



The Department of State Hospital's (DSH) budget as reflected in the 2022 Budget Act totals \$3.1 billion, an increase of \$328.7 million and an increase of 142.2 new positions from the 2021 Budget Act. The budget includes investments in community-based and jail-based programs to continue DSH's efforts towards meeting the increased demand for services for individuals deemed Incompetent to Stand Trial (IST), improving the departments operations and delivery of services, and all state hospital facility repairs and improvements.

TOTAL STATE HOSPITALS
Budget Act 2021 vs. Budget Act 2022
(Dollars in Thousands)

FUNDING SOURCE	2021 BUDGET ACT	2022 BUDGET ACT	Difference	% Change
State Operations	\$2,736,002	\$3,091,790	\$355,788	13%
Capital Outlay	\$53,275	\$26,195	(\$27,080)	-51%
TOTALS	\$2,789,277	\$3,117,985	\$328,708	12%



SUPPORT COMPARISON
Budget Act 2021 vs. Budget Act 2022
(Dollars in Thousands)

FUNDING SOURCE	2021 BUDGET ACT ¹	2022 BUDGET ACT ¹	DIFFERENCE	% Change
General Fund (0001)	\$2,551,191	\$2,814,703	\$263,512	10%
Lease Revenue Bond (Ref 003)	\$40,631	\$39,260	(\$1,371)	-3%
State Hospitals	\$40,631	\$39,260	(\$1,371)	-3%
Support Funds (Ref 011)	\$2,439,975	\$2,774,009	\$334,034	14%
Administration	\$217,227	\$221,735	\$4,508	2%
State Hospitals	\$1,669,238	\$1,672,518	\$3,280	0%
CONREP	\$69,457	\$87,971	\$18,514	27%
Contracted Patient Services	\$448,213	\$753,129	\$304,916	68%
Evaluation & Forensic Services	\$35,840	\$38,656	\$2,816	8%
Support HIPAA (Ref 017)	\$1,377	\$1,434	\$57	4%
Administration	\$1,377	\$1,434	\$57	4%
Support COVID-19 (Ref 021)	\$69,208	\$0	(\$69,208)	-100%
Administration	\$475	\$0	(\$475)	-100%
State Hospitals	\$68,731	\$0	(\$68,731)	-100%
Contracted Patient Services	\$0	\$0	\$0	0%
Evaluation & Forensic Services	\$2	\$0	(\$2)	100%
Non- Budget Act (Ref 502)	\$1,100	\$1,100	\$0	0%
Medicare- State Hospital	\$1,100	\$1,100	\$0	0%
Lottery Fund (0814)	\$27	\$19	(\$8)	-30%
State Hospitals	\$27	\$19	(\$8)	-30%
CA Emergency Relief Fund (3398)	\$0	\$83,124	\$83,124	100%
State Hospitals	\$0	\$83,124	\$83,124	100%
Reimbursements (Ref 511)	\$183,684	\$192,844	\$9,160	5%
Administration	\$176	\$176	\$0	0%
State Hospitals	\$183,508	\$192,668	\$9,160	5%
TOTALS	\$2,736,002	\$3,091,790	\$355,788	13%

¹Total includes non-budget act items (Medicare and Lottery)

SUPPORT BUDGET

The 2022 Budget Act adds \$355.8million (\$272.7 million General Fund and \$9.2 million reimbursement authority, \$83.1 CA Emergency Relief Fund) and 142.2 positions in fiscal year (FY) 2022-23 for state operations. The following provides specific detail of the budget adjustments:

BUDGET CHANGE PROPOSALS AND SPRING FINANCE LETTERS***Budget Change Proposals***

- *Electronic Health Records Phase 3 & Wireless Network Upgrades (\$2.4 million and 6.0 positions in FY 2022-23)*

DSH received \$2.4 million General Fund (GF) and 6.0 positions in FY 2022-23, \$19.8 million and 8.0 positions in FY 2023-24, \$20.8 million and 10.0 positions in FY 2024-25, and \$8.2 million and 10.0 positions ongoing beginning in FY 2025-26 to prepare for and support the operation of the enterprise Continuum Electronic Health Records (EHR) Project. The necessary activities are upgrades to the Wireless Local Area Networks (WLAN) at all five hospitals; WLAN analyst positions at each hospital; Information Technology (IT) architecture, network, security, and integration experts at each hospital; and equipment, contracts, and required project oversight by the California Department of Technology (CDT).

