



**California Department of State Hospitals**  
 2016-17 Governor's Budget Highlights  
 January 7, 2016

The Department of State Hospital's (DSH) proposed budget for Fiscal Year (FY) 2016-17 totals \$1.8 billion, an increase of \$36.9 million (2.1%) over the FY 2015-16 Budget Act, with a proposed position authority of 11,500.

The DSH was established in July 2012 and manages the nation's largest inpatient forensic mental health hospital system, along with the Forensic Conditional Release Program and the Sex Offender Commitment Program. Statewide, the DSH operates five state hospitals and three psychiatric programs located on the grounds of the California Department of Corrections and Rehabilitation (CDCR). The DSH estimates the patient population to reach a total of 7,323 in FY 2016-17.

**COMPARISON**  
**FY 2015-16 Budget Act vs. FY 2016-17 Governor's Budget**  
*(Dollars In Thousands)*

FUNDING SOURCE	FY 2015-16 BUDGET ACT	FY 2016-17 GOVERNOR'S BUDGET	DIFFERENCE	% Change
<b>General Fund</b>	<b>\$1,577,089</b>	<b>\$1,631,202</b>	<b>\$54,113</b>	<b>3.4%</b>
<b>Headquarters</b>	<b>\$90,656</b>	<b>\$97,650</b>	<b>\$6,994</b>	<b>7.7%</b>
Program Administration	\$33,470	\$36,113	\$2,643	7.9%
Evaluation & Forensic Services	\$22,029	\$22,264	\$235	1.1%
CONREP	\$28,666	\$32,439	\$3,773	13.2%
Legal Services	\$6,491	\$6,834	\$343	5.3%
<b>State Hospitals</b>				
In-Patient Services	\$1,486,433	\$1,533,552	\$47,119	3.2%
<b>Lottery In-Patient Services</b>	<b>\$25</b>	<b>\$24</b>	<b>-\$1</b>	<b>-4.0%</b>
<b>Reimbursements</b>	<b>\$155,265</b>	<b>\$138,022</b>	<b>-\$17,243</b>	<b>-11.1%</b>
<b>Headquarters</b>	<b>\$1,154</b>	<b>\$1,154</b>	<b>\$0</b>	<b>0.0%</b>
Program Administration	\$973	\$973	\$0	0.0%
Legal Services	\$181	\$181	\$0	0.0%
<b>State Hospitals</b>				
In-Patient Services	\$154,111	\$136,868	-\$17,243	-11.2%
<b>TOTALS</b>	<b>\$1,732,379</b>	<b>\$1,769,248</b>	<b>\$36,869</b>	<b>2.1%</b>
<b>Capital Outlay</b>	<b>\$59,950<sup>1</sup></b>	<b>\$49,963</b>	<b>-\$9,987</b>	<b>-16.7%</b>

<sup>1</sup>\$54.3M carried over from projects authorized in prior years.

**Support Budget**

The Governor's Budget reflects a net increase of \$54.1 million in General Fund (GF) and decrease of \$17.2 million in reimbursements over the FY 2015-16 Budget Act consisting of the following adjustments:



### **State Hospital Population Estimate**

The DSH continues to seek out solutions to address the upward growth in its population. As of January 4, 2016, the DSH has a total of 507 patients awaiting admission, of which 375 are Incompetent to Stand Trial (IST) and 36 are *Coleman* patients. As the state hospitals have maximized the use of current available beds, the DSH looks to alternatives to address the waitlist pressures. Significant adjustments include:

- *JBCT Program Expansion - IST Population (\$1.5 million GF):*  
The DSH proposes to activate a new 10-bed Jail Based Competency Treatment (JBCT) program in spring 2016. Based on available savings projected for the existing JBCT programs, the DSH will absorb \$449,000 GF to activate the new program in the current year. To continue operating the program, an ongoing total of \$1.5 million GF is requested in the budget year.
- *JBCT Placement Evaluations - IST Population (\$336,000 GF and 2.0 positions):*  
The DSH requests ongoing authority of 2.0 staff psychologist positions and \$336,000 GF in the budget year to perform evaluations to determine the most appropriate placement, whether to a JBCT program or a state hospital, for IST patients referred from Los Angeles County.
- *DSH Stockton "Flex" Beds and Use of Isolation Rooms - Coleman Population (\$0 GF):*  
The DSH worked closely with the California Department of Corrections and Rehabilitation (CDCR) to designate a 29-bed intermediate care (ICF) unit, as a "flex" unit at DSH-Stockton. Modeled after a similar unit at CDCR's Psychiatric Inpatient Program at San Quentin State Prison, the unit is designed to offer flexibility in operating at either the intermediate or acute level of care, providing the means to efficiently respond to rapid changes in the acuity of Coleman patients referred to the DSH. DSH and CDCR will continue to monitor the Coleman patient referrals, waitlist, and capacity needs and may pursue converting an additional unit, if needed.

Additionally, the DSH and CDCR are exploring options to increase the number of available ICF beds at DSH-Stockton by modifying medical isolation rooms for regular use. The timing and associated cost of this proposal is still to be determined.

