

## Department of Planning and Budget 2001 Fiscal Impact Statement

1. **Bill Number** HB2596

**House of Origin**     Introduced     Substitute     Engrossed  
**Second House**     In Committee     Substitute     Enrolled

2. **Patron**        McDonnell

3. **Committee**    Health, Welfare & Institutions

4. **Title**            Restructuring of mental health care system.

5. **Summary/Purpose:** This legislation adds sections to the *Code of Virginia* detailing the mental health services restructuring plan and specifying the duties of the Commissioner to implement the restructuring plan. Other sections are updated to reflect the plan.

SB 731 and HB 1293, enacted by the 2000 General Assembly, requires the Commissioner of the Department of Mental Health, Mental Retardation and Substance Abuse Services (DMHMRSAS) to develop a comprehensive plan for the restructuring of the Commonwealth's mental health care programs and facilities. The plan generally authorizes the movement of acute care services currently provided in state facilities to community inpatient settings, and the development of a new geropsychiatric service to be provided in community residential programs. In addition, state mental health facilities are to be reduced over a six-year period and the savings redirected to the community for the development and operation of community programs and services.

6. **Fiscal Impact Estimates are: Preliminary.**

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	\$4,550,991	0.00	GF
2002-03	\$0	(133.42)	GF

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2001-02	(\$1,740,131)	0.00	NGF
2002-03	(\$1,740,131)	(35.58)	NGF

7. **Budget amendment necessary:** Yes, Item 329, Item 354, Item 355.

8. **Fiscal implications:** The plan proposes facility restructuring which will result in the closure of facilities and services: Southern Virginia Mental Health Institute (SVMHI) by FY 2002, Eastern State Hospital (ESH) inpatient geriatric services by FY 2004, Piedmont Geriatric Hospital (PGH) by FY 2006, and Catawba Hospital by FY 2008. DeJarnette Center would be transformed into a public residential facility for youth, focussing on children from the Comprehensive Services Act. Information

available at this time is not sufficient to determine valid fiscal implications relative to ESH, PGH, Catawba and DeJarnette. Therefore, this fiscal impact statement addresses the impact from SVMHI restructuring.

Southern Virginia Mental Health Institute in Danville, Virginia, is the first facility to be impacted by implementation of the restructuring plan. During the 2000-2002 biennium, the plan would transition acute psychiatric inpatient services at SVMHI to community services and divert consumers from admission to SVMHI into psychiatric facilities, resulting in closure of the facility by FY2002. There are two components proposed for SVMHI, which have already proven successful in other parts of the state - the Discharge Assistance Plan (DAP) and the Acute Care Diversion Project.

The DAP has supported the discharge of consumers receiving long-term care in state facilities, working as a collaborative venture between community services boards (CSB), facility treatment teams members, and the agency's central office for permanent community placements. Once a client is identified as appropriate for assistance through the project, the treatment team works together to identify the availability of the appropriate residential model and ancillary services that will be necessary to support the consumer in a stable community placement. For FY 2002, \$2,100,000 is required for community care for 30 patients (based on \$70,000 per consumer). Funding of DAP in the Danville area will assist in the timely and appropriate discharge of consumers currently receiving services at SVMHI who experience repeat state facility admissions. Stable community placements, through increased funding, are expected to result in a decrease in demand for beds at SVMHI.

The Acute Care Diversion Project diverts consumers from admission to state facility and into private psychiatric facilities under contract with a regional CSB. Expansion of the acute care diversion project will require additional funding to support its introduction to the SVMHI region and establish contractual agreements with community hospitals with psychiatric wards in each CSB region. Since approximately six months of planning for capacity and procedural development is needed, it is expected that this phase would not require funds until FY2002. Planning with the region's CSBs at the earliest possible date is critical to the success of the project. With the proper planning and collaboration, this project is expected to increase community and family involvement in treatment planning during hospitalizations and reduce length of stays for consumers experiencing psychiatric hospitalizations. Projected costs of the acute care diversion phase of the project are \$1,806,000 for FY2002. This is based on actual admissions experience by SVMHI during FY2000, which were approximately 258 admissions annually, with a 14-day length of hospital stay at \$500 per day.

It is also necessary to establish a community safety net. This "step-up" and "step-down" process provides transitional services that are designed to avoid hospitalization when possible and, conversely, provides intensive supports to consumers post-discharge and during their transition. Examples of these types of services are partial hospitalization programs, respite beds, residential and day supports, medical services, and programs of assertive community treatment (PACT). These types of services provide long-term community care for consumers after they have been stabilized. These services will mitigate risk to consumers and the public when consumers are transitioning in and out of highly restrictive hospital settings. Intensive support services are especially important since the hospitalizations will be for shorter lengths of stay than is the current experience of consumers served at SVMHI. The annual cost of the safety net for consumers in the SVMHI area would be \$3,400,000 beginning in FY2002.

Finally, funds will be needed for severance costs for SVMHI employees during FY2002. These include annual and sick leave balances, applicable life and health insurance, and retention bonuses for professional staff. This will require one-time funding in FY2002 of \$4,689,661.

In addition to the new funding required, implementation will require the use of the existing facility base budget. After FY2002, the facility base budget would be entirely converted to the funding of Discharge Assistance (\$2,100,000), Acute Care (\$1,806,000) and the Community Safety Net (\$3,538,670).

SVMHI	FY2002
Discharge Funding	\$2,100,000
Acute Care Project	\$1,806,000
Community Safety Net	\$3,400,000
Severance (one-time)	\$4,689,661
Subtotal	\$11,995,661
Minus GF Base Budget	(\$7,444,670)
<b>New Funding Required</b>	<b>\$4,550,991</b>

**9. Specific agency or political subdivisions affected:** Department of Mental Health, Mental Retardation and Substance Abuse Services, Community Services Boards

**10. Technical amendment necessary:** No.

**11. Other comments:** This bill is the companion to SB 1158.

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cc: Secretary of Health and Human Resources

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