

Update on Financial Realignment of Virginia's Public Behavioral Health System

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Cost of Business as Usual

	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024*
Business as Usual	Maintain Current 1418 Beds			Add 56 Beds at Western State Hospital (WSH)		1474 Beds	
Census*	1347	1375	1404	1432	1460	1489	1516**
Utilization	95%	97%	99%	97%	99%	101%	103%
Staffing Cost		\$5.8M	\$6.2M	\$6.2M	\$6.2M	\$6.2M	\$6.2M
Discharge Assistance Planning (DAP)/Local Inpatient Purchase of Services (LIPOS) Cost		\$4.9M	\$9.8M	\$14.7M	\$19.6M	\$24.5M	\$29.4M
Staffing for 56-Bed WSH		\$1.4M	\$6.2M	\$8.3M	\$8.3M	\$8.3M	\$8.3M
Permanent Supportive Housing (PSH) Cost		\$3M	\$6M	\$9M	\$12M	\$15M	\$18M

* Census projections are based on the 2% per year growth experienced since “last resort” legislation went into effect in FY 2014: FY 2014 = 87% utilization; FY 2017 = 93% utilization.

** FY 2024: Demand decreases IF outpatient services, permanent supportive housing and crisis services for STEP-VA are all fully implemented.

Financial Realignment Would Impact “Business as Usual” through a Four Year Process

Aim new community spending to:

- Change the trajectory of hospital utilization and future choices
- Align costs with service and support needs
- Change the financial dynamics to achieve best practices and cost effectiveness
- Make STEP-VA services successful by greatly improving community support infrastructure
- Decrease the numbers and time individuals wait on the EBL
- Decrease hospital utilization to less than 90%
- Avoid spending similar amounts of money over the next 5-6 years on more hospital beds/staff to the impediment of building community capacity

FY 2019 – Year One – Community Integration Plan

Year One Goal – Build alternatives to state hospital placement.
Projected Results – 178 discharges; Reduce the EBL from 170 to 117.

Implement a community integration plan to prepare for financial realignment:

- **Develop new supervised living homes, assisted living facilities and permanent supportive housing.** This facilitates transitions to integrated placements and makes room for more discharges. Leads to **104 discharges**.
- 50 additional discharge assistance slots (DAP) **leads to 50 discharges**.
- Develop **four safe and appropriate transitional supervised living homes** for individuals found Not Guilty by Reason of Insanity (**NGRI**) who are court-determined to be ready for discharge. Leads to **24 discharges**.
- Begin a standard utilization review process to ensure that individuals in state hospitals who no longer meet continued stay criteria are promptly identified.

FY 2020 – Year Two

Year Two Goal: Finalize bed utilization targets and funding distribution.
Projected Results – 144 discharges; Reduce the EBL from 117 to 88.

- **Continue community integration plan: leads to 70 discharges through supervised and assisted living, 24 through NGRI homes, 50 more through DAP**
- Transition to continued stay criteria from EBL.
- Complete standardized reporting related to utilization.
- **Each CSBs' bed reduction targets** will be based on utilization of state hospitals per 100,000 population, average daily census, access to private hospitalization, regional/geographic factors, and judicial practices.
- **DBHDS approval** of community capacity options developed by CSBs or regions.
- Finalize reimbursement/refund procedures based on bed utilization.
- Finalization of any *Code*/regulatory changes required to include **precluding local funds** from being used to support state hospital care.

FY 2021 – Year Three

End of Year Three Goal – Reduce the state hospital average daily census (ADC) by 80.

