



California Department of State Hospitals
2018-19 Budget Act
Highlights

The Department of State Hospital's (DSH) Budget for Fiscal Year (FY) 2018-19 totals \$1.84 billion, in General Fund (GF) dollars, an increase of \$259.3 million (16%) over the FY 2017-18 Budget Act. The position authority totals 11,436.1 positions, an increase of 203.1 positions (2%) from the FY 2017-18 Budget Act.

A change in Budget Restructure will become effective July 1, 2018 for DSH's planned transition into FISCAL.

COMPARISON
FY 2017-18 Budget Act vs. FY 2018-19 Budget Act
(Dollars in Thousands)

FY 17-18 FUNDING SOURCE	FY 2017-18 BUDGET ACT	FY 18-19 FUNDING SOURCE ¹	FY 2018-19 BUDGET ACT	DIFFERENCE	% Change
General Fund	\$1,578,457	General Fund	\$1,837,762	\$259,305	16%
Headquarters	\$97,429	Headquarters	\$361,682	\$264,253	271%
Program Administration	\$35,032	Administration	\$142,549	\$107,517	307%
Evaluation & Forensic Services	\$22,237	Evaluation & Forensic Services	\$22,755	\$518	2%
CONREP	\$33,432	CONREP	\$34,508	\$1,076	3%
Legal Services	\$6,728	Contracted Patient Services ²	\$161,870	\$161,870	100%
State Hospitals		State Hospitals			
In-Patient Services	\$1,335,038	State Hospitals	\$1,328,723	(\$6,315)	0%
Reimbursements	\$145,990	Reimbursements	\$147,357	\$1,367	1%
Headquarters	\$1,154	Headquarters	\$216	(\$938)	-81%
Program Administration	\$973	Program Administration	\$216	(\$757)	-78%
Legal Services	\$181	Legal Services	\$0	(\$181)	-100%
State Hospitals		State Hospitals			
In-Patient Services	\$144,836	State Hospitals	\$147,141	\$2,305	2%
Lease Revenue Bond	\$39,928	Lease Revenue Bond	\$40,559	\$631	2%
General Fund- In-Patient	\$39,928	General Fund- State Hospital	\$40,559	\$631	2%
Non- Budget Act	\$521	Non- Budget Act	\$1,132	\$611	117%
Medicare- In-Patient	\$500	Medicare- State Hospital	\$1,100	\$600	0%
Lottery- In-Patient	\$21	Lottery- State Hospital	\$32	\$11	52%
TOTALS	\$1,618,906	TOTALS	\$1,879,453	\$260,547	16%

Capital Outlay	\$14,856	Capital Outlay	\$53,200	\$38,344	258%
Control Section 6.10	\$0	Control Section 6.10	\$10,000	\$10,000	100%

¹New Budget Structure effective July 1, 2018

² New program effective July 1, 2018

³Legal Services included in Administration program effective July 1, 2018



Support Budget

The FY 2018-19 Budget reflects a net increase of \$259.3 million in General Fund (GF) and an increase of \$21.5 million in reimbursements over the FY 2017-18 Budget Act consisting of the following adjustments:

State Hospital Population Estimate (\$61.4 million GF, 187.1 positions)

DSH continues to seek solutions to address the significant growth in its patient population. As of June 11, 2018, DSH had a total of 1092 patients awaiting admission to all of its programs, including the state hospitals, jail-based competency treatment programs, and the Admission, Evaluation, and Stabilization Center of which 882 were 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:

- **DSH-Metropolitan Increased Secured Bed Capacity (\$24.8 million GF, 162.8 positions)**

To provide additional capacity to address DSH's ongoing system-wide forensic waitlist with a focus on the continuing IST waitlist, the Budget Act of 2017 provided DSH funding and positions to prepare for the increased secured bed capacity at DSH-Metropolitan. In the 2018-19 Governor's Budget, DSH requested 346.1 positions and \$53.1 million for the final phase of the project. This phase follows the first phase for the 100s Building 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 are to be converted to forensic beds with the construction of security fencing around the building, and reactivated in FY 2018-19 for a net gain of approximately 236 forensic beds. However, due to delays by the State Fire Marshal and securing a contractor for the construction of the secured fence project, the 2018-19 May Revision reduced the Governor's Budget proposal by \$28.3 million and 183.3 positions. As a result, DSH will receive a total of \$24.8 million and an increase of 162.8 positions in FY 18-19.

- **DSH-Metropolitan per Patient OE&E (\$3.67 million GF)**

DSH will receive \$3.67 million GF in FY 18-19 and ongoing to support the patient related operating expenses and equipment for the 236 newly activated beds resulting from the DSH-Metropolitan Increased Secured Bed Capacity project.

