

2017-19 Omnibus Operating Budget -- 2018 Supplemental
G52 2018 Supp GOV Recommendation NL
Dept of Social and Health Services
Mental Health
(Dollars In Thousands)

	FTEs	GF-S	Other	Total
2017-19 Original Appropriations	3,365.7	1,386,064	1,286,060	2,672,124
<i>Maintenance Other Changes:</i>				
1. Hospital Revenue Adjustment	0.0	(20,300)	20,300	0
2. Institution Vehicle Replacement	0.0	147	0	147
3. Facility Maintenance Costs	0.0	356	0	356
4. Mandatory Caseload Adjustments	0.0	(14,396)	(29,355)	(43,751)
5. BHO Rate Adjustment	0.0	74,450	69,247	143,697
6. Equipment Replacement Costs	0.0	1,813	0	1,813
7. Disproportionate Share Hospital	0.0	4,216	(4,216)	0
8. Public Disclosure Impacts	0.1	13	2	15
9. Technical Corrections	0.0	0	0	0
10. Food and Medical Adjustments	0.0	1,849	0	1,849
Maintenance -- Other Total	0.1	48,148	55,978	104,126
<i>Maintenance Comp Changes:</i>				
11. Move Pension Fund Shift to Agencies	0.0	(33,620)	33,620	0
12. Updated PEBB Rate	0.0	(1,944)	(141)	(2,085)
13. Wellness \$25 Gift Card	0.0	12	0	12
14. Paid Family Leave--Employer Premium	0.0	15	1	16
15. Compensation Adjustment	0.0	3,093	0	3,093
Maintenance -- Comp Total	0.0	(32,444)	33,480	1,036
<i>Maintenance Transfer Changes:</i>				
16. Transfers	0.0	16	37	53
Maintenance -- Transfer Total	0.0	16	37	53
<i>Maintenance Central Services Changes:</i>				
17. Workers' Compensation	0.0	351	26	377
Maintenance -- Central Svcs Total	0.0	351	26	377
Total Maintenance Changes	0.1	16,071	89,521	105,592
2017-19 Maintenance Level	3,365.8	1,402,135	1,375,581	2,777,716
<i>Policy Other Changes:</i>				
18. CSTC Treatment Staff	2.9	499	0	499
19. State Hospital Compliance	73.9	18,643	0	18,643

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20. Hospital Operations: Staffing	285.3	32,816	0	32,816
21. Hospital Operations: Locum	0.0	13,852	0	13,852
22. Hospital Operations: Hepatitis C	0.0	963	0	963
23. Hospital Operations: SIA Consultant	0.0	2,436	0	2,436
24. Hospital Operations: City Water	0.0	374	0	374
25. Hospital Staffing Model Adjustment	285.4	42,882	0	42,882
26. Trueblood Lawsuit Fines	0.0	44,743	0	44,743
27. Forensic Mental Health Services	10.5	3,378	0	3,378
28. Forensic Ward Staffing	53.2	10,101	0	10,101
29. Youth Long Term Inpatient Access	0.0	2,352	2,352	4,704
30. ESH/Lakeland Village Policing	0.0	63	0	63
31. Competency Restoration Pilot	1.8	3,500	0	3,500
32. Consolidated Maintenance/Operations	8.9	1,530	0	1,530
33. SUD Peer Services Plan	1.5	806	0	806
Policy -- Other Total	723.3	178,938	2,352	181,290
Policy Comp Changes:				
34. PERS & TRS Plan 1 Benefit Increase	0.0	227	17	244
Policy -- Comp Total	0.0	227	17	244
Policy Transfer Changes:				
35. BH - Integration Transfer	(36.6)	(477,313)	(612,668)	(1,089,981)
Policy -- Transfer Total	(36.6)	(477,313)	(612,668)	(1,089,981)
Total Policy Changes	686.7	(298,148)	(610,299)	(908,447)
2017-19 Policy Level	4,052.4	1,103,987	765,282	1,869,269

Comments:

1. Hospital Revenue Adjustment

An annual funding adjustment is made to maintain funding levels based on 12-month average annual revenue projections of inpatient contributions and Medicaid earnings.