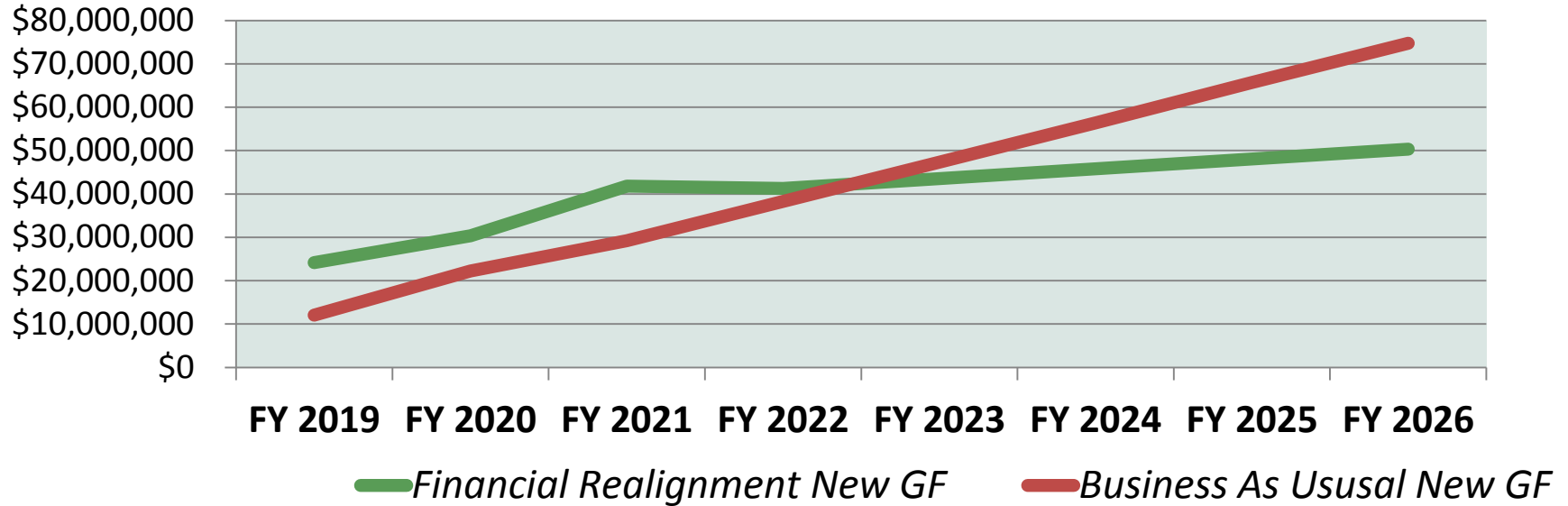
- **Community integration plan is ongoing.**
- **Financial Realignment Start-Up:** Based on plans approved by DBHDS in FY 2020, CSBs and/or Regions begin building needed services, may include:
 - new assisted living facilities,
 - crisis stabilization units,
 - contracting with private providers when necessary.
- Standardized utilization review and monthly report processes will continue.
- **Census reduction achieved by end of fiscal year.**

FY 2022 – Year Four

Year Four Goal – Implement full realignment.
Projected Results – Reduce and maintain census at ADC of 1,280 vs *current* projection of 1,460 for FY 2022.

- Bed utilization targets established for each CSB. Targets will be converted to a monthly utilization target for each CSB.
- The payment for bed day based on non-fixed costs of hospital care.
- **Bed utilization above the monthly target will result in the CSB being billed** for the days utilized above the target. **Bed utilization below the monthly target will result in a “refund”** from the state hospital.
- Add provisions to the performance contract between DBHDS and the CSBs to **preclude local funds** from being used for state hospital bed purchase.

Cost of Financial Realignment vs. Business as Usual



	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Business as Usual GF	\$12.0M	\$22.2M	\$29.2M	\$38.3M	\$47.3M	\$56.4M	\$65.7M	\$74.8M
Realignment GF	\$24.2M	\$30.4M	\$41.8M	\$41.2M	\$43.5M	\$45.8M	\$48.0M	\$50.3M

State Hospital Budgets (FY 2018)

Hospital	FY 2018 GF Appropriation	FY 2018 NGF Appropriation	FY 2018 Base Operating Plan
Central State (CSH)	\$63,886,054	\$380,063	\$64,278,117
Eastern State (ESH)	\$68,620,257	\$2,357,166	\$70,977,423
Southwestern VA (SWVMHI)	\$32,360,705	\$6,488,164	\$38,848,869
Western State (WSH)	\$51,882,545	\$6,363,140	\$58,245,685
Commonwealth Center for Children & Adolescents (CCCA)	\$9,921,263	\$3,614,326	\$13,635,589
Catawba	\$14,297,435	\$10,335,302	\$24,632,737
Northern VA (NVMHI)	\$28,639,650	\$3,026,310	\$31,665,960
Piedmont Geriatric (PGH)	\$8,967,073	\$21,226,378	\$30,193,451
Southern VA (SVMHI)	\$14,928,391	\$1,789,217	\$16,717,608
TOTAL	\$293,503,373	\$55,580,066	\$353,791,855
Four Largest State Hospitals (CSH, ESH, SWVMH, WSH)	GF Appropriation		% of Total GF Appropriation
	\$216,749,561		74%

Last fiscal year, state hospitals generated \$50.9M in Medicaid of which half (\$25.4M) was a state general fund commitment.

Age of Facility Structures

Facility and Building	Avg. Age	0-10 yrs.	11-20 yrs	21-30 yrs	31-40 yrs	41-50 yrs	51-60 yrs	61-70 yrs
Catawba Hospital	64 yrs							
Central State Hospital	56 Yrs							
Commonwealth Center for Children and Adolescents	21 Yrs							
Eastern State Hospital	10/56 Yrs	treatment	support buildings					
Hiram W. Davis Medical Center	43 Yrs							
Northern Virginia Mental Health Institute	21/52 Yrs	addition			original building			
Piedmont Geriatric Hospital	68 Yrs							
Southeastern Virginia Training Center	5 yrs.							
Southern Virginia Mental Health Institute	47 Yrs							
Southwestern Virginia Mental Health Institute	26/71 Yrs	treatment			support			
Western State Hospital	4 Yrs.							
Virginia Center for Behavioral Rehabilitation	9 Yrs.							
Less than 20 years old				Less than 20 years old				
Over 20 but less than 30				Over 20 but less than 30				
Over 30- needs renovation or replacement				Over 30- needs renovation or replacement				

