

Attachments

Attachment 1

Report Update for State Mental Health Facilities

Attachment 2

Report Update for State Mental Retardation Facilities

Attachments I and II are provided in accordance with and to satisfy the requirements of the Health and Safety Code 533.032, related to long-range planning.

Attachment 1

Report Update for State Mental Health Facilities

As required by: Part 1, Health and Safety Code, Title 7,
Mental Health and Mental Retardation,
Subtitle A, Chapter 533, Subchapter B, Section 533.032,
Regarding Long Range Planning

FISCAL YEARS 2004-2005

Prepared by:

Texas Department of Mental Health and Mental Retardation

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REPORT UPDATE FOR STATE MENTAL HEALTH FACILITIES

Introduction and Charge

In addition to the long-range (or strategic) plan required of most state agencies, the Texas Department of Mental Health and Mental Retardation (TDMHMR) is required by statute to prepare a report containing information and recommendations regarding the most efficient long-term use and management of the Department's campus-based facilities. [Part 1, Health and Safety Code – Title 7, Subtitle A, Chapter 533, Subchapter B, Sections 533.032(c), (d), (f), and (g)].

Due to the different audiences that may be interested in state mental health facilities and state mental retardation facilities, the Department prepared two reports in fiscal year 2000 and fiscal year 2002 – one for state mental health facilities and one for state mental retardation facilities. The foundation for this report is the *Report on State Mental Health Facilities* dated April 2002. The current report contains updated information for state mental health facilities as required by the statute.

As required by statute public hearings on state mental health facilities were held on November 4, 2003 and March 3, 2004 to receive public comment regarding these facilities. Summaries of the comments from each public hearing are provided in Appendix B and Appendix C. The essential themes of the public comment were:

- support for the role of state mental health facilities;
- improve community options that may reduce the need for hospitalization;
- non-support of privatization or closure of a facility; and
- blend funding for community programs and state hospital programs to be managed through an Administrative Services Organization utilizing Disease Management principles.

Criteria for Admission to State Mental Health Facilities

Admissions to state mental health facilities in Texas are governed by three codes. The Texas Mental Health Code, The Family Code, and The Code of Criminal Procedure each contain elements relating to admission or commitment of individuals to these facilities. These codes have been operationalized by TDMHMR rules. The rule for Mental Health Services – Admission, Continuity, and Discharge (Chapter 412, Subchapter D) provides detailed criteria for various types of admissions to state mental health facilities. The following excerpt defines the general admission criteria:

§412.171. General Admission Criteria.

(a) With the exception of Waco Center for Youth, a person may be admitted to a SMHF only if the person has a mental illness and, as a result of the mental illness, the person:

- (1) presents a substantial risk of serious harm to self or others; or
- (2) evidences a substantial risk of mental or physical deterioration.

(b) A person may not be admitted to any SMHF if the person:

- (1) requires specialized care that is not available at the SMHF; or
- (2) has a physical medical condition that is unstable and could reasonably be expected to require inpatient treatment for the condition.

State Mental Health Facilities System

The state mental health facilities had 19,427 admissions in FY 2003 with an average daily census of 2,265. For the most part, inpatient psychiatric care is a relatively brief intervention, lasting no more than a few weeks. However, for those individuals whose treatment needs are the most severe, longer lengths of stay may be indicated.

The state mental health facilities provide specialized and intensive hospital-based mental health services. The service array offered by each state mental health facility is planned jointly by the state mental health facility and the local community mental health authorities within each facility's service area. A seamless interaction of hospital-based and community-based services is promoted through coordination, collaboration and communication between the two service entities on behalf of the consumer.

State Initiatives Affecting State Mental Health Facilities

House Bill 2292 (78th Regular Legislative Session)

Among the efforts to streamline government and create efficiencies in the delivery of social services, the Texas Legislature passed HB 2292, which restructures all of health and human services. As part of this restructuring, the current Department of Mental Health and Mental Retardation will be abolished. Services for people with mental illness, including the operations of state mental health facilities, will be transferred to the newly created Department of State Health Services. The commissioner of the new department (Dr. Eduardo Sanchez) was appointed in December 2003. The new Department of State Health Services will begin operations September 1, 2004. The future of the state mental health facilities will be influenced by the mission, vision and values developed by the new department.

