

SENATE JOINT RESOLUTION NO. 185

Directing the Joint Legislative Audit and Review Commission to study the use and financing of licensed inpatient psychiatric facilities in the Commonwealth. Report.

Agreed to by the Senate, February 14, 2006
Agreed to by the House of Delegates, March 6, 2006

WHEREAS, pursuant to Title 37.2 of the Code of Virginia, the Department of Mental Health, Mental Retardation and Substance Abuse Services is established as the state authority for mental health, mental retardation, and substance abuse services; and

WHEREAS, as part of its mission to improve Virginia's system of care for individuals and their families whose lives are affected by mental illness, mental retardation, and substance abuse, the Department has developed an Integrated Strategic Plan (ISP), *Envision the Possibilities: An Integrated Strategic Plan for Virginia's Mental Health, Mental Retardation, and Substance Abuse Services System*, that provides a framework for transforming Virginia's publicly funded mental health, mental retardation, and substance abuse services system; and

WHEREAS, the ISP identifies certain factors critical to successful implementation, including that "publicly funded services and supports that meet growing mental health, mental retardation, and substance abuse services needs are available and accessible across Virginia" and that "funding incentives and practices support and sustain quality care focused on individuals receiving services and supports, promote innovation and assure efficiency and cost-effectiveness"; and

WHEREAS, the ISP identifies as one of its priorities to "align administrative, funding and organizational processes to make it easier for individuals and families to obtain the services and supports they need"; and

WHEREAS, child and adolescent mental health services are a vital component of the mental health, mental retardation and substance abuse services system; and

WHEREAS, Medicaid payments, Community Services Board (CSB) contracts, and payments for individuals treated in hospitals under temporary detention orders account for a considerable amount of the total activity in licensed psychiatric hospitals, and publicly available data indicates that these three state funding streams currently cover, at most, about 70% of the cost of services provided; and

WHEREAS, licensed inpatient psychiatric facilities are further affected by constraints imposed by other third-party payors as well as the rising number of uninsured patients they treat; and

WHEREAS, the *Annual Report on Community Services Boards Contracts for Private Inpatient Psychiatric Treatment Services July 1, 2004-June 30, 2005*, prepared by the Department of Mental Health, Mental Retardation and Substance Abuse Services, found that in FY2005 more individuals were served through CSB contracts with licensed inpatient psychiatric facilities than in state hospitals; and

WHEREAS, the *Annual Report* also concluded that "It is vitally important that funding for the purchase of local inpatient psychiatric treatment services delivered through contracts with private providers be maintained and even increased as Virginia moves to transform its public mental health, mental retardation, and substance abuse services system"; and

WHEREAS, financial pressures on licensed acute care psychiatric hospitals have led to the closure of approximately 600 beds in Virginia between 1991 and 2005; and

WHEREAS, the existence of an adequate number of licensed psychiatric beds, including child and adolescent beds, is a key factor in the long-term success of Virginia's initiative to transform its mental health, mental retardation, and substance abuse services system; now, therefore, be it

RESOLVED by the Senate, the House of Delegates concurring, That the Joint Legislative Audit and Review Commission be directed to study the use and financing of licensed inpatient psychiatric facilities in the Commonwealth.

In conducting its study, the Commission shall (i) examine utilization trends, including sources of payment; (ii) evaluate the Medicaid rate-setting process for psychiatric services, services provided under temporary detention orders, and services provided by psychiatrists; (iii) evaluate the manner in which Community Services Boards contract with licensed psychiatric facilities; (iv) examine the adequacy of and funding for licensed psychiatric beds, including child and adolescent mental health services; and (v) determine any steps that can be taken to maintain appropriate and necessary licensed psychiatric services in Virginia.

Technical assistance shall be provided to the Commission by the Secretary of Health and Human Resources, the Department of Mental Health, Mental Retardation and Substance Abuse Services, the Virginia Association of Community Services Boards, and the Virginia Hospital & Healthcare Association. All agencies of the Commonwealth shall provide assistance to the Commission for this

study, upon request.

The Joint Legislative Audit and Review Commission shall complete its meetings for the first year by November 30, 2006, and for the second year by November 30, 2007, and the chairman shall submit to the Division of Legislative Automated Systems an executive summary of its findings and recommendations no later than the first day of the next Regular Session of the General Assembly for each year. Each executive summary shall state whether the Commission intends to submit to the General Assembly and the Governor a report of its findings and recommendations for publication as a House or Senate document. The executive summaries and reports shall be submitted as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents and reports and shall be posted on the General Assembly's website.