- *Administrative Services Workload (\$1.7 million and 12.0 positions in FY 2022-23)*

DSH received \$1.7 million GF and 12.0 positions in FY 2022-23 and ongoing to address the increased required administrative workload related to the increase in DSH staff over the past several years and increased support required on complex policy issues.

- *Data Governance and De-Identification Compliance (\$1.5 million and 6.0 positions in FY 2022-23)*

DSH received \$1.5 million GF and 6.0 two-year limited term (LT) positions in FY 2022-23 and 2023-24, to establish the leadership for the Research, Evaluation and Data Insights (REDI) Program. The REDI Program would be responsible for implementing a comprehensive data strategy, establishing a data governance structure which will maximize data utilization and integrity, and support compliance with the California Health and Human Services (CalHHS) Data De-identification Guidelines.



- *Quality Improvement and Internal Auditing, Monitoring, Risk Management, and Hospital Support (\$1.6 million and 11.0 positions in FY 2022-23)*

DSH received \$1.6 million GF and 11.0 positions in FY 2022-23 and ongoing to support Standards Compliance and Quality Improvement operations and to provide the Office of Audits with necessary the resources to conduct independent financial, operational, compliance, and performance audits.

- *Increasing Regulations Resources to Improve Operations and Mitigate Departmental Risk (\$510,000 and 3.0 positions in FY 2022-23)*

DSH received \$510,000 GF and 3.0 positions in FY 2022-23 and ongoing. These resources will allow the Regulations and Policy Unit (RPU) and Legal Division (LD) to meet the increasing demand for the Department to promulgate regulations. This request will effectively support timely implementation of mission critical regulations resulting in standardization of practices, transparency, and accountability statewide across the DSH integrated behavioral health system.

- *Statewide Plant Operations Workload (\$2.6 million and 26.0 positions in FY 2022-23)*

DSH received \$2.6 million GF and 26.0 positions in FY 2022-23 and ongoing to expand Plant Operations capacity at DSH's five hospitals to address critical deferred maintenance backlogs, regulatory compliance projects, and preventative maintenance programs related to the servicing and inspections of building fire and life safety systems, critical utilities infrastructure, and end-of-life asset replacements. Of the 26.0 requested positions, six (6.0) are requesting position authority only.

- *DSH-Napa Camille Creek Implementation, Monitoring, and Adaptive Management Plan Staffing (\$1.1 million and 6.0 positions in FY 2022-23)*

DSH received \$1.1 million GF and 6.0 positions in FY 2022-23 to implement and maintain the operations of DSH-Napa's Lake Marie in compliance with the requirements of California Fish and Game Code (FGC) Section 5937.



- *Workplace Violence Prevention in Healthcare Reporting Compliance (\$1.6 million and 6.0 positions in FY 2022-23)*

DSH received \$1.6 million GF and 6.0 positions FY 2022-23 and \$1.1 million and 6.0 positions in FY 2023-24 and ongoing to support compliance at the five state hospitals with reporting requirements contained in Senate Bill (SB) 1299 (Ch. 842, 2014) and California Code of Regulations (CCR) Title 8 Section 3342 -- Workplace Violence Prevention in Healthcare, as DSH has been notified that its application for a permanent variance was denied by the Occupational Health Safety and Health Standards Board

Spring Finance Letters

- *Pharmacy Modernization – Phase 3*

DSH received a reappropriation of funding from FY 2021-22 and an extension of the encumbrance/expenditure period until June 30, 2024, to continue the implementation phase of the Pharmacy Modernization project. In addition, DSH will receive \$3.2 million in FY 2023-24, \$3 million in FY 2024-25, \$2.9 million in FY 2025-26 and \$1.2 million in FY 2026-27 to complete the implementation phase at all hospitals and to cover initial maintenance and operations costs.



