

SB

97

HFIN

FILE

Alaska State Legislature

SENATOR

PETER KELLY

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Senate

White in Juneau

State Capitol

Juneau, Alaska

99801-1182

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Senate District P

SENATE BILL 97

SPONSOR STATEMENT

"An Act relating to mental health services and programs; relating to liability for payment for mental health evaluation and treatment services; and providing for an effective date."

DHSS reimburses private community hospitals (Designated Evaluation and Treatment Facilities) throughout Alaska to provide emergency mental health inpatient evaluation and treatment services. Hospitals provide these services to individuals who are at risk of harming themselves or others, or who are so severely impaired by mental health symptoms that they are unable to care for themselves. Often these individuals are experiencing severe psychiatric symptoms, such as depressive or psychotic symptoms, and need intensive inpatient mental health services.

Senate Bill 97 seeks to clarify the state's responsibility for payment for services and the responsibility of the state to determine the ability of patients to pay for those services. The proposed legislation clarifies client eligibility for these services. Additionally, it establishes procedures for determining eligibility, processing applications, and paying claims. SB 97 creates an entitlement for eligible clients, thus allowing payment for serving those individuals whose mental illness increases their danger to themselves or others. The following are criteria for eligibility:

- A patient is determined to be "suffering from a mental illness, and as a result is likely to cause serious harm to themselves or others, or is gravely disabled." and;
- The patient's gross monthly household income falls below 185% of the federal poverty guideline.

SB 97 amends current statutes defining the state's responsibility for payment for inpatient psychiatric service for those patients needing intensive services. Historically the Department of Health and Social Services (DHSS) has reimbursed hospitals for only those patients who are committed by the courts for evaluation and treatment services. This legislation would require the department to reimburse hospitals for individuals who meet the commitment criteria, but who voluntarily admit themselves into the hospital. These individuals are therefore, not court ordered into care, but could be held under court order if they attempted to leave the hospital.

(11)

HOUSE COMMITTEE REPORT

Date Referred to Committee: May 14, 1999

FURTHER REFERRALS:

Date of Committee Action: 5/15/99

The FINANCE Committee considered:

CSSB 97(FIN) am

CS FOR SENATE BILL NO. 97(FIN) am

MENTAL HEALTH; RECORDS; TREATMENT

"An Act relating to mental health services and programs; relating to liability for payment for mental health evaluation and treatment services; and providing for an effective date."

recommends it be replaced with the following committee substitute [] the same title [] a new title

[] additional referral to _____ Committee [] attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(s): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal note(s) _____

[x] fiscal note(s) Senate ~~SENATE~~ DHSS 4/21/99

[] zero fiscal note(s) _____

[] zero fiscal note(s) _____

| SIGNING WITH RECOMMENDATIONS | DP | DNP | NR | AM |
|------------------------------|----|-----|----|----|
| Car Bunde Bunde | ✓ | | | |
| Die Kohring Kohring | X | | | |
| Ala Rusterman Rusterman | X | | | |
| Pat Davis Davis | X | | | |
| Ben Grussendorf Grussendorf | X | | | |
| Carol Moses Moses | X | | | |
| David Davis Davis | X | | | |
| William Williams Williams | X | | | |
| Foster Foster | X | | | |

CHAIR'S SIGNATURE

Car Bunde V.C.

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 11
Bill Ver. #: SB97
(S) Publish Date: 4-21-99

Revision Date: _____ Dept. Affected: Health and Social Services
Title: Mental Health Evaluation and Treatment and
confidential mental health records BRU: Community Mental Health Grants
Sponsor: Senator Pete Kelly Component: Designated Evaluation and Treatment
Requestor: (Senate) HESS COMPONENT SERIAL NO. 1014
See also (SN#): _____

Expenditures/Revenues: (Thousands of Dollars)

| OPERATING | FY00 | FY01 | FY02 | FY03 | FY04 | FY05 |
|-------------------|------|---------|---------|---------|---------|---------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | 150.0 | 150.0 | 150.0 | 150.0 | 150.0 |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | 1,544.7 | 2,641.7 | 2,641.7 | 2,641.7 | 2,641.7 |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | 0.0 | 1,694.7 | 2,791.7 | 2,791.7 | 2,791.7 | 2,791.7 |

| | | | | | | |
|----------------------|--|--|--|--|--|--|
| CAPITAL EXPENDITURES | | | | | | |
|----------------------|--|--|--|--|--|--|

| | | | | | | |
|-------------------------|--|--|--|--|--|--|
| CHANGES IN REVENUES () | | | | | | |
|-------------------------|--|--|--|--|--|--|

FUND SOURCE (Thousands of Dollars)

| | | | | | | |
|--------------------------|-----|---------|---------|---------|---------|---------|
| 1002 Federal Receipts | | 1,544.7 | | | | |
| 1003 GF Match | | | | | | |
| 1004 GF | | | | | | |
| 1005 GF/Program Receipts | | | | | | |
| 1037 GF/Mental Health | | 150.0 | 2,791.7 | 2,791.7 | 2,791.7 | 2,791.7 |
| Other (please specify) | | | | | | |
| TOTAL | 0.0 | 1,694.7 | 2,791.7 | 2,791.7 | 2,791.7 | 2,791.7 |

