8 million ongoing)*

Due to the increasing LPS population, DSH's reimbursement authority has not been sufficient for the services provided to counties. DSH requests an additional reimbursement authority of \$6,790,000 beginning in FY 2020-21 to increase its total reimbursement authority to the expected amount to be collected.

- *Patient Driven Operating Expenses and Equipment (\$3.5 million ongoing)*

DSH patient population has increased significantly over the last seven years due to new bed activations. The 2019 Budget Act included a standardized patient OE&E cost estimate methodology based on updated census estimates for FY 2019-20 and estimated costs per patient based on past year actual expenditures for several budget categories. DSH requests an augmentation of \$3,534,000 beginning in FY 2020-21 to increase its authority to the level needed for projected patient-driven operating expenses.

- *DSH-Metropolitan Increase Secured Bed Capacity (-\$7.9 million in 2019-20; \$294,000 ongoing)*

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. The Budget Act of 2019 included 99.2 positions and \$15.5 million for the activation of Units 408, 412 and 414. However, DSH has experienced minor construction delays. A one-time current year staffing adjustment of 53.1 and associated savings of \$8.2 million is proposed to account for a two-month delay in the activation of the fourth and fifth IST units. In addition, DSH is requesting 2.0 positions and redirection of \$294,000 in CY and ongoing to reopen a Satellite Pharmacy which will support the five IST units.

- *Enhanced Treatment Program Staffing (-\$5.3 million in 2019-20; \$385,000 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. DSH anticipates a one-time savings of \$5.3 million in FY 2019-20 and a reduction of 32.3 positions as a result of implementation delays. These postponements are due to an extended regulatory review process, an unsuccessful initial bid process, existing site conditions, code issues and resulting changes required by the State Fire Marshal. As a result, DSH anticipates a one-time savings of \$255,00 and 1.5 positions. DSH requests to redirect this one-time savings of \$255,00 to help support a \$640,000 one-time information technology (IT) service contract proposed for the completion of cabling installation and materials.

- *DSH-Patton Over-Bedding (No funding requested)*

Proposed trailer bill legislation is included to extend the upcoming sunset date from September 2020 to September 2030 to continue the operation of 1,530 beds at DSH-Patton. Without this amendment, DSH will lose the authority to operate 194 patient-occupied beds at DSH-Patton.



- *Mission Based Review- Court Evaluations and Reports (-\$3.3 million in 2019-20)*

This staffing standard establishes 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 \$40,227,000, phased in over a three-year period, to implement a staffing standard to support the forensic services workload associated with court-directed patient treatment. DSH anticipates a one-time savings of \$3.25 million in FY 2019-20 due to delays in recruitment from a variety of factors, including the noticing of unions and limited candidate pools, which often require the re-advertising and subsequent sessions of screening and interviews. As of October 1, 2019, 29.4 positions have been filled.

- *Mission Based Review- Direct Care Nursing (-\$3.6 million in 2019-20)*

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. DSH anticipates a one-time savings of \$3.59 million in FY 2019-20 due to delays in recruitment. As of October 1, 2019, 17.0 psychiatric technician positions have been filled. Also, as of October 1, 2019, as part of the directed redistribution of nursing positions among the hospitals, DSH-Atascadero had shifted 112.0 positions out of 132.0, DSH-Coalinga had shifted 55.0 positions out of 76.1, and DSH-Patton had shifted all 27.4 positions to DSH-Metropolitan and DSH-Napa. This equates to a total gain of 142.5 positions for DSH-Metropolitan and 93.0 positions for DSH-Napa. To date, 26.0 of the shifted positions have been filled and recruitment and hiring efforts continue at DSH-Napa and DSH-Metropolitan to fill these positions.



Conditional Release Program (CONREP) Estimate (\$2.2 million in 2020-21; \$2.4 million ongoing)

- *CONREP General/Non-Sexually Violent Predator (SVP) Program – Community Program Director (\$2.2 million in 2020-21; \$2.4 million ongoing)*

CONREP Community Program Directors’ evaluate Not Guilty by Reason of Insanity and Incompetent to Stand Trial defendants and provide a written recommendation to the court on whether the defendant should be required to undergo outpatient treatment or committed to a DSH facility or to any other treatment facility. The number of IST and NGI cases referred to CPDs across the state requiring a placement recommendation has increased significantly over the years. An augmentation is proposed of \$2.2 million in FY 2020-21 to support the workload of 2,200 placement evaluations and \$2.4 million ongoing.

CAPITAL OUTLAY

The 2020-21 Governors’ Budget includes a new appropriation for one project.

| State Hospital | Project Description | Project Phase | Amount |
|-----------------------|----------------------------|----------------------|---------------|
| DSH-Atascadero | Atascadero Booster Pump | Working Drawings | \$229,000 |

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

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