2. Institution Vehicle Replacement

Lease-purchase funding is provided to replace vehicles used on DSHS Institutional grounds, which are beyond their useful life.

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3. Facility Maintenance Costs

One-time funding is provided for equipment, goods and services to resolve building component and grounds deficiencies that are beyond the scope of ordinary maintenance but lower than the threshold for capital projects.

4. Mandatory Caseload Adjustments

Funding adjustments are made to reflect changes in the number of Medicaid-eligible clients based on the November 2017 caseload forecast.

5. BHO Rate Adjustment

Appropriations for Behavioral Health Organizations (BHOs) are adjusted to reflect cost estimates for community mental health services. The changes in rates are largely due to case mix and utilization factors.

6. Equipment Replacement Costs

One-time funding is provided to replace furniture, medical, kitchen and other equipment necessary to maintain the health, safety and security of residents and staff at the department's institutional programs.

7. Disproportionate Share Hospital

The federal Affordable Care Act directs changes in federal grants to states for Disproportionate Share Hospitals (DSH). Approximately one-third of the state's DSH grant is appropriated to the state hospitals. State and federal appropriations are adjusted to reflect changes in federal DSH revenue.

8. Public Disclosure Impacts

Funding is provided for additional public disclosure staffing to accommodate the requirements mandated by Chapter 303, Laws of 2017 (public records administration).

9. Technical Corrections

Adjustments are made for variances found in the reconciliation of multiple budget steps to correct the federal funding source, provide additional federal and local authority, and make net zero, category transfers between agency programs.

10. Food and Medical Adjustments

Funding is provided to cover increased food and medical costs at the department's institutional programs. Adjustments are based on the four-year historical spending of each facility.

11. Move Pension Fund Shift to Agencies

In the enacted 2017-19 budget, the Legislature shifted a portion of General Fund pension costs to the Pension Funding Stabilization Account, and instructed the Office of Financial Management to allocate this change to agency budgets. This item implements that requirement.

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12. Updated PEBB Rate

The funding rate for the Public Employees' Benefits Board (PEBB) insurance program is adjusted for fiscal year 2019 to reflect updated actuarial projections, administrative costs and payments to third-party administrators. The funding is sufficient for a new virtual diabetes prevention program and a change in the waiting period for dental crown replacements in the Uniform Dental Program (UDP) from seven to five years. The change would bring UDP into alignment with the current waiting period in the managed dental plans. This reduces the fiscal year 2019 funding rate from \$957 per month to \$906.

13. Wellness \$25 Gift Card

Some employees are eligible, under the terms of their collective bargaining agreements, to earn a \$25 gift card after completing a health risk assessment. This item provides funding for agencies to pay the employer's share of Social Security and Medicare taxes on the gift cards.

15. Compensation Adjustment

This item makes technical adjustments related to compensation steps that were provided in the enacted 2017-19 biennial budget. Staffing models used to calculate costs for additional staff provided in the biennial budget did not account for 2 percent salary increases, health insurance premium increases, and make targeted increases for certain positions.

16. Transfers

Funding and FTEs are transferred within DSHS programs to align with the programs where costs are incurred. The net impact is zero.

17. Workers' Compensation

Agency budgets are adjusted to reflect each agency's estimated charges from the Department of Labor and Industries for workers' compensation.

18. CSTC Treatment Staff

Additional treatment staff are provided to support the operations of a newly constructed secure treatment area at the Child Study and Treatment Center (CSTC) Orcas building. The treatment room will be used to provide services to youth who have a significant history of violent behavior and life-threatening self-harm.

19. State Hospital Compliance

DSHS entered into a 13-month systems improvement agreement with the Centers for Medicare and Medicaid Services (CMS) in June 2016 after failed hospital recertification surveys at Western State Hospital (WSH). To comply with the plan of correction, entered into with CMS, and continue receiving federal funds, 90 staff will be hired to improve medical care and life and safety conditions at WSH.

