



California Department of State Hospitals
 FY 2018-19 May Revision Highlights
 May 11, 2018

The Department of State Hospitals' (DSH) proposed budget for Fiscal Year (FY) 2018-19 totals \$1.88 billion, a decrease of \$36.2 million (2%) from the FY 2018-19 Governor's Budget, with a decrease of 255.4 positions.

COMPARISON
FY 2018-19 Governor's Budget vs. FY 2018-19 May Revision Budget
(Dollars in Thousands)

FUNDING SOURCE	FY 2018-19 GOVERNOR'S BUDGET	FY 2018-19 MAY REVISION	DIFFERENCE	% Change
General Fund	\$1,873,417	\$1,837,762	(\$35,655)	-2%
Headquarters	\$368,874	\$361,682	(\$7,192)	-2%
Administration	\$141,561	\$142,549	\$988	1%
Evaluation & Forensic Services	\$22,755	\$22,755	\$0	0%
CONREP	\$34,508	\$34,508	\$0	0%
Contracted Patient Services	\$170,050	\$161,870	(\$8,180)	-5%
Legal Services	\$0	\$0	\$0	0%
State Hospitals	\$1,338,434	\$1,308,604	(\$29,830)	-2%
Reimbursements	\$166,109	\$167,476	\$1,367	1%
Headquarters	\$66	\$216	\$150	227%
Program Administration	\$66	\$216	\$150	227%
Legal Services	\$0	\$0	\$0	0%
State Hospitals	\$166,043	\$167,260	\$1,217	1%
Health Insurance Portability and Accountability Act	\$2,378	\$1,224	(\$1,154)	-49%
General Fund- State Hospital	\$2,378	\$1,224	(\$1,154)	-49%
Lease Revenue Bond	\$40,559	\$40,559	\$0	0%
General Fund- State Hospital	\$40,559	\$40,559	\$0	0%
Non- Budget Act	\$532	\$1,132	\$600	113%
Medicare- State Hospital	\$500	\$1,100	\$600	0%
Lottery- State Hospital	\$32	\$32	\$0	52%
TOTALS	\$1,916,886	\$1,880,677	(\$36,209)	-2%
Capital Outlay	\$20,067	\$153,100	\$133,033	663%



Support Budget

The May Revision budget reflects a net decrease of \$35.6 million in 2018-19 General Fund (GF) over Governor's Budget consisting of the following adjustments:

State Hospital Population Estimate (\$-28 million GF)

DSH continues to seek solutions to address the significant growth in its patient population. As of May 7, 2018, DSH has a total of 1,147 patients awaiting admission, of which 967 are Incompetent to Stand Trial (IST) patients. As the state hospitals have maximized the use of current available beds, DSH continues to explore alternatives to address the waitlist. Significant adjustments include:

- *Enhanced Treatment Program Staffing (ETP)*
(*\$70,000 GF in CY and -\$7.4 million GF and -80.1 positions in BY*)

Consistent with Assembly Bill (AB) 1340, DSH requested staff and resources to complete the implementation of the Enhanced Treatment Program (ETP). The ETP will provide treatment for patients who are at the highest risk of violence and who cannot be safely treated in a standard treatment environment. DSH requests \$70,000 in the current year for Hospital Police Officer recruitment and retention pay differential funding that was inadvertently included as savings in the FY 2018-19 Governor's Budget. Due to the recent emergency fire situation in several California counties, fire personnel were deployed to assist in fighting these fires, delaying the State Fire Marshal's review and approval of the ETP working plans. Due to this delay, as of the 2018-19 May Revision, DSH anticipates delay in activation of the ETP resulting in a savings of \$7.4 million and reduction of 80.1 positions in the budget year.

- *Metropolitan State Hospital Secured Bed Capacity Increase*
(*-\$1 million GF and -10.1 positions in CY and -\$28.3 million and -183.3 positions in BY*)

To provide additional capacity to address ongoing system-wide forensic waitlist with a particular focus on the continuing IST waitlist, this expansion at DSH-Metropolitan is the final phase of the project. This phase follows the first phase which provided for the 100s Building at DSH-Metropolitan to be prepared for LPS patient transfer from the Chronic Treatment West (CTW). Once the patients are transferred from the (CTW) to the 100s building, the vacated units in CTW will be converted to forensic beds with the construction of security fencing around the building, and then reactivated in FY 2018-19 for a net gain of approximately 236



forensic beds. However, due to the recent Napa and Sonoma fires, the State Fire Marshal (SFM) was unavailable to perform the mandated inspections needed in the 100s building causing a delay in the 100s Building preparations and fire alarm upgrades the anticipated completion date is now June 2018 (originally March 2018). Additionally, due to delays in securing a contractor for the construction of the secured fence project, reactivation of the beds in CTW for forensic patients is now anticipated in March 2019 (originally September 2018). As of the 2018-19 May Revision, DSH anticipates a reduction of \$1 million and 10.1 positions in CY 2017-18 and a reduction of \$28.3 million and 183.3 positions in BY 2018-19.