In Article II of the same bill, the Legislature will allow the department, after August 31, 2004 and before September 1, 2005, to contract with a private service provider to operate a state mental health facility if the following conditions can be met:

- (1) the Health and Human Services Commission determines that the private service provider will operate the state mental health facility at a cost that is at least 25 percent less than the cost to the department to operate the state mental health facility;
- (2) the Health and Human Services Commission approves the contract;
- (3) the private service provider is required under the contract to operate the facility at a quality level at least equal to the quality level achieved by the department when the department operated the facility; and
- (4) the state mental health facility, when operated under the contract, treats a population with the same characteristics and need levels as the population treated by the state mental health facility when operated by the department.

In December 2003, a request for proposals from entities interested in operating a state mental health facility was issued. The results of the request yielded no proposal that met the conditions of the legislation.

Health and Human Services Commission Rider 55

In the General Appropriations Act for the Health and Human Services Commission, the Legislature attached a rider that calls for the study of facility closures and consolidations during the 2004-2005 biennium at the Department of Mental Health and Mental Retardation. The Commission will then provide a report with site specific recommendations on closures and consolidations when the 2006-2007 Legislative Appropriations Request is submitted to the Legislature.

The criteria for identifying facilities for closure include:

- a. proximity to other facilities and geographical distribution of remaining facilities;
- b. administrative cost of the facility;
- c. availability of other employment opportunities in the area for employees displaced by the closure;
- d. condition of existing facility structures;
- e. marketability of the property where the facility is located when considering the possible sale of the property or alternate use possibilities;
- f. ease of client transfer capability;
- g. capacity at remaining facilities to accommodate persons transferred from a facility identified for closure; and
- h. identification of specialty programs or services.

Utilization Trends Affecting State Mental Health Facilities

SMHF Admissions

Since 1996, there has been a 55% increase in the number of admissions to state mental health facilities. As the data displayed in Table 2 indicates, Austin State Hospital has experienced the most significant change in annual admissions. Further analysis shows that Austin State Hospital has the highest turnover rate among these facilities excluding the El Paso Psychiatric Center and the Rio Grande State Center. Increasing admissions significantly increases the cost of operating state mental health facilities because of the acute clinical needs of these patients.

Table 1 **SMHF Admissions**
Comparison of Fiscal Years 1996 and 2003

SMHF	1996 Admissions	2003 Admissions	% Change
Austin State Hospital	1,666	3,864	132%
Big Spring State Hospital	888	1,337	51%
El Paso Psychiatric Center	not applicable	2,200	not applicable
Kerrville State Hospital	500	680	36%
North Texas State Hospital	1,942	2,467	27%
Rio Grande State Center	1,484	1,255	-15%
Rusk State Hospital	1,594	2,025	27%
San Antonio State Hospital	2,674	2,871	7%
Terrell State Hospital	1,693	2,594	53%
Waco Center for Youth	126	134	6%
Total	12,567	19,427	55%

Prepared by: Texas Department of Mental Health and Mental Retardation

Length-of-Stay in State Mental Health Facilities

An analysis of state mental health facility utilization indicates that state mental health facilities are being utilized differently than in the mid-1990s. The higher numbers of admissions are for shorter lengths of stay. The data displayed in Table 3 shows significant increase in lengths of stay of 30 days or less and significant decreases in lengths of stay of one year or more.