- **Enhanced Treatment Program - ETP (-\$4.57 million GF, -56.9 positions)**

Consistent with Assembly Bill (AB) 1340, DSH requested staffing 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. In the 2018-19 Governor's Budget, DSH requested \$2.8 million and 23.2 positions in 2018-19 for the staffing and OE&E needed for the activation of the 13-bed ETP unit at DSH-Atascadero and one 10-bed ETP unit at DSH-Patton, units 34 and U-06, respectively. Due to delays in securing all required regulatory reviews and approvals of the ETP working plans, the 2018-19 May Revision identified ETP savings of \$7.4 million and reduction of 80.1 positions, resulting in a total net decrease of \$4.57 million and 56.9 positions in FY 18-19.



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- DSH-Coalinga Increased Capacity (\$11.5 million GF, 81.2 positions)

To offset forensic bed capacity impacts due to the Enhanced Treatment Program (ETP) constructions and activations, DSH will increase Mentally Disordered Offender (MDO) capacity at DSH-Coalinga by an additional 80 beds. The capacity increase will occur across eight units; increasing each unit by ten beds to reach the maximum licensed capacity. The increased capacity will allow for the transfer of 80 PC 2972 (MDO) patients from other hospitals and the backfilling of the vacated beds with forensic patients, primarily PC 1370 Incompetent to Stand Trial (IST) patients. DSH will receive \$11.5 million and 81.2 positions in FY 18-19 and ongoing for this activation.

- DSH-Metropolitan Central Utility Plant (CUP) Acquisition (\$2.58 million GF)

DSH will receive \$2.58 million 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)

DSH will receive \$3.3 million in FY 18-19 and ongoing to support the increase in Hepatitis C medication costs tied to the increase in eligible patients and anticipated patient acceptance rate. DSH is updating its Hepatitis treatment guidelines to offer treatment for all appropriate patients with Chronic Hepatitis C Viral Infection, 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.

- LPS Reimbursement Authority Adjustment (\$20.1 million GF)

In FY 2017-18, the Department's budgeted capacity for LPS patients was 628, while the actual census was 670, resulting in an insufficient amount of reimbursement authority needed in order to collect from the counties for services provided for LPS patients. In the Governor's Budget, DSH requested an increase in reimbursement authority of \$20.1 million and ongoing to better align resources with actual bed usage. The Department will continue to monitor usage and determine whether future adjustments are needed based on caseload. Additionally, DSH is working with a contractor to review current bed rates and billing practices.

Contracted Patient Services (\$122.6 million GF)

- Jail-Based Competency Treatment (JBCT) Program Update to Existing Programs (\$6.4 million GF)

DSH will receive a total increase of \$6.4 million to support existing DSH Jail-Based Competency Treatment (JBCT) programs. Additional funding was provided to support an additional 5-beds at the Riverside JBCT, an additional 2 beds at Sonoma and an additional 30 beds at the San Bernardino JBCT program.



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○ Jail-Based Competency Treatment (JBCT) Program Update to New Programs (\$3.1 million GF)

DSH will receive a total increase of \$3.1 million to expand the JBCT program with new programs. \$1.6 million is to establish a 12-bed program and a 10-bed program in a northern California county. \$905,000 is to establish a 12-bed program and a 15-bed program in central California county for IST patients. \$500,000 is to establish JBCT programs in a small northern California county and in a small central California county that are flexible in size and scope to serve their limited number of IST referrals. These small county programs would serve 20 to 25 IST patients annually. Additionally, \$100,000 is for DSH to establish a two-year limited term contract with a consultant to assist DSH in working with counties that need additional hands-on support in developing JBCT programs.

○ LA County IST Restoration Community Mental Health Treatment (\$13.1 million GF)

DSH is to partner with Los Angeles (LA) County to treat 150 LA County Felony 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. DSH will receive \$13.1 million and take a phased implementation approach of community placements of about 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 will also obtain an additional \$750,000 in 2019-20 and ongoing to support the ongoing operation of the IST "off-ramp" team.

○ Incompetent to Stand Trial (IST) Diversion Program (\$100 million GF)

DSH will contract with counties to develop new or expand existing diversion programs for individuals with serious mental illness who are primarily diagnosed with schizophrenia, schizoaffective disorder, or bipolar disorder with potential to be found IST on felony charges. Counties will be required to provide outcomes data to DSH and must contribute matching funds of 20% to receive 80% state funding up to specified amounts, with small counties contributing funds of 10% to receive 90% state funding. A total of \$99.5 million is designated for counties, primarily targeting the 15 counties with the highest referrals of felony ISTs to DSH with funding also available for other counties. DSH will use \$501,000 to fund 2.0 limited term positions for program support and oversight and to augment an existing research contract that will support the diversion program.