- *Napa State Hospital Earthquake Repair Funding*
(*\$1.9 million GF in CY and \$1.2 million GF in BY*)

In the 2018-19 Governor's Budget, DSH requested an additional \$2,362,000 in current year for the Projects 1-3. As of the 2018-19 May Revision, DSH requests an additional \$1.1 million in the current year due to estimate construction cost increases for Project 2 (Buildings outside the STA) and an additional \$834,000 in reimbursement authority in the current year. DSH also requests an additional \$1.2 million in reimbursement authority in FY 2019-20 in order to receive FEMA reimbursement. DSH inadvertently left out a mechanism to collect reimbursement funds from FEMA in the 2018-19 Governor's Budget and will be unable to collect without approval. DSH proposes to cover the total current year project costs by utilizing savings of \$1.9 million from the delayed activation of the Enhanced Treatment Program (ETP) project.

- *DSH-Metro Central Utility Plant (CUP) Acquisition*
(*\$2.6 million GF in BY*)

In the 2018-19 May Revision, DSH requests \$2,580,000 for ongoing operations of the Central Utility Plant (CUP) at DSH-Metropolitan. DSH acquired the existing CUP from the original owner-operator in February 2018. This funding will support DSH's continuous operation of the CUP for the next three to five years or until DSH installs a more permanent and energy efficient solution for supplying reliable steam and chilled water to the entire facility.

- *Hepatitis C Treatment*
(*\$3.3 million GF in BY*)

DSH proposes to update its Hepatitis treatment guidelines to offer treatment for all appropriate patients with chronic HCV regardless of the degree of liver fibrosis in alignment with recent updates to the national guidelines by the American Association for the Study of Liver Diseases. In the 2018-19 May Revision, DSH is



requesting \$3.3 million in budget year and ongoing to support the increase in medication costs tied to the increase in eligible patients and anticipated patient acceptance rate.

Budget Change Proposals (\$988,000 GF)

- *Protected Health Information (PHI) Implementation (\$988,000 GF and 8.0 positions in BY)*

In the 2018-19 May Revision, DSH requests \$988,000 and 8.0 positions on a three-year limited term basis beginning in FY 2018-19 to implement new procedures for processing invoices and payments from external medical providers containing Protected Health Information (PHI) in compliance with the Health Insurance Portability and Accountability Act (HIPAA) and to consolidate DSH's financial operations into a single appropriation/budget unit. This request will help DSH more effectively process payments for outside medical services without jeopardizing access to PHI and quality patient care, as well as standardizing the process for capturing medical invoice data and minimizing redundant key data entry.

Conditional Release Program (CONREP) Estimate (-\$566,000 GF)

- *CONREP Non- SVP: Transitional Housing Cost Increase (-\$566,000 GF in CY)*

In the 2018-19 Governor's Budget, DSH ended its contract with the provider in Fresno County. As of spring 2018, DSH has located one prospective provider in Northern California and is in the process of finalizing costs for both housing and clinical services to establish a 26-bed STRP. DSH anticipates activation of this new program in December 2018. As of the 2018-19 May Revision, DSH proposes a one-time savings of \$566,000 in the current year resulting from the termination of its STRP contract provider in Fresno.

Contracted Patient Services Estimate (-\$8.2 million GF)

- *Jail-Based Competency Treatment (JBCT) Program Update to Existing Programs (-\$1.1 million GF in CY and -\$1.6 million GF in BY)*

In the 2018-19 Governor's Budget, DSH requested to redirect \$516,000 in savings in the current year, and an augmentation of \$8.1 million in the budget year to increase bed capacity in the Riverside and San Bernardino Jail-Based Competency Treatment (JBCT) programs. As of the 2018-19 May Revision, DSH



has identified an additional \$1.1 million in one-time cost savings in the current year and \$1.6 million in one-time cost savings in the budget year. The budget year adjustment is comprised of the delayed activations in Mendocino and San Bernardino counties, and is offset by a request to increase the Sonoma JBCT program's bed capacity.

- *Jail-Based Competency Treatment (JBCT) Program Expansion to Establish New Programs (-\$4.9 million GF in BY)*

In the 2018-19 Governor's Budget, DSH requested \$8 million in the budget year and \$9.3 million ongoing to establish five new JBCT Programs with dedicated beds that will serve a minimum capacity of five beds up to a maximum capacity of 12 beds. As of the 2018-19 May Revision, DSH has updated its assumptions commensurate with the timing of contract execution and program activation for the five new programs identified in the Governor's Budget. In addition, DSH has identified a sixth county motivated to establish a JBCT program that will serve multiple counties. As a result, DSH is reducing its funding request by \$4.9 million one-time in the budget year and \$2.2 million ongoing to reflect the phased in plan of new JBCT activations.

