



California Department of State Hospitals
 2018-19 Governor's Budget Highlights
 January 10, 2018

The Department of State Hospital's (DSH) proposed budget for Fiscal Year (FY) 2018-19 totals \$1.91 billion, an increase of \$288.6 million (+18%) from the FY 2017-18 Budget Act, with 11,691.5 proposed positions.

A Budget Restructure was implemented for FY 2018-19 and ongoing. This Budget restructure is in preparation for DSH's planned transition to FI\$CAL.

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

FY 17-18 FUNDING SOURCE	FY 2017-18 BUDGET ACT	FY 18-19 FUNDING SOURCE ¹	FY 2018-19 GOVERNOR'S BUDGET	DIFFERENCE	% Change
General Fund	\$1,578,457	General Fund	\$1,866,093	\$287,636	18%
Headquarters	\$97,429	Headquarters	\$342,643	\$245,214	252%
Program Administration	\$35,032	Administration	\$118,836	\$83,804	239%
Evaluation & Forensic Services	\$22,237	Evaluation & Forensic Services	\$22,860	\$623	3%
CONREP	\$33,432	CONREP	\$34,508	\$1,076	3%
Legal Services	\$6,728	Contracted Patient Services ²	\$166,439	\$166,439	100%
State Hospitals		State Hospitals			
In-Patient Services	\$1,335,038	State Hospitals	\$1,357,677	\$22,639	2%
Reimbursements	\$145,990	Reimbursements	\$166,109	\$20,119	14%
Headquarters	\$1,154	Headquarters	\$1,154	\$0	0%
Program Administration	\$973	Program Administration	\$1,154	\$181	19%
Legal Services	\$181	Legal Services	\$0	-\$181	-100%
State Hospitals		State Hospitals			
In-Patient Services	\$144,836	State Hospitals	\$164,955	\$20,119	14%
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	\$532	\$11	2%
Medicare- In-Patient	\$500	Medicare- State Hospital	\$500	\$0	0%
Lottery- In-Patient	\$21	Lottery- State Hospital	\$32	\$11	52%
TOTALS	\$1,618,906	TOTALS	\$1,907,520	\$288,614	18%

Capital Outlay	\$14,856	Capital Outlay	\$20,067	\$5,211	35%
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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 Governor's Budget reflects a net increase of \$288.6 million in General Funds (GF), including \$57.4 million combined in employee compensation and retirement adjustments and an increase of \$20.1 million in reimbursement from the FY 2017-18 Budget Act. The remaining increase consists of the following adjustments:

State Hospital Estimate (\$91.2 million GF)

DSH continues to seek solutions to address the significant growth in its patient population. As of January 8, 2018, DSH has a total of 1008 patients pending placement, of which 848 are Incompetent to Stand Trial (IST). DSH continues to explore alternatives both in the state hospitals and through contracted facilities to address the waitlist. Significant adjustments for state hospitals include:

- ***Metropolitan State Hospital Secured Bed Capacity Increase (\$53.1 million GF)***

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. DSH is requesting 346.1 positions and \$53.1 million in FY 2018-19 and 473.4 positions and \$68.9 million in FY 2019-20. This phase follows the first phase which provided 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 will 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. Additional resources for reactivating CTW for treatment of ISTs is necessary since staff previously assigned to these units transferred with their LPS patients to the 100s Building.

- ***Metropolitan State Hospital per Patient OE&E (3.7 million GF)***

Over the last five years, DSH patient population increased significantly as a result of newly activated beds within the five state hospitals. With these activations, DSH did not receive funding for patient related operating and equipment expenses (OE&E). DSH requests \$3.671 million General Fund in FY 2018-19 and ongoing to support the OE&E cost per patient for the 236 newly activated beds resulting from the DSH-Metropolitan Increased Secured Bed Capacity project. This total is based on a per patient OE&E cost of \$15,555 at DSH-Metropolitan State Hospital.

