

SB

364

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SB 364

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 5, 2004

The Honorable Gene Therriault
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Therriault:

Under the authority of article III, section 18, of the Alaska Constitution, I am transmitting a bill related to the mental health treatment assistance program. The bill would give the Department of Health and Social Services additional tools to control costs. Costs would be controlled by limiting financial assistance to persons meeting the eligibility criteria after registration. Registration would require contacting the department in a timely manner and supplying information on medical and financial need. The department would also gain some flexibility to reduce rates when there is a shortfall of funds.

I urge your support of this important bill.

Sincerely yours,

Handwritten signature of Frank H. Murkowski in black ink.
Frank H. Murkowski
Governor

Enclosure

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version : SB 364
 (S) Publish Date: 3/8/04
 Dept. Affected: Health & Social Services
 RDU Behavioral Health
 Component Designated Eval & Treatment

Revision Date/Time (Note if correction):
 Title RELATING TO THE MENTAL HEALTH TREATMENT PROGRAM

Sponsor (RLS) BY REQUEST OF THE GOVERNOR

Requester _____ Component No. 1014

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Miscellaneous						
TOTAL OPERATING	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1037 GF/Mental Health	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
Other(Specify Type-do not abbreviate)						
Other(Specify Type-do not abbreviate)						
TOTAL	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

Estimate of any current year (FY2004) cost: _____

Mark this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will provide the Department with management tools necessary to contain costs for DET services on an annual basis. Changes to the eligibility requirements and time frames for applying for financial assistance will allow the department to better project and manage costs within the available funding levels. Current application timelines, i.e. 180 days after date of discharge results in bills for prior year service coming in the first six months of the current fiscal year. This lag makes it extremely difficult for program staff to project the level of funding available for current year program costs. (Continued on next page)

Prepared by: Bill Hogan, Director
 Division: Behavioral Health
 Approved by: Joel S. Gilbertson, Commissioner
 Agency: Department of Health and Social Services

Phone 465-3371
 Date/Time 02/05/2004
 Date 02/06/2004

FISCAL NOTE

FN # 1

STATE OF ALASKA
2004 LEGISLATIVE SESSION

SB 364

ANALYSIS CONTINUATION

DET program expenditures for the last few years have averaged \$500.0 more in general funds than the original budget. In past years, either a supplemental budget request has been appropriated or excess year-end funds within the appropriation were available to cover these additional costs. However, with FY04 budget reductions this is not an option. The program currently anticipates approximately \$500.0 in FY03 claims being received between July 1 - December 31, 2003 having to be paid out of its FY04 budget.

In FY2005 this program will lose federal receipts of \$724.9 (which are reflected in the Governor's budget) that have previously been available for program costs. With these compounding circumstances it is important to implement changes to allow for fiscal management of this program to stay within budgetary authorization. This bill will allow the department to cap payments to the funding levels available, rather than the current open-ended process.

Due to the FY04 and FY05 budget reductions the most that could be expected in FY05 general fund savings would be \$100.0. This represents approximately a 10% general fund reduction.

If these legislative changes are not made to the DET program, the only alternatives available to the department for this program would be requests for supplemental appropriations or to decline payment of the bill which could result in legal action.

SB 364 -- DET Bill Summary -- 3/18/04

Background/Intent

The existing statutes require the State to cover the costs of diagnosis, evaluation and treatment (DET) for financially eligible patients who need to be involuntarily committed to non-state-operated hospitals. The costs of these services and the related transportation cost have increased over the years. The intent of this bill is to:

- Establish that this is not an entitlement
- Clearly communicate that costs incurred will only be covered up to the amount appropriated by the legislature
- Require hospitals to notify the Department within 24 hours of admission of a potentially eligible individual, allowing the Department to assist in timely and appropriate discharge to community based programs
- Establish that the Department is under no obligation to pay for services a hospital delivers to a patient beyond recommended discharge date
- Funding is decreased between FY04 and FY05

Program Effects

- Contains costs on an annual basis
- 24-hour registration assists Department to determine costs at time they are incurred and thus allow for fiscal management
- Limit State responsibility to funds appropriated by legislature

Cost Progression 2000-2005

FY00	\$	1,901,480	
FY01		2,055,420	
FY02		2,284,930	
FY03		3,384,430	
FY 04 Budget		2,336,000	
FY 05 Budget		1,901,480	Strategies being explored to expand federal participation via DSH

Cost Saving Strategies

- Update transportation policies and procedures
 - Ambulances

DET Sites

- Fairbanks
- Juneau

DES Sites

Palmer, Ketchikan, Cordova, Homer, Valdez, Sitka,
Bethel, Kodiak

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
 Bill Version: 0080-DHSS-DBH-02-06-04
 () Publish Date: _____
 Dept. Affected: Health & Social Services

Revision Date/Time (Note if correction): _____
 Title RELATING TO THE MENTAL HEALTH
TREATMENT PROGRAM