- *Admission, Evaluation, and Stabilization Kern (AES) Center (-\$906,000 million GF in CY)*

In the 2018-19 Governor's Budget, DSH identified \$1.7 million in one-time cost savings in current year due to the delayed activation timeline for the 60-bed AES Center to be located in the Lerdo Pre-Trial Facility in Bakersfield, California. As of the 2018-19 May Revision, the Kern County Board of Supervisors approved the final contract between DSH and the County in December 2017. Subsequently, the Kern County Sheriff's Office selected a clinical services provider and finalized their subcontract. The 60-day startup period began in February 2018 with recruitment and training activates. Due to the additional delay in finalizing the clinical subcontract and recruitment of key clinical positions, patient admissions did not begin until late April 2018. This delayed activation results in an additional one-time cost savings of approximately \$906,000 in the current year.

- *LA County IST Restoration Community Mental Health Treatment (-\$1.7 million GF in BY)*

In the 2018-19 Governor's Budget, DSH requested \$14.8 million in FY 2018-19 to partner with Los Angeles (LA) County to treat 150 LA County Felony Incompetent to Stand Trial (IST) patients in community mental health treatment



settings. The intent is to expand IST treatment options in LA County providing a continuum of care for felony ISTs and creating additional capacity to serve DSH's ongoing IST waitlist. As of the 2018-19 May Revision, DSH is requesting to reduce the budget year request by \$1.7 million to reflect a reduction in costs due to the phased implementation of community placements of 10-18 per month, provide funding for one-time startup costs, and add an additional clinical team to work with the courts and to support an "off-ramp" for ISTs that have been restored before placement in the community program or state hospital. DSH is also requesting an additional \$750,000 in 2019-20 and ongoing to support the ongoing operation of the IST "Off Ramp" team.

Non-Budget Act Estimate (\$600,000 GF)

- *Medicare Authority Increase (\$600,000 GF in BY)*

DSH is requesting an increase in Medicare funding to more accurately reflect the dollar amount expended by the Department to pay patient Medicare premiums. The Department has been under-funded in Medicare premiums for several years and, as of the 2018-19 May Revision, DSH is requesting an increase of \$600,000 in the budget year and ongoing.

Other Baseline Adjustments (-\$1 million GF)

- *Technical Adjustment (-\$1 million GF in BY)*
 - *Health Insurance Portability and Accountability Act (HIPAA) Reimbursement Adjustment* – DSH requests the removal of \$1,154,000 in reimbursement authority (4440-017-0001) in its appropriation for the implementation of the Health Insurance Portability and Accountability Act (HIPAA). The reimbursement authority budgeted as part of this appropriation was used to collect funds from the Department of Health Care Services (DHCS) for HIPAA related Medi-Cal costs tied to the Department of Mental Health's (DMH) Mental Health Services Act (MHSA) responsibilities. The Department ceased collecting these reimbursements when DMH became DSH and the Department's MHSA functions were transitioned to DHCS.
 - *HPO Academy Reimbursement Adjustment* – DSH requests a one-time augmentation (4440-011-0001) of \$150,000 in reimbursement authority as part of its expanded Hospital Police Officer (HPO) Academy program in order to receive reimbursement from Allan Hancock Community College.



Capital Outlay

The 2018-19 May Revision includes re-appropriations and continued authorized projects. The May Revision also proposes to allocate \$100 million to DSH as part of a statewide effort to strengthen infrastructure and address the most critical deferred maintenance projects at its state facilities. In total, the DSH’s budget reflects \$153.1 million General Fund (GF) to address facility infrastructure needs.

State Hospital	Project Description	Project Phase	Amount
Re-appropriations			
DSH-Metro	CTE Fire Alarm System Upgrade	Construction	\$3,392,000
DSH-Patton	Fire Alarm System Upgrade	Construction	\$9,428,000
DSH-Coalinga	New Activity Courtyard	Construction	\$5,738,000
DSH-Patton	New Main Kitchen	Construction	\$33,086,000
Continued Authorized Projects (GF)			
DSH-Metro	Consolidated Police Operations	Working Drawings	\$1,509,400
Special Repair / Deferred Maintenance			
DSH	TBD	TBD	\$100,000,000

State Hospital Population

DSH is responsible for the daily care and treatment to nearly 7,000 patients with an estimated caseload totaling 6,756 across the state hospitals and contracted programs by the end of FY 2018-19. 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 and chart below depicts patient caseload by commitment type and contract location.



California Department of State Hospitals
 FY 2018-19 May Revision Highlights
 May 11, 2018

2018-19 May Revision Estimated Caseload	
Location	Estimated Census on 30-Jun-18
<i>Population by Commitment Type – Hospitals</i>	
IST--PC 1370	1,621
NGI--PC 1026	1,401
MDO	1,321
SVP	920
LPS/PC 2974	631
PC 2684 (Coleman)	336
WIC 1756 (DJJ)	8
Subtotal	6,238
<i>Contracted Programs:</i>	
Riverside JBCT	25
San Bernardino ROC/JBCT	146
Sacramento JBCT	32
San Diego JBCT	30
Sonoma JBCT	12
Kern AES Center	60
Sacramento JBCT-Female	12
Stanislaus JBCT	12
Northern CA County JBCT	12
Central CA County D	12
Central CA County F	15
LA County Program	150
Subtotal	518
GRAND TOTAL	6,756