- ***ETP Staffing (-\$5.0 million in FY 17-18 and \$2.8 million GF)***

The Budget Act of 2017 provided DSH \$8.0 million for 2017-18 and \$15.2 million in 2018-19 and ongoing for the staff and operating expenses and equipment needed for the first two 13-bed unit activations, Units 29 and 33 of the Enhanced Treatment Units (ETP) at DSH-Atascadero. The 2018-19 Governor's Budget includes plans to establish one more 13-bed ETP unit at DSH-Atascadero and one 10-bed ETP unit at DSH-Patton, Units 34 and U-06, respectively. Construction and activation of the ETP units has been unavoidably delayed due to the emergency fire situation in several California counties. DSH is pending final approval of the ETP working plans from the State Fire Marshal and due to the activation delays, DSH anticipates a savings of \$5 million in FY 2017-18 associated with the first two ETP units and requests \$2.8 million in 2018-19 and \$8.35 million in FY 19-20 for resources for the third and fourth ETP units.



○ ***DSH- Coalinga Increased Capacity (\$11.5 million GF)***

To offset forensic bed capacity impacts due to the Enhanced Treatment Program (ETP) constructions and activations, DSH requests approval to increase Mentally Disordered Offender (MDO) capacity at Coalinga State Hospital by an additional 80 beds. The capacity increase would 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 patients from other hospitals and the backfilling of the vacated beds with forensic patients, primarily PC 1370 Incompetent to Stand Trial patients. DSH requests 81.2 positions and \$11.5 million in FY 2018-19 and 96.9 positions and \$13.7 million in FY 2019-20 to accommodate the additional 80 beds.

○ ***Napa State Hospital Earthquake Repair Funding (\$2.4 million GF in 2017-18)***

The Budget Act of 2017 provided total expenditure authority of \$8,954,000 for construction funding which consisted of \$2,075,000 GF and \$6,879,000 in reimbursement authority for receipt of the 75% FEMA funding. After the 2017 Budget Act, DSH and DGS updated the project costs and timelines for all three projects increasing estimated construction costs in the current year by \$2.362 million. Rather than request increased expenditure authority to cover these cost increases, DSH proposes to cover the total current year project costs by utilizing savings of \$2.362 million from the delayed activation of the Enhanced Treatment Program (ETP) project.

○ ***LPS Pop & Personal Services (\$20.1 million GF)***

The Department of State Hospitals (DSH) admits Lanterman-Petris-Short (LPS) patients through civil commitment processes. LPS beds are funded through reimbursements from counties that use the DSH system. Due to the increasing LPS population, DSH's reimbursement authority is not sufficient for the services provided to counties. Based on LPS bed usage, the Department projects it will collect approximately \$20,118,813 more in FY 2017-18 than its current reimbursement authority. DSH requests an additional \$20,118,813 reimbursement authority for LPS in FY 2018-19.

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

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

The Budget Act of 2017 included a one-time appropriation of \$976,000 to expand the Statewide Residential Treatment Program (STRP) to serve up to an additional 16 clients at an annual rate of \$61,000 per bed. The funding authorized in 2017-18 was used to operate a 16-bed STRP in Fresno County. However, as of November 2017, DSH ended its contract with the provider and is working to establish a new contract for this important resource to CONREP providers and clients. DSH requests ongoing funding to maintain a 16-bed STRP, contingent upon securing a new contract provider. Because the Budget Act of 2017 only authorized a one-time appropriation to support the STRP, DSH requests an appropriation of \$976,000 in FY 18-19 to continue operating this program on an ongoing basis and ensure the availability of the 16 new STRP beds in future years.

Contracted Patient Services Estimate (\$130.9 million GF)



- *Jail-Based Competency Treatment (JBCT) Program Update to Existing Programs (\$8.1 million GF)*

DSH requests a total increase in state GF of \$8.054 million in FY 2018-19 and \$8.273 in FY 2019-20 and ongoing to support existing DSH Jail Based Competency Treatment (JBCT) programs. Additional funding is required to support the additional 5-beds at the Riverside JBCT and the additional 50 beds at the San Bernardino JBCT program.