RDU Behavioral Health
 Component Designated Eval & Treatment

Sponsor (RLS) BY REQUEST OF THE
GOVERNOR

Requester _____ Component No. 1014

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Supplies						
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TOTAL OPERATING	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)

CAPITAL EXPENDITURES

CHANGE IN REVENUES (0)

FUND SOURCE (Thousands of Dollars)

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1003 GF Match						
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1037 GF/Mental Health	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)
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Estimate of any current year (FY2004) cost: _____

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POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This bill will provide the Department with management tools necessary to contain costs for DET services on an annual basis. Changes to the eligibility requirements and time frames for applying for financial assistance will allow the department to better project and manage costs within the available funding levels. Current application timelines, i.e. 180 days after date of discharge results in bills for prior year service coming in the first six months of the current fiscal year. This lag makes it extremely difficult for program staff to project the level of funding available for current year program costs. (Continued on next page)

Prepared by: Bill Hoqan, Director
 Division Behavioral Health
 Approved by: Joel S. Gilbertson, Commissioner
 Agency Department of Health and Social Services

Phone 465-3371
 Date/Time 02/05/2004
 Date 02/06/2004

STATE OF ALASKA

DEPT. OF HEALTH AND SOCIAL SERVICES

OFFICE OF THE COMMISSIONER

FRANK H. MURKOWSKI, GOVERNOR

P.O. BOX 110601
JUNEAU, ALASKA 99811-0601
PHONE: (907) 465-3030
FAX: (907) 465-3068

March 11, 2004

Honorable Fred Dyson, Chairman
Senate Health, Education and
Social Services Committee
Alaska State Capitol; Rm. 121
Juneau, AK 99801-1182

Dear Senator Dyson,

The Department of Health and Social Services respectfully requests a hearing in the Senate Health, Education, and Social Services Committee on Senate Bill 364 "An Act relating to liability for expenses of placement in certain mental health facilities; relating to the mental health treatment assistance program; and providing for an effective date."

The purpose of this bill is to provide the department with additional tools to contain costs in the Designated Evaluation and Treatment (DET) program. The bill will require hospitals that participate in this program to provide the department with more timely information on persons receiving services, thereby allowing the department to better control total program costs over the course of the year. The bill also makes it clear that the State's obligation to pay for these services is limited to the amount appropriated by the legislature for this purpose.

The Governor's transmittal letter and fiscal note relating to SB 364 are on file with the committee. A brief history of the DET program is attached.

Your favorable consideration of this request will be appreciated.

Sincerely,



Joel Gilbertson
Commissioner

Attachment

cc: Mike Tibbles, Director
Legislative Office
Office of the Governor

Bill Hogan, Director
Division of Behavioral Health



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Health & Social Services	DIVISION BH	BILL NUMBER LL 80	SPONSOR (RLS) BY REQUEST OF THE GOV
SHORT TITLE OF BILL RELATING TO THE MENTAL HEALTH TREATMENT PROGRAM			
DEPARTMENT POSITION Support--Bill Ready for Introduction			
PREPARED BY Shawnda Brooks	DATE 02/04/2004	COMMISSIONER'S SIGNATURE Joel S. Gilbertson	DATE 02/04/2004

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Unknown	CONSTITUENT GROUP(S) AFFECTED BY BILL Bartlett Regional Hospital; Fairbanks Memorial Hospital; API, etc.
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL Some of the service provider groups

FISCAL IMPACT: NONE FISCAL NOTE ATTACHED

BACKGROUND/LEGISLATIVE INTENT

The existing statutes require the State to cover the costs of diagnosis, evaluation and treatment (DET) for financially eligible patients who need to be involuntarily committed to non-state-operated hospitals. The costs of these services and the related transportation costs have increased over the years. The intent of this bill is to 1) establish that this is not an entitlement service and 2) clearly communicate costs incurred will only be covered up to the amount appropriated by the legislature for this service, 3) require hospitals to notify the department within 24 hours of admission of a potentially eligible individual so that the Department can assist in timely and (continued on next page)

ANALYSIS OF BILL/PROGRAM EFFECTS

Passage of this bill will give the Department of Health and Social Services the tools it needs to contains costs for DET services on an annual basis. Requiring registration of the patient within 24 hours of admission assists the Department in determining what costs are being accrued at the time they are being incurred, thus ensuring that the program can be managed in a fiscally responsible manner. Additionally, it provides language to ensure that the state is responsible for paying for these services only to the extent that funding is appropriated for it by the legislature,

(continued on next page)

AMENDMENTS PROPOSED

BILL ANALYSIS

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. LL 80

Additional Comments

Background/Legislative Intent (continued)

appropriate discharge to a community based provider and 4) establish that the Department is under no obligation to pay for services a hospital delivers to a patient beyond a recommended discharge date. All of these changes are being put forward to enable the Department to ensure the needed services are provided to the extent possible with available funding, which is being decreased from FY04 to FY05.