Conditional Release Program (CONREP) Estimate (\$976,000 GF)

○ CONREP Transitional Housing Cost Increase (\$976,000 GF)

The Governor's Budget included \$976,000 GF for the continuation of the Statewide Transitional Residential Program (STRP) for CONREP patients. STRP beds provide temporary housing to CONREP patients unable to live in the community without direct supervision. DSH requested ongoing funding to maintain a 16-bed STRP contingent upon securing a new contract provider.



Budget Change Proposals (\$8.5 million GF, 16.0 positions)

- Unified Hospital Communications Public Address System (UHCPA) - Phase II (\$359,000 GF, 2.0 positions)

DSH will receive 2.0 full-time permanent positions and \$359,000 in FY 2018-19, \$4.6 million in FY 19-20, \$7.7 million in FY 2020-21 and \$3.7 million ongoing for the second phase of the UHCPA project that provides installation of a public-address system at DSH-Atascadero, DSH-Metropolitan, and DSH-Napa.

- Ongoing Costs for Personal Duress Alarm System (\$2.7 million GF)

DSH will receive \$2.7 million and ongoing in support of ongoing maintenance needs of the Personal Duress Alarm System Project (PDAS), a critical component needed to maintain a safe and secure hospital environment.

- Information Security Program Expansion (\$3.1 million GF, 2.0 positions)

DSH will receive 2.0 full-time permanent positions and \$3.1 million in FY 2018-19 and \$1.7 million ongoing to provide staffing for adequate protection of DSH information assets and to remediate findings identified in security assessments as required by Section 5300 of the State Administrative Manual (SAM) and Health Insurance Portability and Accountability Act (HIPAA).

- Electronic Health Records Planning (\$1.3 million GF, 4.0 Limited-Term positions)

DSH will receive authority for 4.0 limited term positions and \$1.3 million in FY 2018-19 and \$713,000 in FY 2019-20 to complete Stages 3 and 4 of the Project Approval Lifecycle, including solution development/procurement and project readiness. When implemented, the EHR will directly improve patient care and hospital operations, including patient billing.

- Protected Health Information Implementation (\$988,000 GF, 8.0 Limited-Term positions)

DSH will receive 8.0 three-year limited term positions beginning in FY 2018-19 and \$988,000 to implement new procedures for processing invoices and payments from external medical providers containing Protected Health Information in compliance with the Health Insurance Portability and Accountability Act (HIPAA); and consolidating DSH's financial operations into a single appropriation/budget unit.

Other Baseline Adjustments

- Napa State Hospital Earthquake Repair Funding (\$1.2 million GF)

In the FY 2018-19 May Revision, DSH requested \$1.2 million in FY 2018-19 and \$608,000 in FY 2019-20 in reimbursement authority in order to receive Federal Emergency Management Agency (FEMA) reimbursement for building repairs at DSH-Napa resulting from the 2014 South Napa Earthquake.



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- Technical Adjustment (-\$1.0 million GF, \$600,000 Non-Budget Act)
 - *HIPAA Reimbursement Adjustment*
 DSH requested the removal of \$1,154,000 in reimbursement authority (4440-017-0001) in its appropriation for the implementation of the 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.
 - *Hospital Police Officer (HPO) Academy Reimbursement Adjustment*
 DSH will receive a one-time augmentation of \$150,000 in reimbursement authority as part of its expanded HPO Academy program in order to receive reimbursement from Allan Hancock Community College.
 - *Medicare Authority Increase*
 The FY 2018-19 May Revision requested an increase of \$600,000 and ongoing due to being under-funded for the payment of Medicare premiums. This increase brings the Department’s Non-Budget Act funding to a total of \$1.1 million. The intention of this increase of the Medicare premium allocation is to minimize the GF funds that the hospitals utilize that are intended for other hospital expenditures to meet their obligations mandated by WIC 4112(b).
 - *Control Section 6.10 Funding*
 DSH will receive \$10 million in Control Section 6.10 funding as part of a statewide effort to strengthen infrastructure and address the most critical deferred maintenance projects at its state facilities.

Capital Outlay

The FY 2018-19 Budget includes continued re-appropriations and funding for continued authorized projects totaling \$53.2 million 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



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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.

2018-19 Fiscal Year Estimated Caseload	
Location	Estimated Census on June 30, 2018
<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