- *Jail-Based Competency Treatment (JBCT) Program Expansion to Establish New Programs (\$8.0 million GF)*

DSH requests an additional \$8.043 million in FY 2018-19 and \$9.279 in FY 19-20 to expand the JBCT program. Of this, \$1.840 million is requested to establish a 6-12 bed program in a northern California county and \$2.680 million to establish two 5-10 bed programs in two additional northern California counties. Further, DSH is requesting \$1.147 million for a new southern California program, which would add 5-10 beds and \$1.376 million for a new central California county, which would add 6-12 beds for IST patients. Additionally, DSH requests \$1 million to establish JBCT programs in two small northern California counties that are flexible in size and scope to serve their limited number of IST referrals. These programs would serve 20 to 25 IST patients annually.

- *LA County IST Restoration – Community Mental Health Treatment (\$14.8 million GF)*

DSH proposes to contract with Los Angeles (LA) County to treat 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 in three different spectrums of placements for felony ISTs and creating additional capacity of 150 beds to serve LA County's ISTs. A total cost of \$12.3 million ongoing is proposed for the 150 beds. Additionally, the proposal requests \$2.5 million ongoing for LA County staffing resources to fund approximately 10-12 positions to provide patient support consisting of a clinical team and navigation team. The total DSH request for IST placement, treatment and staff is \$14.8 million in FY 2018-19 and ongoing.

- *IST Diversion Program (\$100.0 million GF)*

DSH proposes to 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. A total of \$99.5 million is proposed for counties and will be primarily targeted to the 15 counties with the highest referrals of felony ISTs to DSH with funding also available for other counties. DSH is also requesting \$501,000 to fund 2.0 positions for program support and oversight and to augment an existing research contract that will support the diversion program.

Budget Change Proposals (7.4 million GF)

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

The second phase of the UHCPA project will provide installation of a Public-Address system at the Metropolitan, Atascadero, and Napa hospital locations. This request includes 2.0 full-time permanent



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positions and \$359,000 in FY 2018-19, \$4.6 million in FY 2019-20 and \$7.7 million in FY 2020-21, \$3.7 million in FY 2021-22 and \$3.651 million ongoing starting in FY 2022-23.

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

The Department of State Hospitals requests \$2.7 million and ongoing in support of ongoing maintenance needs of the Personal Duress Alarm System Project (PDA), previously approved in FY 2013-14. PDAS is a critical component needed to maintain a safe and secure hospital environment.

- *Information Security Program Expansion (3.1 million GF)*

The Department of State Hospitals requests 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 recent 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)*

The Department of State Hospitals requests authority for 4.0 permanent, full-time positions and \$1.267 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. DSH seeks to implement a cost-effective primary care off-the-shelf EHR and integrate it with its internal forensic behavioral health system. When implemented, the EHR will directly improve patient care and hospital operations, including patient billing.

Capital Outlay

The 2018-19 Governors' Budget includes re-appropriations and continued authorized projects. In total, the DSH's budget reflects \$20.1 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
Continued Authorized Projects (GF)			
DSH-Metro	Consolidated Police Operations	Working Drawings	\$1,509,400

State Hospital Population



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DSH is responsible for the daily care and treatment to nearly 7,000 patients with an estimated caseload totaling 6,753 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 Governor's Budget Estimated Caseload	
Location	Estimated Census on June 30, 2019
<i>Population by Commitment Type – Hospitals</i>	
IST--PC 1370	1,774
NGI--PC 1026	1,404
MDO	1,296
SVP	920
LPS/PC 2974	634
PC 2684 (<i>Coleman</i>)	336
WIC 1756 (DJJ)	8
Subtotal	6,372
<i>Contracted Programs:</i>	
Riverside JBCT	25
San Bernardino ROC/JBCT	146
Sacramento JBCT	32
San Diego JBCT	30
Sonoma JBCT	10
Kern AES Center	60
Mendocino JBCT ¹	TBD
Sacramento JBCT- Female	12
Stanislaus JBCT	12
Northern CA County A JBCT	12
Northern CA County B JBCT	10
Southern CA County C JBCT	10
Central CA County D JBCT	12
Northern CA County E JBCT	10
Northern CA County F JBCT ¹	TBD
Northern CA County G JBCT ¹	TBD
Subtotal	381
GRAND TOTAL	6,753

¹Please note that the Mendocino, Northern CA County F and Northern CA County G JBCT contracts do not have a set number of beds and instead focus on the number of patients served. As such, the annual population change total does not include these additional beds.