Analysis of Bill/Program Effects (continued)

thus assuring that these services not be deemed an entitlement. Early passage of this bill would give the Department the statutory authority needed to implement these changes in FY04 to assist meeting an existing budget shortfall. Full benefit from these cost containment measures would be realized in FY05. The Department believes these changes can be made with minimum negative consequences for the clients being served because no patient will be moved to a lower level of care, unless it is medically appropriate and supports in the way of community based services are available. Passage of this bill may result in some of the hospitals incurring uncompensated care costs related to the delivery of DET services.

ATTACHMENT
DESIGNATED EVALUATION AND TREATMENT PROGRAM

Beginning in the late 1970s, the Designated Evaluation and Treatment Program provided funding on a fee-for-service basis to local community hospitals and specialty hospitals. This funding covered psychiatric inpatient care to certain persons, enabling them to receive care close to home and family. The population initially served by the program was anyone who did not have the means to pay the bill for hospital and related services. The budget, while limited, enabled the program to compensate hospitals for psychiatric inpatient care provided to "indigent" persons, without any further restrictions.

Growth in the program and increases in hospital rates pushed program costs beyond the available budget, and the first restriction was imposed. The program policy was changed to provide payment only for persons who were under civil commitment. A task force, appointed to resolve payment issues, recommended that the hospitals be paid at the Medicaid rate.

The Designated Evaluation and Treatment Program has become a vital part of the necessary array of community services that must be in place before the Alaska Psychiatric Institute can assume its role as the tertiary care facility for Alaska. It provides acute hospital psychiatric care treatment close to ones home community and support network.

In 1998, the federal government made funds available to assist low-income individuals in paying for evaluation and treatment services in designated mental health facilities. The funding was available through FY 01. During the 21st session of the Alaska State Legislature, Senate Bill 97 became law. It created the Mental Health Treatment Assistance Program (AS 47.31.005 – 47.31.100) and directed the department to adopt regulations to implement the program (after consulting with the Alaska Mental Health Trust Authority).

HB 535 -- DET Bill Summary -- 3/22/04

Background/Intent

The existing statutes require the State to cover the costs of diagnosis, evaluation and treatment (DET) for financially eligible patients who need to be involuntarily committed to non-state-operated hospitals. The costs of these services and the related transportation cost have increased over the years. The intent of this bill is to:

- Establish that this is not an entitlement
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- Establish that the Department is under no obligation to pay for services a hospital delivers to a patient beyond recommended discharge date
- Funding is decreased between FY04 and FY05

Program Effects

- Contains costs on an annual basis
- 24-hour registration assists Department to determine costs at time they are incurred and thus allow for fiscal management
- Limit State responsibility to funds appropriated by legislature

Cost Progression 2000-2005

FY00	\$	1,901,480	
FY01		2,055,420	
FY02		2,284,930	
FY03		3,384,430	
FY 04 Budget		2,336,000	
FY 05 Budget		1,901,480	Strategies being explored to expand federal participation via Disproportionate Share (DSH)

Cost Saving Strategies

- Update transportation policies and procedures
 - Ambulances

DET Sites

- Fairbanks
- Juneau

Other Sites

Palmer, Ketchikan, Cordova, Homer, Valdez, Sitka,
Bethel, Kodiak

Summary Of DES/T for FY00 to FY03

Clients Served in Fiscal Year

Region	Facility	FY00	FY01	FY02	FY03	→	
ARO	Providence Hospital		2	0	0	0	
ARO	North Star Hospital		0	0	2	0	
NRO	Fairbanks Memorial Hospital		127	185	207	178	
NRO	YKHC		6	6	2	0	
SCRO	Providence Kodiak Island Medical		12	9	0	1	
SCRO	Valdez Community Hospital		0	0	2	0	
SERO	Bartlett Memorial Hospital		44	68	65	57	
SERO	Ketchikan General Hospital		33	21	0	0	
SERO	Mt Edgecombe Hospital		2	1	8	8	
SERO	Petersburg General		0	1	0	0	
	Statewide		226	291	286	244	1047

Days of Evaluation and Treatment Services in Fiscal Year

Region	Facility	FY00	FY01	FY02	FY03	→	
ARO	Providence Hospital		6	0	0	0	
ARO	North Star Hospital		0	0	6	0	
NRO	Fairbanks Memorial Hospital		874	791	892	991	
NRO	YKHC		8	12	2	0	
SCRO	Providence Kodiak Island Medical		22	24	0	4	
SCRO	Valdez Community Hospital		0	0	6	0	
SERO	Bartlett Memorial Hospital		235	460	430	670	
SERO	Ketchikan General Hospital		59	33	0	0	
SERO	Mt Edgecombe Hospital		2	2	28	21	
SERO	Petersburg General		0	1	0	0	
	Statewide		1206	1323	1364	1686	5579