ENROLLMENT, CASELOAD AND POPULATION

DSH continues to seek solutions to address the significant demand for treatment. As of June 20, 2022, DSH has a total of 2,179 patients pending placement, of which 1,768 are deemed IST. The enrollment, caseload and population estimates propose new investments in both community-based and jail-based competency restoration treatment for individuals determined to be IST, along with other adjustments related to serving patients in both the state hospitals and the Conditional Release Program (CONREP).

State Hospitals

- *County Bed Billing Reimbursement Authority (\$9.2 million in reimbursement authority for FY 2022-23)*

DSH received an increase to DSH's reimbursement authority of \$9.2 million. This is to reflect updated daily bed rates derived from actual costs of care and treatment effective July 1, 2022.

- *Enhanced Treatment Program (ETP) (-\$8.6 million and -56.5 positions in FY 2022-23)*

The ETP was developed to treat patients who are at the highest risk of violence and cannot be safely treated in a standard treatment environment. DSH reported a 3-month delay in the Unit U-06 activation at DSH-Patton. DSH has postponed construction on ETP Units 33 and 34 at DSH-Atascadero due to bed capacity pressures. As a result, DSH has a savings of \$8.6 million and 56.5 positions in FY 2022-23 and ongoing.

- *Mission Based Review – Court Evaluations and Reports (No dollar or position change)*

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). As of the May Revision, all 94.6 positions have been established and 72.6 have been filled.



- *Mission Based Review – Direct Care Nursing (\$735,000 and 32.0 positions in FY 2022-23)*

This staffing standard established population-driven methods for calculating staffing needs to support the workload of providing 24-hour care nursing services within DSH. It also included staffing methodologies for the administration of medication and the afterhours nursing supervisory structure. In FY 2021-22, 137.5 positions were phased-in, resulting in a total of 299.0 positions authorized as of FY 2021-22. As of the May Revision, 179.3 have been filled. The final 80.5 positions approved in the 2019 Budget Act are scheduled to be phased-in in FY 2022-23. DSH received position authority only for 32.0 administrative positions to allow level-of-care positions to go back on-unit and \$735,000 ongoing to fill the phase-in gap for positions being implemented in FY 2022-23.

- *Mission Based Review – Workforce Development (\$179,000 in FY 2022-23)*

The 2019 Budget Act included resources to support the development and implementation of a psychiatric residency program and expand resources for nursing recruitment to meet the mission of providing mental health services to patients and reduce vacancy rates for mental health providers. DSH received \$179,000 to fund 1.0 Staff Services Manager II, on a limited term basis, to lead research efforts to build future partnerships to expand the psychiatry residency programs to other DSH state hospitals.

- *Mission-Based Review – Treatment Team and Primary Care (-\$7.2 million and -28.1 positions in FY 2022-23)*

This staffing standard 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. In FY 2021-22, 49.8 positions were phased-in, resulting in a total of 75.8 positions authorized as of FY 2021-22. As of the May Revision, 17.2 have been filled. In FY 2022-23, an additional 38.9 positions are scheduled to be phased in. Due to the delays and challenges in hiring, DSH shifted 29.5 positions scheduled to be phased-in in FY 2022-23 back to FY 2025-26 to allow time to recruit for positions already authorized. This will allow DSH to focus on current recruitment efforts and be better positioned for future hires. DSH received a reappropriation of funding from FY 2021-22 and an extension of the encumbrance/expenditure period until June 30, 2024, to support the purchase and installation of additional office space and equipment to house the new staff at each hospital. DSH also



received \$718,000 ongoing to fill the phase-in gap for positions coming on in 2022-23.

- *Mission-Based Review – Protective Services (\$2.3 million and 10.0 positions in FY 2022-23)*

This staffing standard identifies protective service posts and establishes workload-driven staffing methodologies to allocate adequate resources for essential police functions and reduce overtime usage. In FY 2021-22, 46.8 positions were phased-in, resulting in a total of 58.8 positions authorized as of FY 2021-22. As of the May Revision, 6.0 have been filled. The final 35.3 positions are scheduled to be phased-in in FY 2022-23. DSH received \$1.3 million and 10.0 positions to staff the DSH-Coalinga Courtyard in FY 2022-23 and ongoing along with \$660,000 to fill the phase-in gap for positions coming on in FY 2022-23.