POSITIONS:

| | | | | | | |
|-----------|--|--|--|--|--|--|
| FULL-TIME | | | | | | |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

Estimate of any current year (FY99) cost: \$0.0

ANALYSIS: (Attach a separate page if necessary)

Fiscal Assumptions:
SB 97 serves two functions: It clarifies the client eligibility for Designated Evaluation and Treatment (DET) Services and establishes procedures for determining that eligibility, processing applications, and paying claims; it also creates an entitlement to those services for eligible clients.

These clarifications are necessary due to a current lawsuit related to these services and due to the downsizing of the Alaska Psychiatric Institute (API). The plaintiff in the current litigation requests that the court interpret current statutes to mean that the department must determine every patient's ability to pay; and, that if it is detrimental to the patient's rehabilitation, the department has to relieve the patient of their obligation to pay. If the court agreed with this interpretation, the department would pay for a far greater number of people than are currently eligible for this program. Additionally, the downsizing of API will require that these services be provided in Anchorage beyond those currently provided in other communities throughout Alaska. This necessary expansion will require explicit eligibility and payment procedures to maintain consistent administration of the program.

3/12/99
Prepared by: Leonard Abel, Ph.D./Gina Macdonald Phone: 907-465-3370
Division: Mental Health and DD Date: 03/12/99
Approved by Commissioner: Karen Perdue, Commissioner Date: 3/15/99
Agency: Department of Health & Social Services

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ANALYSIS (cont.):

As stated above, current plans to downsize API require that private hospitals in Anchorage provide some inpatient psychiatric services through the Designated Evaluation and Treatment program. This results in impending additional costs regardless of legislation. The lawsuit also has implications for undetermined costs as eligibility for the program could be determined (and possibly expanded) through the courts. This legislation will allow reasonable expansion of the program while establishing program controls through setting clear criteria and formalizing payment procedures. New costs to the program will be covered transitionally by federal grant funds in FY 2000. An increment will be required to enable this program to become an entitlement beginning FY 2001.

Existing Program

There is \$1046.3 GF/MH in the base for the DET program. These funds provide a limited amount of 72-hour psychiatric evaluations in eight hospitals in Alaska, up to 30 days of psychiatric treatment in two hospitals, physicians' services, and transportation to the hospitals. In addition, it pays for enhanced detoxification at two facilities for persons who are intoxicated and expressing suicidal ideation. Historically, client eligibility for this program has been budget driven. The definition of an eligible client was chosen so that all eligible clients could be served within the existing budget. The law suit has demanded that, among other things, the definition of eligibility be expanded to a larger population.

Eligibility Expansion

Payment for DET services will be expanded to all persons who are a danger to themselves or others or gravely disabled due to a mental illness, who are at or below 185% of the federal poverty guidelines, and who have no other source of payment.

The FY2000 Governor's Budget includes a request of \$1097.0 in federal receipt authority for a Substance Abuse and Mental Health Services Administration (SAMSHA) grant as a part of the Community Mental Health/API 2000 project. Prior experience with a larger population indicated that the expanded eligibility would result in increased cost of at least \$300.0. Part of the SAMSHA federal grant will cover these increased costs and another portion would allow limited expansion of the current program. The total cost of these changes is \$582.1. None of these costs are reflected in the fiscal note, but are critical to its understanding. Hospital costs are based on a rate of \$930 per day, and detox costs are based on a cost of \$275 per day.

Community Mental Health/API 2000 (related to downsizing API)

The Community Mental Health/API 2000 project depends upon a fully functional DET program. The current DET program operates outside of Anchorage. For the Community Mental Health/API 2000 project related to the downsizing of the Alaska Psychiatric Institute to work, the DET program must include Anchorage hospitals. The final portion of the \$1097.0 in the FY2000 Governor's Budget, \$514.9, expands DET services to Anchorage. Services in Anchorage will not begin until the last quarter of FY 2000 as they will coincide with the adjustment of the emergency service system to accommodate a smaller API. The annualized cost in Anchorage assumes the passage of SB 97 that establishes the entitlement and clarifies procedures by which the department pays for these services.