Average Length of Stay in Fiscal Year

Region	Facility	FY00	FY01	FY02	FY03	→	
ARO	Providence Hospital		3	0	0	0	
ARO	North Star Hospital		0	0	3	0	
NRO	Fairbanks Memorial Hospital		6.881889764	4.275675676	4.309178744	5.56741573	
NRO	YKHC		1.333333333	2	1	0	
SCRO	Providence Kodiak Island Medical		1.833333333	2.666666667	0	4	
SCRO	Valdez Community Hospital		0	0	3	0	
SERO	Bartlett Memorial Hospital		5.340909091	6.764705882	6.615384615	11.75438596	
SERO	Ketchikan General Hospital		1.787878788	1.571428571	0	0	
SERO	Mt Edgecombe Hospital		1	2	3.5	2.625	
SERO	Petersburg General		0	1	0	0	
	Statewide		3.025334901	2.696925257	3.57076056	5.986700424	3.86993

Cost of Services in Fiscal Year

Region	Facility	FY00	FY01	FY02	FY03
ARO	Providence Hospital	\$ 4,219.14	\$ -	\$ -	\$ -
ARO	North Star Hospital	\$ -	\$ -	\$ 11,827.47	\$ -
NRO	Fairbanks Memorial Hospital	\$ 701,515.28	\$ 834,370.77	\$ 1,810,658.88	\$ 1,863,590.77
NRO	YKHC	\$ 9,759.84	\$ 18,277.50	\$ 3,626.00	\$ 1,900.00
SCRO	Providence Kodiak Island Medical	\$ 32,666.59	\$ 48,858.71	\$ -	\$ 3,585.00
SCRO	Valdez Community Hospital	\$ -	\$ -	\$ -	\$ -
SERO	Bartlett Memorial Hospital	\$ 221,225.17	\$ 467,870.61	\$ 591,562.23	\$ 920,319.19
SERO	Ketchikan General Hospital	\$ 56,381.28	\$ 34,443.41	\$ -	\$ -
SERO	Mt Edgecombe Hospital	\$ 2,662.00	\$ 3,133.60	\$ 50,672.00	\$ 42,333.40
SERO	Petersburg General	\$ -	\$ 3,791.04	\$ 2,164.91	\$ -
	Statewide	\$ 1,028,429.30	\$ 1,410,745.64	\$ 2,470,511.49	\$ 2,831,728.36



STATE OF ALASKA
OFFICE OF THE GOVERNOR

BILL ANALYSIS

DEPARTMENT Health & Social Services	DIVISION BH	BILL NUMBER LL 80	SPONSOR (RLS) BY REQUEST OF THE GOV
SHORT TITLE OF BILL RELATING TO THE MENTAL HEALTH TREATMENT PROGRAM			
DEPARTMENT POSITION Support--Bill Ready for Introduction			
PREPARED BY Shawnda Brooks	DATE 02/04/2004	COMMISSIONER'S SIGNATURE Joel S. Gilbertson	DATE 02/04/2004

SUMMARY

OTHER AGENCIES AFFECTED BY BILL Unknown	CONSTITUENT GROUP(S) AFFECTED BY BILL Bartlett Regional Hospital; Fairbanks Memorial Hospital; API, etc.
ORGANIZATIONAL SUPPORT FOR BILL	ORGANIZATIONAL OPPOSITION TO BILL Some of the service provider groups

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AMENDMENTS PROPOSED

BILL ANALYSIS

STATE OF ALASKA
2002 LEGISLATIVE SESSION

BILL NO. LL 80

Additional Comments

Background/Legislative Intent (continued)

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Analysis of Bill/Program Effects (continued)

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STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: 0080-DHSS-DBH-02-06-04

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Title RELATING TO THE MENTAL HEALTH TREATMENT PROGRAM

Dept. Affected: Health & Social Services

RDU Behavioral Health

Component Designated Eval & Treatment

Sponsor: (RLS) BY REQUEST OF THE GOVERNOR

Requester _____

Component No. 1014

Expenditures/Revenues

(Thousands of Dollars)

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CAPITAL EXPENDITURES

CHANGE IN REVENUES (0)

FUND SOURCE

(Thousands of Dollars)

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1003 GF Match						
1004 GF						
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POSITIONS

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Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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Prepared by: Bill Hogan, Director
Division Behavioral Health
Approved by: Joel S. Gilbertson, Commissioner
Agency Department of Health and Social Services

Phone 465-3371
Date/Time 02/05/2004
Date 02/06/2004

Questions on SB 364 from 3/22/04

1) Fiscal note-- how to manage 24-hour notification, contract with First Health? What happens if there is a lapse by the provider in the time to report?

Will educate providers on new registration requirements.

This is not a "change in eligibility" but rather a clarification on eligibility -- we will seek more information about their mental status with regard as to "dangerous" to confirm status in retrospective review.

Costs within existing budget -- if retrospective reviews are changed from DBH staff to First Health the cost would be about \$31,800/year based on a current charge of \$111.44/review X 275 reviews (average # of admissions / last 3 years).