20. Hospital Operations: Staffing

Western State Hospital (WSH) and Eastern State Hospital (ESH) closed the 2017 state fiscal year with a combined deficit of \$34.5 million, largely due to efforts to address insufficient staffing. Funding is provided in fiscal year 2018 to cover the costs of the staffing overspend so that the hospitals can provide high-quality patient care while the Behavioral Health Administration continues making progress on an acuity and ward-based staffing model for the hospitals.

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21. Hospital Operations: Locum

The state hospitals utilize psychiatry services under contract with Locum Tenens when unable to fill full-time psychiatrist positions. Funding is provided to cover the cost of continuing these contracts.

22. Hospital Operations: Hepatitis C

Funding is provided to cover the increased cost of Hepatitis C treatment for patients at WSH.

23. Hospital Operations: SIA Consultant

Funding is provided for increased consultant costs related to the systems improvement agreement (SIA) entered into with CMS.

24. Hospital Operations: City Water

Western State Hospital converted to Lakewood City Water. Funding is provided to cover those costs.

25. Hospital Staffing Model Adjustment

To address staffing challenges at the state psychiatric hospitals, DSHS is working toward producing an acuity and ward-based staffing model for WSH and ESH. This model will enable DSHS to properly deploy, monitor and measure staffing levels at the hospitals. Funding is provided in fiscal year 2019 that is based on preliminary estimates from the newly developed staffing model. Future staff funding requests will be based on the final staffing model.

26. Trueblood Lawsuit Fines

Funding is provided for contempt fines, court monitor costs and plaintiff attorney fees related to the Trueblood et. al. v. DSHS lawsuit.

27. Forensic Mental Health Services

The Office of Forensic Mental Health Services is responsible for managing the adult forensic mental health care system in the state of Washington. This includes timely competency evaluation and restoration services to meet the requirements of the Trueblood et. al. v. DSHS lawsuit. To keep up with growing competency evaluation and restoration demands, funding is provided for six additional evaluators and the necessary administrative and support staff.

28. Forensic Ward Staffing

To respond to the increasing number of court referrals for competency evaluations and restoration for class members related to the Trueblood et. al. v. DSHS lawsuit, a total of 45 forensic beds are opened at Western State Hospital and Eastern State Hospital in the 2017-19 biennium. An additional 85 beds are funded in fiscal years 2020 and 2021.

29. Youth Long Term Inpatient Access

The Behavioral Health Administration contracts with four organizations to operate 37 community-based Children's Long-Term Program (CLIP) inpatient beds that serve youth in King, Pierce, Spokane and Yakima counties. Funding is provided to increase the daily bed rate from \$544 to \$883 per day to maintain access to CLIP beds and provide more timely services and treatment to children.

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30. ESH/Lakeland Village Policing

Funding is provided for the City of Medical Lake police services to Eastern State Hospital and surrounding areas.

31. Competency Restoration Pilot

To reduce forensic waitlists, the Behavioral Health Administration will develop an outpatient competency restoration pilot program. Comprehensive restoration services will be contracted in the community for individual defendants who have been identified as incompetent to stand trial.

32. Consolidated Maintenance/Operations

This item provides staffing to address the deterioration and degradation of physical assets along with addressing the federal regulatory compliance requirements established by Centers for Medicare and Medicaid Services (CMS).

33. SUD Peer Services Plan

State funding is provided for the Behavioral Health Administration to pursue a Medicaid state plan amendment for substance use disorder (SUD) peer support services. By including these services in a state plan amendment, behavioral health organizations may earn additional federal Medicaid match.

34. PERS & TRS Plan 1 Benefit Increase

For eligible Public Employees' and Teachers' Retirement System Plan 1 members, this item provides a one-time ongoing increase of 3%, up to a maximum of \$62.50 per month.

35. BH - Integration Transfer

Chapter 225, Laws of 2014 requires the Health Care Authority (HCA) and Department of Social and Health Services (DSHS) to fully integrate physical health care and behavioral health care services to Medicaid clients by January 1, 2020. As part of the second phase of behavioral health integration, all community mental health and substance use disorder programs are transferred from DSHS to HCA, with the exception of the licensing and certification program which will transfer to the Department of Health. This whole-person approach to care offers better coordinated care and consolidates the payment and delivery of physical and behavioral health services for individuals enrolled in Medicaid through managed care.