- *Patient-Driven Operating Expenses and Equipment (OE&E) (\$1.9 million in FY 2022-23)*

The 2019 Budget Act included a standardized patient OE&E projection methodology based on past year actual expenditures and census estimates for FY 2019-20. DSH received \$1.9 million in FY 2022-23 to support the increase in patient driven support costs within the DSH system.

- *Cost of Care and Treatment (No dollar or position request)*

As part of the 2021 Budget Act, DSH submitted the required supplemental report to the Legislature (SRL) to provide information and recommendations regarding patient cost of care and treatment in a state hospital and recommended establishing a financial assistance program. DSH was approved to update and remove outdated statutory language no longer applicable to DSH's current system of care and providing a mechanism for patient financial relief. The Legislature approved DSH's trailer bill language to develop a statutory and policy framework for implementing a financial assistance/discounted care program.

- *COVID-19 Response (\$83.1 million in FY 2022-23)*

With the onset of the COVID-19 pandemic, DSH executed a COVID-19 response plan across its system which followed guidance from the California Department of Public Health (CDPH), the Centers for Disease Control and Prevention (CDC), and other state and local partners. DSH has adjusted its system to overcome the COVID-19 pandemic challenges. As of



March 17, 2022, DSH has achieved a staff vaccination rate at the state hospitals of 82%, and for patients DSH has achieved a vaccination rate of 81%. DSH received \$83.1 million in FY 2022-23 to support personnel services, OE&E, and testing resources to continue responding to and mitigating the impacts of the COVID-19 pandemic.

- *DSH-Coalinga Intermediate Care (ICF) Facility Unit Conversion (\$4.5 million and 27.3 positions in FY 2022-23)*

DSH received \$4.5 million dollars and 27.3 positions in FY 2022-23 to fund the conversion of one existing Residential Recovery Unit (RRU) to an Intermediate Care Facility (ICF). RRUs are specific to DSH-Coalinga and are unlicensed units. They provide care to patients who are required to reside at DSH but require a lower level of care and supervision. An ICF is a unit that provides care to ambulatory or non-ambulatory patients who have recurring need for skilled nursing supervision and need supportive care but who do not require availability of a continuous skilled nursing home. As DSH-Coalinga serves a patient population that is aging, DSH is required to provide higher levels of care.

Conditional Release Program (CONREP)

- *CONREP Non-Sexually Violent Predator (SVP) Program Update (\$8.2 million and 2.5 positions in FY 2022-23)*

DSH continues to build out its continuum of care and anticipates a total contracted caseload of 1,018 CONREP clients in FY 2022-23. DSH received \$3.7 million and 2.5 positions to support program activations and caseload increases to support CONREP Non-SVP.

- *CONREP SVP Caseload Update (\$2.6 million and 3.0 positions in FY 2022-23)*

In recent years, the CONREP-SVP program has experienced increased media coverage, community protests, and stakeholder interest. The increased attention impacts client safety, requiring enhanced security and provider supervision, housing fortifications, and limits the availability of potential housing. In addition, DSH's Legal Division's has experienced an increased trend of county courts requesting DSH attorney presence at CONREP-SVP client placement hearings. As a result, DSH received \$2.6 million and 3.0 positions in FY 2022-23 to support the projected increased caseload, program costs, and staffing.