If we add an early review at 8th day of admission (transitioning from evaluation to treatment) we can also add discussion about eligibility and discharge planning, the cost would increase by \$7,000 based on 63 admissions over 8 days in FY03. The total First Health review costs would be about \$40,000/year.

2) Senator Dyson-- outline of how professionals go about evaluating a patient for the amount of time for reasonable stay.

Duana Hopson, DBH Medical Director, will call in from API/LIO

3) Is there a liability issue if we order an early discharge and someone is harmed due to that early discharge?

Clarification -- we are not seeking a prior authorization process but a retrospective review of the records but with more detail in the records about the individuals' mental status while in hospital care. These will be fiscal discussions after discharge.

This retrospective review vs. prior authorization process will avoid most of liability concerns and is only a refinement in detail over the current process.

4) What have other states done on this issue? - Entitlement, permissive issue

Dept of Law is researching

5) Wants to know what we will do if we run out of funds appropriated -- we won't come back on a supplemental? -- our response of this language in other legislation is that it is pretty much standard language in legislation on benefits (i.e. Senior Care).

Deputy Commissioner will address hearing committee with reference to supplemental.

Ex: When it is projected that funds will run out before end year, DBH will notify hospitals and then at end of year pay balance in percentage to outstanding bills.

6) Do we need to note in the bill that a medical professional representing DHSS will be the one deciding with the provider?

DBH Medical Director can be added in appeal process if retrospective review challenges eligibility. Details to be clarified in AAC.

7) How do costs compare between API and DET/S facilities

API daily rate	669.00
Fairbanks	1,646.91
Bartlett	1,636.04
Ketchikan	1,800.68
Mt. Edgecumbe	2,049.00
Bethel	2,049.00

8) Do we know what the rate reduction might be -- section 7 of the bill.

To be worked out in AAC but:

Ex: When it is projected that funds will run out before end year, DBH will notify hospitals and then at end of year pay balance in percentage to outstanding bills.

9) Explanation for Cost Increases over years.

100% of Hospital cost increase between 01 and 03

27% of Hospital increase in average daily Medicaid between 01 and 03

27% of Hospital increase in total beds used between 01 and 03

Summary Of DES/T for FY00 to FY03					Hospitals Only		
		Clients Served in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	2	0	0	0		
ARO	North Star Hospital	0	0	2	0		
NRO	Fairbanks Memorial Hospital	127	185	207	178		
NRO	YKHC	6	6	2	0		
SCRO	Providence Kodiak Island Medical	12	9	0	1		
SCRO	Valdez Community Hospital	0	0	2	0		
SERO	Bartlett Memorial Hospital	44	68	65	57		
SERO	Ketchikan General Hospital	33	21	0	0		
SERO	Mt Edgecombe Hospital	2	1	8	8		
SERO	Petersburg General	0	1	0	0		
Statewide		228	291	286	244		
		Days of Evaluation and Treatment Services in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	6	0	0	0		
ARO	North Star Hospital	0	0	6	0		
NRO	Fairbanks Memorial Hospital	874	791	892	991		
NRO	YKHC	8	12	2	0		
SCRO	Providence Kodiak Island Medical	22	24	0	4		
SCRO	Valdez Community Hospital	0	0	6	0		
SERO	Bartlett Memorial Hospital	235	460	430	670		
SERO	Ketchikan General Hospital	59	33	0	0		
SERO	Mt Edgecombe Hospital	2	2	28	21		
SERO	Petersburg General	0	1	0	0		
Statewide		1206	1323	1364	1686		
		Average Length of Stay in Fiscal Year					
Region	Facility	FY00	FY01	FY02	FY03		
ARO	Providence Hospital	3	0	0	0		
ARO	North Star Hospital	0	0	3	0		
NRO	Fairbanks Memorial Hospital	6.9	4.3	4.33	5.6		
NRO	YKHC	1.3	2	1	0		
SCRO	Providence Kodiak Island Medical	1.8	2.7	0	4		
SCRO	Valdez Community Hospital	0	0	3	0		
SERO	Bartlett Memorial Hospital	5.3	6.8	6.6	11.8		
SERO	Ketchikan General Hospital	1.8	1.6	0	0		
SERO	Mt Edgecombe Hospital	1	2	3.5	2.6		
SERO	Petersburg General	0	1	0	0		
Statewide		3	2.9	3.6	6		
		Cost of Increase 01 to 03				Estimated	
Statewide		FY01	FY02	FY03	Cost Increases		
Average Daily Medicaid Rate		1178	1449	1493			
Percentage of Increase in Rate					27%	\$534,090	
Total Bed Days		1323	1364	1686			
Percentage of Increase in Days					27%	\$612,018	
Total DES/T		\$1,410,745	\$2,470,511	\$2,831,728			
Percentage of Increase in Cost					100%	\$1,420,938	

23G-2
3/31/2004
(9:37 AM)