DET Payments

| | <u>FY99</u> | <u>FY00</u> | <u>FY01</u> | <u>FY02</u> |
|--------------------------------------|----------------|----------------|----------------|----------------|
| GF/MH | | | | |
| Base | 1,046.3 | 1,046.3 | 1,046.3 | 1,046.3 |
| SB97 | 0.0 | 0.0 | 0.0 | 2,641.7 |
| Federal (SAMSHA) | | | | |
| Governor's FY2000 Req | 0.0 | 1,097.0 | 1,097.0 | 0.0 |
| SB97 | 0.0 | 0.0 | 1,544.7 | 0.0 |
| | <u>1,046.3</u> | <u>2,143.3</u> | <u>3,688.0</u> | <u>3,688.0</u> |
| DET Eligibility Determination | 0.0 | 0.0 | 150.0 | 150.0 |
| DET Program Total | 1,046.3 | 2,143.3 | 3,838.0 | 3,838.0 |

ANALYSIS (cont.):

Costs of Expansion

For FY2001, the costs in the Grants/Claims line reflect the cost of annualized DET services in Anchorage. These costs are directly related to the passage of SB 97. The costs assume full implementation of the new definition of eligibility, and serving all eligible clients as an entitlement. In addition, there is a related cost of \$150.0 in GF/MH funds for the purchase of eligibility determination. A more complex eligibility process will be necessary, based on the procedures used by the DHSS Division of Public Assistance to process welfare applications. The cost assumes a large volume of applications. The costs in the "Contractual" line will be necessary to process the applications and pay the cost of processing the bills. For FY2001, all new costs are funded through federal receipts.

The expansion of DET services to Anchorage will purchase an additional 2,984.8 bed days per year, or an average of 8.2 DET patients per day. The eligibility expansion is projected to require an additional 843.6 bed days per year or an average additional 2.3 patients per day.

The costs in FY2002 and beyond are all GF/MH due to the SAMSHA grant expiration.

If SB 97 does not pass, the FY2000 funds in the Governor's Budget would cover the anticipated service demands of the new eligibility definition outside of Anchorage, and permit limited services to remain in Anchorage indefinitely. However, there would not be sufficient funds to meet the demand to allow the Community Mental Health/API 2000 project to work. Services would be suspended at the point funds were exhausted, probably in mid-spring of FY2001. The department could anticipate additional litigation regarding the responsibility of the department to pay for these services. Court action could include further expansion of the definition of the population eligible to receive services under this program.



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Fairbanks Memorial Hospital**

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May 11, 1999

Senator Pete Kelly
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Dear Senator Kelly,

This letter is to provide you with an update on the progress of our expansion plans of our facility's Mental Health Unit, and some overall information on the mental health picture in our community.

We were notified last week by the Health and Social Services Commissioner's office that our Certificate of Need has been approved. This is good news indeed, and now we can focus on finishing the new unit.


At this time we are anticipating a September-October time line for completing the project. All demolition work is complete; now it's a matter of putting the new unit together. We had the local members of NAMI (National Alliance for the Mentally Ill) come for a tour last week to provide input and to hear about the plans we have for the new unit. They are excited and supportive about the expanded capacity.

In the past it has been necessary to transfer individuals to Alaska Psychiatric Institute in Anchorage. Unfortunately, in many cases where transfer could not take place immediately, a stay in the Fairbanks Correctional Center (FCC) was required in order to provide a safe environment prior to transfer. Though not eliminated, we are glad to report that during the past few months the number of referrals to API via FCC has dropped due to work done in conjunction with FCC, Fairbanks Community Mental Health Center, Probate Office, State Troopers, Fairbanks Police Department, and the FMH Emergency Department.

While all of this activity is having positive results, we are currently working with many of you on Senate Bill 97 involving Designated Evaluation and Treatment (DET) of the mentally ill. The legislation would put in law a statutory framework for reimbursement for DET services. We continue to support SB 97 (and companion HB 187) and appreciate your assistance in bringing about its passage.

Should you have any questions, please call me, Rick Solie, or Karl Sanford at 458-5300. Thank you for your help and interest in these important health care issues.

Sincerely,



Mike Powers
Administrator

ALASKA STATE

HOSPITAL & NURSING HOME

ASSOCIATION

RECEIVED

MAY 05 1999

Senate Finance
Committee

May 4, 1999

Senator John Torgerson
Senate Finance Committee
State Capitol Building, Room 516
Juneau, AK 99801-1182

Dear Senator Torgerson:

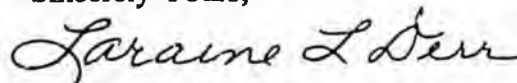
Senate Bill 97 has been referred to the Senate Finance Committee. The bill clarifies the reimbursement policy for psychiatric treatment of indigent individuals at local hospitals.

On behalf of the Alaska Association of Hospitals and Nursing Homes, I am writing in support of SB 97. Alaska has moved forward during the last decade by providing care for the mentally ill in settings that are less restrictive and closer to the patients' homes. Alaska has initiated development of local hospitalization through the Designated Evaluation and Treatment Program (DET). Access to local hospitalization, for treatment of acute, short-term episodes, is required to provide care for the mentally ill individuals within our communities. The proposed downsizing of the state hospital also makes ensuring access to local hospitals critical.

SB 97 clarifies the existing DET program and provides safeguards to both the mentally ill and local health facilities. A predictable and reliable funding source is necessary to provide a safety-net for those individuals who formerly would have been admitted to API.

Thank you for your consideration of our letter of support.

Sincerely Yours,



Laraine Derr
President/CEO

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