Table 2 **Net Bed Days by Length-of-Stay (LOS) for SMHF**
Comparison of Fiscal Years 1996 and 2003

LOS Category	FY 1996 Bed Days	FY 2001 Bed Days	FY 2003 Bed Days	% Difference (1996 to 2003)
0-7 Days	7,068	12,180	18,777	62%
8-15 Days	17,462	33,897	42,156	59%
16-30 Days	38,307	60,222	64,700	41%
31-90 Days	163,857	181,736	183,788	11%
91-365 Days	244,593	214,272	202,448	-21%
1-5 Years	169,878	80,562	82,261	-107%
Over 5 Years	204,490	74,225	38,078	-437%

Prepared by: Texas Department of Mental Health and Mental Retardation

The analysis of the data in Table 3 also indicated a relationship between the mix of short and long length-of-stays and the operating costs of the state mental health facilities. This pattern of utilization of state mental health facilities by the local community mental health authorities has increased state mental health facility operating costs by substituting the more expensive short length-of-stay for the relatively less expensive, longer length-of-stay.

Recognizing this problematic trend, TDMHMR uses a "trust fund" system from which the local community mental health authorities "purchase" inpatient services from a prepaid "trust fund" of State general revenue resources equitably allocated to the local community mental health authorities based on population. The local community mental health authorities can only expend the "trust fund" dollars in the state mental health facility system. Table 4 displays the costs / prices associated with the provision of inpatient services for individuals who are uninsured by a third party payor. State mental health facilities and local community mental health authorities have developed utilization management agreements that define front door, treatment, and discharge process.

Table 3 SMHF Uninsured Service Cost / Price

\$260	Subacute (per day)
\$300	Adult Acute (per day)
\$342	Child/Adolescent (per day)
\$425	Admission (per admission)

State Mental Health Facilities' Role in the Statewide System of Services

Emergency Services

A major role of state mental health facilities is the provision of emergency services for individuals with the most serious mental illness, 24 hours a day, seven days a week. As demonstrated by the data in Table 5, a significant number of SMHF admissions occur after hours and on an emergency basis.

Table 4 After Hour Admissions as a Percent of Total SMHF Admissions in FY2003

SMHF	FY2003 Admissions	M-F/8-5	After-Hours
Austin State Hospital	3,864	29%	71%
Big Spring State Hospital	1,337	29%	71%
El Paso Psychiatric Center	2,200	18%	82%
Kerrville State Hospital	680	34%	66%
North Texas State Hospital	2,467	54%	46%
Rio Grande State Center	1,255	35%	65%
Rusk State Hospital	2,025	54%	46%
San Antonio State Hospital	2,871	31%	69%
Terrell State Hospital	2,594	22%	78%
Waco Center For Youth	134	98%	2%
Total	19,427	66%	34%

Prepared by: Texas Department of Mental Health and Mental Retardation..

Specialty Treatment Services

An increasingly significant component of the state mental health facility service array is the provision of specialty services. State mental health facilities continue to serve special populations such as children and adolescents, physically aggressive patients, persons with physical and sensory disabilities, and acute and sub acute patients. Statewide specialty services that are provided by state mental health facilities include:

- **Code of Criminal Procedures Referrals:** The forensic services on the Vernon campus of the North Texas State Hospital provides the only inpatient maximum security facility for adolescents and adults in Texas.
- **Adolescent Forensic Inpatient Services:** The Vernon campus of the North Texas State Hospital offers statewide service for adolescents referred by community courts.
- **Psychiatric Residential Treatment Services for Adolescents:** The Waco Center for Youth (WCY) provides residential services for adolescents with serious psychiatric illness. Though some private options exist for this level of care, WCY is the only statewide resource for youth without financial support.
- **Inpatient Psychiatric Services for the Deaf:** The Austin State Hospital (ASH) is the sole location in Texas offering specialty services for persons with a mental illness who also have a significant hearing impairment. Though emergency or short-term stabilization care is offered in other settings, the service provided by ASH occurs in a fully specialized psychiatric treatment and rehabilitation care setting.

In their role as a regional resource for all communities in Texas, state mental health facilities may also provide some of the services listed below:

- Family overnight visitation lodges;
- “Toll-free” family access to professionals;
- Flexible visitation times;
- Teleconferencing for treatment planning;
- Teleconferencing with community professionals to coordinate care and discharge planning and to provide staff training; and
- Telemedicine in certain locations for screening, assessments and treatment of patients in distant settings.