AMENDMENT

OFFERED IN THE HOUSE HEALTH,

BY _____

EDUCATION AND SOCIAL SERVICES COMMITTEE

TO: HB 535

1 Page 2, line 28:

2 Delete "may [SHALL]"

3 Insert "shall"

4

5 Page 4, lines 23 - 28:

6 Delete all material.

7

8 Renumber the following bill sections accordingly.

9

10 Page 5, line 12 - 13:

11 Delete "secs. 1 - 9"

12 Insert "secs. 1 - 8"

13

14 Page 5, line 20:

15 Delete "Section 11 of this Act"

16 Insert "Section 10 of this Act"

17

18 Page 5, line 21:

19 Delete "sec. 12 of this Act"

20 Insert "sec. 11 of this Act"

**SENATE HEALTH, EDUCATION AND SOCIAL
SERVICES COMMITTEE (HES)**

**LETTER OF INTENT
TO SB 364**

It is the intent of the legislature that the Department of Health and Social Services continue to develop and support a continuum of mental health care that includes community-based outpatient and supportive services, community hospital-based inpatient evaluation and treatment services, and tertiary mental health care through the Alaska Psychiatric Institute. In developing this system the Department of Health and Social Services shall be guided by the principles that mental health services should be clinically appropriate, cost effective, offered in the least restrictive setting available, and provided as close to the client's home as possible.

It is further the intent of the legislature that in the event of a shortfall in appropriations for mental health evaluation and treatment at community hospitals to stabilize persons experiencing a psychiatric emergency or crisis, and who meet the criteria for involuntary commitment under AS 47.30.700 – 47.30.915, the Department of Health and Social Services shall make every effort to identify additional financing sources or reallocate appropriations available for the purpose from lesser priorities to continue these important services for the remainder of the fiscal year.

Part of language in operating budget

House HESS Questions 3/25/04 HB 535
Draft 3/31/04

- 1) If a person has been sent to a DET facility on a court order, would the DBH have any authority to question or overthrow the court order.

Attn Gen – the DBH would be obligated to follow that order

However, the treating physician can discharge a person who does not meet admission criteria.

- 2) How many youth are treated in DET facilities?

Seven (under 3%) admissions occurred in FY 03 out of a total 244 admissions; one youth entered the hospital twice. None exceeded the evaluation phase of up to 7 days.

- 3) What is the explanation for the increased length of stay at Bartlett?

See attached list of reasons for extended stays as explained by Bartlett justified by clinical reasons in the best interests of the patient

- 4) Why is cost of care at Mt. Edgecumbe so high compared to Bethel for example?

All IHS hospitals have a nationally determined rate that is the same for all hospitals

General answer is full cost studies are conducted every four years which include facility depreciation and are used to collect Medicaid funds.

- 5) What would happen if API were full?

- See # 3 – We can ask a DET facility to keep someone longer
- API is being more assertively managed to avoid being full – Current CEO has not turned anyone away

- 6) Could we send anyone to a correctional facility if API is full?

Attn Gen. -- DHSS will pay for another placement – we will not send to correctional facility (notwithstanding hold in jail while transportation being arranged for combative patients – leads to discussions about developing more assertive local DET and other medication options including Dr. to Dr. discussions with local physicians and API physicians.

- 7) Why are there different poverty levels eligibility definitions -- example between DET and Denali Kid Care.

There are at least 9 categorical programs using poverty definitions ranging from 100 -- 250% of federal poverty guidelines. Each was developed at different times, under different climates and different administrations.

See attached data summary sheet.

- 8) What is the comparable API Daily Medicaid Rate?

I was in error reporting the daily cost at API as \$669. That rate did not include depreciated facility costs. The Medicaid Rate was calculated at \$757.46/day calculated with the same standardized procedure used to calculate the other Medicaid rates used for other hospitals.

A rate for the new facility has not been calculated.

- 9) Are the Medicaid Rates cost shifting from higher Medical Costs such as surgery?

(Note: DHSS efforts to restructure psychiatric hospital rate.)

- 10) How will be using First Health and MD to monitor program?

See Summary of Proposed DET Monitoring Process

- 11) How have other states managed DET like programs in terms of an entitlement vs. limitations of budget.

Dan Branch, Att. Gen. Office has been asked to attend on 4/2/04

Length of Stay Extensions at Bartlett FY 03

- Difficulty in stabilizing on medications; developed many side effects to medications
- Placement, working w/ courts to get guardianship
- Difficulty in stabilizing medications, many reactions
- Placement, unable to release safely by self, not appropriate for API
- MD felt API placement inappropriate, better to stay within the southeast community
- Stabilizing on medications
- Difficulty in stabilizing on medications related to reactions/EPS
- Was off medication completely, restarted and stabilized
- Stabilizing on medications
- Co-occurring ETOH abuse, needing extra time
- Newly diagnosed, stabilizing on medication

Hospital CEO notes that most delays occurred with patients sent from across the region where resources tend to be less than in Juneau. Sixty-four percent of the delays were related to medication issues. More assertive discharge planning may be able to facilitate earlier discharges. Discharge planning should begin on Day of Admission by hospital staff and local programs. More active management by DBH/API/First Health may facilitate more timely discharges.