Contracted Patient Services

- *Incompetent to Stand Trial (IST) Solutions (\$489.3 million and 76.0 positions in FY 2022-23)*

DSH received \$489.3 million and 76.0 positions in FY 2022-23 with \$328.8 million being one-time funding, \$436.1 million and 93.5 positions in FY 2023-24 with \$160 million being one-time funding, \$471.7 million and 98.5 positions in FY 2024-25 with \$5 million being one-time funding, and \$592 million and 95.0 positions ongoing to support IST Solutions. Significant resources received support the following:

- Early Stabilization and Community Care Coordination – Provides immediate solutions to support access to treatment for individuals currently found IST on felony charges and waiting in jail. Includes additional funding for county sheriffs for custody supports, enabling stabilization teams increased access to IST individuals.
- Expand Diversion and Community-Based Restoration Capacity – Increases the infrastructure required to support 60-70% of the felony IST population in community-based restoration and diversion programs, and includes additional funding to support associated county administrative overhead costs. Also includes increased investments to develop community-based housing that will exclusively serve DSH identified populations.
- Improve IST Discharge Planning and Coordination – Reduces IST individuals from cycling through the criminal justice system by increasing coordination with county behavioral health departments to provide treatment records when IST individuals are returned from DSH to the court, enabling counties to plan for continuity of treatment when the individuals are released from jail.
- Improve the Quality of Alienist Evaluations – In partnership with the Judicial Council, provides funding to support statewide training of county evaluators to improve the quality of IST determinations and decisions regarding the need for medications.

Additionally, DSH received approval to reappropriate the remaining balances in FY 2021-22 and extend the encumbrance/expenditure period until June 30, 2024.



- *Jail-Based Competency Treatment (JBCT) Program (\$15.5 million in FY 2022-23)*

DSH continues to partner with various county Sheriffs to provide jail-based competency restoration services for individuals deemed felony IST. Major adjustments include the expansion of seven existing JBCT programs, the addition of two new JBCT programs, and a bed rate increase for seven existing JBCT programs. To support these updates, DSH received \$15.5 million in FY 2022-23 to support the expansion of existing JBCT programs and associated program support funding for patients' rights advocacy services.



CAPITAL OUTLAY BUDGET

The 2022 Budget Act includes \$26.2 million (\$20.7 million General Fund, \$5.5 million Public Buildings Construction Fund) for Capital Outlay. This reflects a net decrease of \$27 million from the 2021 Budget Act. The following provides specific detail of budget adjustments:

CAPITAL OUTLAY COMPARISON
Budget Act 2021 vs. Budget Act 2022
(Dollars in Thousands)

FUNDING SOURCE	2021 BUDGET ACT	2022 BUDGET ACT	DIFFERENCE	% Change
General Fund (0001)	\$31,251	\$20,689	(\$10,562)	-34%
Capital Outlay	\$31,251	\$20,689	(\$10,562)	-34%
Public Bldgs Construction (0660)	\$22,024	\$5,506	(\$16,518)	-75%
Capital Outlay	\$22,024	\$5,506	(\$16,518)	-75%
TOTALS	\$53,275	\$26,195	(\$27,080)	-51%

Capital Outlay Budget Change Proposals

- *DSH-Metropolitan Central Utility Plant Replacement (\$1.8 million in FY 2022-23)*

DSH received \$1.8 million GF in FY 2022-23 for the preliminary plans phase of the DSH-Metropolitan Central Utility Plant (CUP) Replacement Project. This project will replace the existing CUP located at DSH-Metropolitan which presently supplies steam for hot water and central heating, as well as chilled water for air conditioning, to 32 patient housing and administrative buildings. DSH has retained an architecture and engineering firm to determine the best alternative for replacement of the aging and obsolete CUP. The performed study identified centralized and decentralized options for providing new plant equipment that will significantly improve the efficiency and resiliency of the hot and chilled water generation and distribution systems.



- *DSH-Metropolitan Fire Water Line Connection to Water Supply (\$548,000 in FY 2022-23)*

DSH received \$548,000 GF in FY 2022-23 for the Preliminary Plans phase of the DSH-Metropolitan Fire Water Line Connection project. This project will provide the required water capacity for the fire sprinkler system in order to comply with current fire code requirements related to fire flow. The replacement of the existing northerly 750,000-gallon steel tank with a new 1,000,000-gallon dedicated fire water storage tank will allow the hospital to meet current and future fire flow requirements.