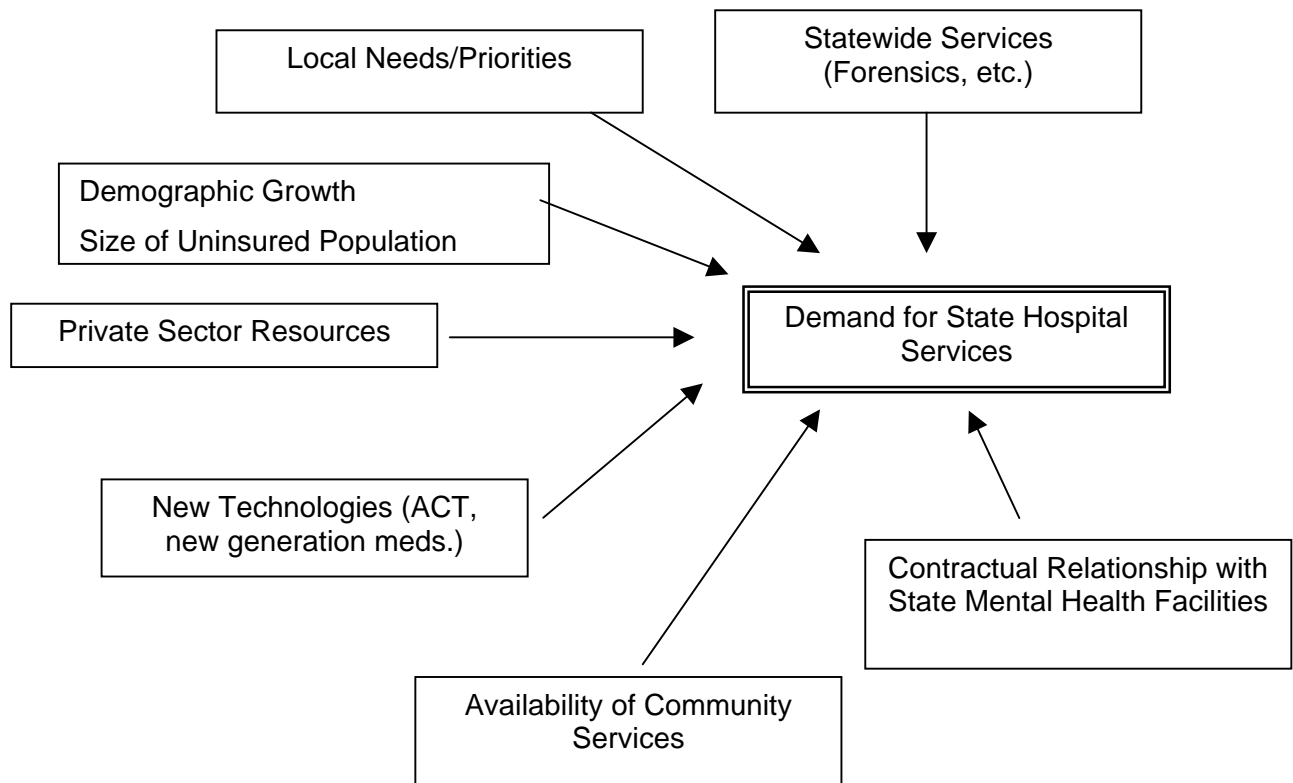
Methodology for Determining Demand for State Facility Services

Factors Affecting Demand for State Mental Health Facility Services

The interactions of several factors shape the demand for and utilization of state mental health facility services. Some of the factors that affect the future need for state mental health facility services are:

1. Availability of Community Services –The availability of effective community-based services in a particular community is a key factor in shaping the demand for state mental health facility services. There is less demand for state mental health facility services in those communities where evidenced-based “best practices” are emphasized in the local mental health service array. As community-based treatments become more widely available, diminished need for some state mental health facility services should result.
2. Demographic Growth – The prevalence of mental illness is a function of total population size: that is, the bigger the population, the greater the number of persons with mental illnesses. However, this does not necessarily translate automatically into the need for more state mental health facility beds. Other factors, such as new technologies and new generation medications, may reduce the need for inpatient services even when confronted with a growing population. An especially important aspect of demographic growth, both nationally and in Texas, is the growth of the uninsured population. The growth of this population is likely to increase the demand for state mental health facility services in the same way that it increases the demand for community-based services.
3. New Technologies/Medications – New evidence-based treatments are emerging which successfully address the needs of persons with mental illness who have intensive needs. A new generation of anti-psychotic medications has allowed persons previously hospitalized to return to the community. Assertive Community Treatment (ACT), Supported Housing and Supported Employment services have also been proven to reduce the need for hospitalization. As these services become increasingly available, the use of the state mental health facilities will change.

Figure 1 Factors Affecting Future Needs For State Mental Health Facility Services



Assumptions in Methodology

Several assumptions have been made in the methodology to determine the future utilization of state mental health facilities. These are:

1. State mental health facilities will continue to serve as a “safety net” within a continuum of care for indigent patients in that they offer inpatient services for persons without an ability to pay.
2. Stability of the state mental health facility system is critical and, therefore, a minimum level of service must be defined.
3. Services in hospitals must be responsive to local needs and priorities.
4. The infrastructure supporting the state mental health facility inpatient services must be of high quality.
5. The state mental health facility system will be dependent on the amount of general revenue received from the legislative and the amount of 3rd party contractual relationships the facilities have with local mental health authorities and other payors.

Projected Utilization of SMHF Beds

Texas statute (Part 1, Texas Health and Safety Code – Title 7, Subtitle A, Chapter 533, Subchapter B, Section 533.032(c)(1)) requires TDMHMR to project future bed requirements for state mental health facilities.

Utilizing the current “trust fund” allocation methodology, some projective measures of future bed day usage are possible. Table 6 displays the average statewide utilization of state mental health facilities for the 1st Quarter of FY 2004. The facility cost includes the funds allocated to the state mental health facilities. The total cost includes all funds expended by the state for these facilities. Table 7 presents the estimated allocations for state mental health facilities for the FY 2004 “trust fund” accounts. Appendix A presents the state mental health facilities allocation for the FY2004 trust fund account for each state mental health facility and each local mental health authority.

**Table 5 Average Statewide Utilization of SMHFs
 1st Quarter of FY2004 ***

SMHF Statewide Measure	FY2004
Average Daily Census	2,183
Average Daily Facility Cost Per Occupied Bed	\$340
Average Daily Total Cost Per Occupied Bed	\$456

**Table 6 Estimated Allocations for FY2004
 SMHF Trust Fund Accounts**

State Mental Health Facility	FY 2004 Population	Equity Allocation for SMHF FY 2004
Austin State Hospital	3,658,077	\$26,493,401
Big Spring State Hospital	1,569,825	\$15,597,327
Kerrville State Hospital	441,930	\$3,445,279
North Texas State Hospital	3,250,846	\$25,343,535
Rusk State Hospital	5,451,038	\$26,658,359
San Antonio State Hospital	3,838,033	\$29,921,235
Terrell State Hospital	3,222,296	\$25,120,958
Total	22,158,126	\$152,580,094

Projection of SMHF Maintenance Costs

Maintenance Cost Projections – 2004-2009

In addressing projections of maintenance costs for state mental health facilities, estimates were developed assuming that buildings would be maintained at current conditions. Projections of these costs were done using the Department's Computer-Aided Facility Management (CAFM) system. To maintain buildings in their current condition, two types of activities are necessary: (1) anything that needs replacement must be replaced and (2) anything that needs repairing must be repaired. The estimated costs reflect the assumption that the backlog of maintenance needs will be addressed so there is no further deterioration in the condition of the buildings.