2003 Monthly Federal Poverty Guidelines for Alaska

Effective 9/1/2002

Household Size	QMB Working Disabled (Premium Level)	SLMB Base	SLMB Plus	Denali KidCare (limit for insured children)	Denali KidCare (limit for uninsured children) Pregnant Women	Transitional Medicaid DET	QDWI	Working Disabled (eligibility)
	100%	120%	135%	150%	175%	185%	200%	250%
1	\$935	\$1,121	\$1,262	\$1,402	\$1,635	\$1,729	\$1,869	\$2,336
2	\$1,262	\$1,514	\$1,704	\$1,893	\$2,208	\$2,335	\$2,524	\$3,155
3	\$1,590			\$2,384	\$2,782	\$2,940	\$3,179	\$3,973
4	\$1,917			\$2,875	\$3,355	\$3,546	\$3,834	\$4,792
5	\$2,245			\$3,367	\$3,928	\$4,152	\$4,489	\$5,611
6	\$2,572			\$3,858	\$4,501	\$4,758	\$5,144	\$6,430
7	\$2,900			\$4,349	\$5,074	\$5,364	\$5,799	\$7,248
8	\$3,227			\$4,840	\$5,647	\$5,970	\$6,454	\$8,086
Ea Addl	\$328			\$492	\$574	\$606	\$655	\$819

Proposed DET Monitoring Process

DBT Admission & Review Process	Existing Practice	Administered by DBH/API/1st Health
<p>I. Registration: Provides ability to identify level of utilization for program management. Type of Information obtained:</p> <ul style="list-style-type: none"> • Basic demographics • Program Criteria: <ul style="list-style-type: none"> • Mental status • Level of acuity (dangerousness) <p>(Note: Discharge Planning is to begin at Day 1)</p>	<p>I. Registration: 1. The treating physician certifies on admission that the patient meets involuntary commitment criteria. Reference AS 47.30.700-47.30.915</p> <p>Note: registration does not involve authorizing admission.</p>	<p>I. Registration: All registration would be sent to DBH/API</p> <p>(Note: it is possible to have online data entry into AKAIMS from the provider or API)</p>
<p>II. Eight Day Review:</p> <p>It is assumed that the "evaluation" period is up to three days, and can be extended to 7 days. The "treatment" period is implemented from this point forward.</p> <p>Note: Updating the means for documentation to more clearly articulate that criteria for continued stay is evident.</p> <p>(NOTE: Discharge planning should be updated)</p>	<p>II. Eight Day Review: 1. The treating physician makes a daily notation n each patient's care chart regarding whether the patient continues to meet the involuntary commitment criteria, and recertifies every 7 days, whether the patient continues to meet criteria.* (Reference the <u>Mental Health Treatment Assistance Eligibility Manual</u>, p.3)</p> <p>2. "The division will reimburse a designated evaluation facility for no more than 7 days for evaluation and crisis stabilization or for transition to community-based services if the division determines the amount of time is clinically appropriate" (Reference the <u>Mental Health Treatment Assistance Eligibility Manual</u>, p.6) Reference 7 AAC 75.520(b) and (c).</p>	<p>II. Eight Day Review: (est. # 60-70) DBH/API staff would conduct the 8 day review.</p> <p>1. Does the evaluation period exceed 7 days?</p> <ul style="list-style-type: none"> • No.....No review is conducted • Yes... Medical necessity of extension is reviewed: Criteria met? <ul style="list-style-type: none"> • Yes...extension is approved. • No....provider contacted for more information. Criteria met? <ul style="list-style-type: none"> • Yes...extension is approved. • No...DBH medical director consults with provider. Criteria met? <ul style="list-style-type: none"> • Yes...extension approved • No... payment denied
<p>III. Retrospective Review</p> <p>This review would occur within 90 days of admission, after discharge.</p> <ul style="list-style-type: none"> • Same as time limit for bill submission • Note: this would involve, on average, 275 clients annually. 	<p>III. Retrospective Review 1. The division will reimburse a designated treatment facility for no more than 40 days for evaluation, treatment, and crisis stabilization or for transition to community-based services if the division determines the amount of time is clinically appropriate</p> <p>(Reference the <u>Mental Health Treatment Assistance Eligibility Manual</u>, p.7) Reference 7 AAC 75.520(b) and (c).</p>	<p>III. Retrospective Review API staff would conduct review. Sources used: the client file</p> <p>Process:</p> <ol style="list-style-type: none"> 1. Paperwork is filed in a timely manner 2. Admission criteria is met? 3. File contains medical necessity that matches length of stay with client need? 4. File contains discharge planning that includes referral linkage to community based programs?