### **Conditional Release Program (CONREP) Estimate (\$3.6 million GF)**

- *CONREP General Program Cost Increase (\$680,000 GF):*  
Under the new methodology to establish a budget for CONREP services, contracted providers have quantified the cost for each required treatment protocol which has resulted in a more realistic, higher cost estimate for the provision of CONREP services. Significant cost drivers include an increased need for supplemental services (*housing support, polygraph, translation and socialization services*), operating expenses for private providers, and benefit costs for contracted staff. The overall cost increase is estimated at \$680,000 per year.
- *CONREP Sexually Violent Predator (SVP) Program Cost Increase (\$2.97 million GF):*  
The CONREP-SVP program has realized a significant increase in the average cost of each program participant by an additional \$85,582 for a total \$247,318 annually per participant. Major cost drivers include a greater number of required services including security and ongoing case management related to placement of SVPs in the community. Currently, there are 12 additional court petitions for release into the Community Outpatient Treatment program. The DSH is



requesting \$2.97 million GF in the budget year to support the projected caseload growth and increased service costs.

### ***Budget Change Proposals***

- *Unified Hospital Communications and Public Address System (\$6.5 million GF and 2.0 positions):*  
The DSH requests the resources necessary to support the development of an enterprise-wide unified hospital communications system to provide continuity and standardization of the communications network throughout the state hospitals. This request supports the first phase of the project, addressing the public address (PA) systems and related local area network systems at DSH-Coalinga and DSH-Patton.

### **Convert Limited Term Positions to Permanent**

- *Patient Management Unit (\$1.1 million GF and 10.0 positions):*  
The DSH requests to convert the 10.0 two-year limited term positions to permanent full-time to support continued implementation of its centralized patient management function. The ongoing resources will allow the DSH to continue providing oversight and centralized management of patient admissions, bed movement, data collection and reporting of patient population trends.
- *Injury and Illness Prevention Program (\$522,000 GF and 5.0 positions):*  
The DSH requests to convert 5.0 two-year limited term positions to permanent full-time status to allow the DSH to maintain and enforce the new Injury and Illness Prevention Plans required under a settlement agreement with the California Department of Industrial Relation's Division of Occupational Safety and Health (CalOSHA).
- *Third Party Patient Cost Recovery (\$3.2 million GF and 15.0 positions):*  
The DSH requests to convert 15.0 two-year limited term positions to permanent full-time to continue improvements to the patient cost recovery system with the goal of maximizing revenue from Medicare, private pay and insurance billing collections.

### ***Other Baseline Adjustments***

- A total of \$37.3 million in miscellaneous baseline and technical adjustments are reflected in the budget year, including employee compensation, retirement, lease revenue and one-time adjustments.
- A total of \$17.2 million in reimbursements is reduced from the budget, adjusting the one-time authority to draw down federal funding via the California Office of Emergency Services to support repairs to DSH-Napa resulting from the 2014 South Napa Earthquake.

### **Capital Outlay**

The 2016-17 Governors' Budget includes continued funding for projects authorized in prior years. In total, the DSH's budget reflects \$49.96 million General Fund (GF) to address facility infrastructure needs.



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State Hospital	Project Description	Project Phase	Amount
<b>Continued Authorized Projects (GF)</b>			
DSH-Atascadero	East West Corridor Seismic Upgrade	Construction	\$5,288,000
DSH-Coalinga	Courtyard Expansion	Working Drawings	\$603,000
DSH-Metropolitan	Increased Secured Bed Capacity and Security Fence	Construction	\$31,182,000
DSH-Patton	Fire Alarm System Upgrade	Working Drawings	\$554,000
DSH-Statewide	Statewide Enhanced Treatment Units	Working Drawings and Construction	\$12,336,000

**State Hospital Population**

The DSH is responsible for the daily care and treatment to nearly 7,000 patients with an estimated caseload totaling 7,323 across the state hospitals, psychiatric programs, and contracted 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. Approximately 91% of the patient population is forensic, including *Coleman* patients from the CDCR. The remaining 9% are patients admitted in accordance with the Lanterman-Petris-Short (LPS) Act. The 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.

<b>2016-17 Governor's Budget Estimated Caseload</b>	
<b>Location</b>	<b>Estimated Census on June 30, 2017</b>
<b><i>Population by Commitment Type – Hospitals &amp; Psychiatric Programs:</i></b>	
IST--PC 1370	1,477
NGI--PC 1026	1,411
MDO	1,385
SVP	907
LPS/PC 2974	614
PC 2684 ( <i>Coleman</i> )	1,363
WIC 1756 (DJJ)	8
<b>Subtotal</b>	<b>7,165</b>
<b><i>Contracted Programs:</i></b>	
San Bernardino ROC/JBCT	96
Sacramento JBCT	32
Proposed 10-bed JBCT	10
Sylmar	20
<b>Subtotal</b>	<b>158</b>
<b>GRAND TOTAL</b>	<b>7,323</b>



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