- *DSH-Atascadero Sewer and Wastewater Treatment Plant (\$4.0 million in FY 2022-23)*

DSH received \$4.0 million GF in FY 2022-23 for the Preliminary Plans phase to provide upgrades to the sewer collection system, installation of a screening system (Headworks), and connection to the City of Atascadero's wastewater treatment system. The existing DSH-Atascadero Wastewater Treatment Plant (WWTP) serves approximately 1,150 patients and approximately 2,000 employees.

- *DSH-Atascadero Potable Water Booster Pump System (\$1.9 million in FY 2022-23)*

DSH received \$1.9 million GF in FY 2022-23 for the Construction phase of this continuing project to install a potable water booster pump system to improve the performance of the DSH-Atascadero main water system. At present, the main water line pressure drops to as low as 40 pounds per square inch (psi), well below the required operating pressure of 60 psi necessary for normal facility operations. This reduction in water main pressure risks the primary fire sprinkler system not being able to function correctly. The installation of a booster pump system will correct this problem and reduce the risk to hospital staff and patients in the event of a fire.



Capital Outlay Spring Finance Letters

- *DSH-Metropolitan Consolidation of Police Operations Supplemental Appropriation (\$5.5 million in FY 2022-23) and Re-Appropriation*

DSH received \$5.5 million in Public Buildings Construction Fund for the construction phase funding of the Metropolitan: Consolidation of Police Operations project. This request is based on updated cost estimates from the Department of General Services reflecting increases for labor and materials. Additionally, DSH reappropriated \$22 million from FY 2021-22 for the construction phase funding of the Metropolitan: Consolidation of Police Operations project. The new building will allow for the consolidation of hospital police services into a single location and include the demolition of seismically deficient buildings.

- *DSH-Patton: Fire Alarm System Upgrade Supplemental Appropriation (\$12.2 million in FY 2022-23)*

DSH received \$12.2 million GF for the construction phase funding of the Patton: Fire Alarm System Upgrade project. This project removes and replaces fire alarm systems in four secured patient housing buildings and treatment areas (30, 70, U, and the EB buildings). A supplemental appropriation is needed due to impacts related to COVID-19, increased material costs, and limited swing space, only allowing installation of the fire alarm system in one-half unit at a time.

- *DSH-Atascadero: Potable Water Booster Pump System Supplemental Appropriation (\$140,000 in FY 2022-23)*

DSH received \$140,000 GF for the construction phase funding of the DSH-Atascadero: Potable Water Booster Pump System project. This supplemental request is based on updated estimates from the Department of General Services reflecting increases for labor and materials. The new system will serve as the main water line allowing for an increase in water pressure for the primary fire sprinkler system eliminating the risk to the hospital's staff and patients in the event of a fire.



STATE HOSPITAL POPULATION

DSH is responsible for the daily care and treatment of over 7,000 patients. This estimated caseload is projected to exceed 8,000 by the end of FY 2022-23 with a total of 5,740 across the state hospitals, 1,504 in contracted programs and 1,045 in CONREP programs. Over the last decade, the population demographic has shifted from primarily civil court commitments to a forensic population committed through the criminal court system. The table below displays patient caseload by commitment type and contract location.

2022 Budget Act Estimates Caseload	
Location	Estimated Census on June 30, 2023
<i>Population by Commitment Type – Hospitals</i>	
IST—PC 1370	1,341
NGI—PC 1026	1,343
OMD	1,155
SVP	931
LPS/PC 2974	801
PC 2684 (Coleman)	169
Subtotal	5,740
<i>Contracted Programs</i>	
Kern AES Center	90
Regional JBCT	286
Single County JBCT	234
Community Based Restoration (CBR)	737
Northern CA Acute Facility	117
Central Valley MHRC	40
Subtotal	1,504
<i>CONREP Programs</i>	
CONREP SVP	27
CONREP Providers	653
CONREP FACT Regional Program	180
Northern CA IMD	20
Northern CA ARF	30
STRP	35
Southern CA IMD (76-bed)	76
Southern CA IMD (24-bed)	24
Subtotal	1,045
GRAND TOTAL	8,289