Summary of DES/T for FY00 to FY03 Hospitals Only

		Clients Served in Fiscal Year				
Region	Facility	FY00	FY01	FY02	FY03	
ARO	Providence Hospital	2	0	0	0	
ARO	North Star Hospital	0	0	2	0	
NRO	Fairbanks Memorial Hospital	127	185	207	178	
NRO	YKHC	6	6	2	0	
SCRO	Providence Kodiak Island Medical	12	9	0	1	
SCRO	Valdez Community Hospital	0	0	2	0	
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Total DES/T		\$1,410,745	\$2,470,511	\$2,831,728		
Percentage of Increase in Cost					100% \$1,420,938	

SB 364 / HB 535 -- DET Bill Summary -- 3/31/04

Background/Intent

The existing statutes require the State to cover the costs of diagnosis, evaluation and treatment (DET) for financially eligible patients who need to be involuntarily committed to non-state-operated hospitals. The costs of these services and the related transportation cost have increased over the years. The intent of this bill is to:

- Establish that this is not an entitlement
- Clearly communicate that costs incurred will only be covered up to the amount appropriated by the legislature
- Require hospitals to notify the Department within 24 hours of admission of a potentially eligible individual, allowing the Department to assist in timely and appropriate discharge to community based programs
- Establish that the Department is under no obligation to pay for services a hospital delivers to a patient beyond recommended discharge date
- Funding is decreased between FY04 and FY05

Program Effects

- Contains costs on an annual basis
- 24-hour registration assists Department to determine costs at time they are incurred and thus allow for fiscal management
- Limit State responsibility to funds appropriated by legislature

Cost Progression 2000-2005

FY00	\$	1,901,480	
FY01		2,055,420	
FY02		2,284,930	
FY03		3,384,430	
FY 04 Budget		3,096,800	
FY 05 Budget		1,901,480	Strategies being explored to expand federal participation via Disproportionate Share (DSH)

Cost Saving Strategies

- Update transportation policies and procedures
 - Ambulances

DET Sites

- Fairbanks
- Juneau

Other Sites

Palmer, Ketchikan, Cordova, Homer, Valdez, Sitka,
Bethel, Kodiak

Cost Comparisons between API and DET/S Facilities

- API daily rate 757.46
- Fairbanks 1,646.91
- Bartlett 1,636.04
- Ketchikan 1,800.68
- Mt. Edgecombe 2,049.00
- Bethel 2,049.00

Explanation for Cost Increases over years

100% of Hospital cost increases between 01 and 03

27% of Hospital increases in average daily Medicaid between 01 and 03

27% of Hospital increases in total beds used between 01 and 03

Management of Costs

Costs within existing budget – if retrospective reviews are changed from DBH staff to First Health the cost would be about \$31,800/year based on a current charge of \$111.44/review X 275 reviews (average # of admissions / last 3 years).

If we add an early review at 8th day of admission (transitioning from evaluation to treatment) we can also add discussion about eligibility and discharge planning, the cost would increase by \$7,000 based on 63 admissions over 8 days in FY03. The total First Health review costs would be about \$40,000/year.



Health, Education, and Social Services Committee Alaska State Senate

SB 364—Letter of Intent

It is the intent of the legislature that the Department of Health and Social Services continue to develop and support a continuum of mental health care that includes community-based outpatient and supportive services, community hospital-based inpatient evaluation and treatment services, and tertiary mental health care through the Alaska Psychiatric Institute. In developing this system the Department of Health and Social Services shall be guided by the principles that mental health services should be clinically appropriate, cost effective, offered in the least restrictive setting available, and provided as close to the client's home as possible.

It is further the intent of the legislature that in the event of a shortfall in appropriations for mental health evaluation and treatment at community hospitals to stabilize persons experiencing a psychiatric emergency or crisis, and who meet the criteria for involuntary commitment under AS 47.30.700 – AS 47.30.915, the Department of Health and Social Services shall make every effort to identify additional financing sources or reallocate appropriations available for the purpose from lesser priorities to continue these important services for the remainder of the fiscal year.

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 3/8/04

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED IN TO OFFICE: 4.5.04

Health, Education and Social Services Committee considered

SENATE BILL NO. 364

SB 364 LIMIT STATE AID FOR MENTAL HEALTH CARE

"An Act relating to liability for expenses of placement in certain mental health facilities; relating to the mental health treatment assistance program; and providing for an effective date."

and recommends:

- be replaced with _____ CS _____ SB 364 (HES)
- adopt previous _____ CS _____ (_____)
- attached amendment(s)
- adopt Letter of Intent by H.E.S.S. Committee
- further referral to _____ Committee

Senate Bill:

- Same Title
 New Title

House Bill:

- Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
					4

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
HSS	2/05	✓			1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>				✓
<i>[Signature]</i>	✓			
<i>[Signature]</i>	✓			
<i>[Signature]</i>		X		
CHAIR: <i>[Signature]</i>	✓			