Using CAFM, the projected costs for maintaining state mental health facilities at industry standards are shown below for each of the next six years.

**Table 9 Projections for Maintenance of State Mental Health Facilities
FY 2004 – 2009**

YEAR	PROJECTED MAINTENANCE COSTS *
2004	\$45,002,552
2005	\$64,810,017
2006	\$58,220,298
2007	\$78,719,108
2008	\$54,035,394
2009	\$78,369,076
TOTAL	\$379,156,444.

These projections are for all state mental health facility buildings. Different priorities are assigned to buildings depending on their use. For the purposes of prioritization, buildings are categorized into five classes: consumer sleeping buildings; consumer use buildings; administration buildings; support buildings (e.g. warehouse, kitchen, maintenance); and site buildings (e.g. gutters, sewers). Maintenance costs for all building categories are available. Cost projections for consumer use and consumer sleeping buildings in state mental health facilities are presented below.

**Table 10 Projections for Maintenance Of Client Use And Client Sleeping Buildings in Mental Health Facilities *
 FY 2004 – 2009**

Fiscal Year	Client Use Building	Client Sleeping Buildings	TOTAL	% of Total Maintenance Costs
2004	\$7,094,726	\$18,786,693	\$25,881,419	57.5%
2005	\$7,934,618	\$28,252,262	\$36,186,880	55.8%
2006	\$8,713,441	\$24,945,649	\$33,659,090	57.8%
2007	\$12,012,237	\$38,095,887	\$50,108,124	63.7%
2008	\$8,488,448	\$22,946,767	\$31,435,215	58.2%
2009	\$10,249,962	\$34,990,571	\$45,240,533	57.7%
TOTAL	\$54,493,432	\$168,017,829	\$222,511,261	58.7%

These projections are based on industry standards and do not represent the actual projected expenditures for maintenance.

For several years, resources have been limited for facility infrastructure maintenance resulting in a significant backlog of deferred maintenance. The 78th Texas Legislature appropriated \$35.3 million dollars in general obligation bonds to be used for repair and maintenance projects at the state mental retardation facilities and state mental health facilities during the 2004 – 2005 biennium. These projects will be prioritized by facility, with the highest priorities given to projects addressing Life Safety Code issues.

Strategies for the Future Use of State Mental Health Facilities

This report presents significant evidence of an evolution in the way of doing business for state mental health facilities. An analysis of this evolution suggest strategies at three levels:

1. Clarification of the role and mission of state mental health facilities, based in part on the pattern of actual utilization and the identified needs of the local community mental health authorities;
2. Reinforcement of the TDMHMR service philosophy that local community mental health needs drive the service system;
3. Recognition of the importance of the distinction between insured and uninsured Texans and, within this distinction, clearly identifying the size and scope of the general revenue funded inpatient services available for uninsured Texans.

State mental health facilities will continue to be a component of integrated mental health service delivery system providing necessary inpatient services to patients who do not have any other access to such service because of their indigent status or because psychiatric beds have disappeared in the local community.

Within the context of a comprehensive continuum of care, the role of state mental health facilities is to help local mental health authorities meet the needs of persons with mental illness which are not being met in community settings. Key to this role is the need for a stable, minimum amount of resources for the state mental health facility system and a resource allocation strategy that is equitable across the state. The primary role of the state mental health facility system is to ensure the presence of general revenue funded inpatient services for uninsured Texans. This function is not expected to change in size in the near future.

State mental health facilities will continue to offer services to local mental health authorities and third party payors through the "Trust Fund" methodology. The overall size of state mental health facilities will vary according to local market conditions including the number of admissions and type of services to be provided.

The state mental health facilities system will continue to provide statewide services, including forensic services and services for children and adolescents, and services for persons with mental illness who are hearing-impaired. At the same time, the system will continue to explore administrative efficiencies through the consolidation of administrative and support functions.

A commitment to maintaining the role of inpatient services includes the commitment to maintaining the quality of those services. A key aspect of this is to ensure that the infrastructure – especially the infrastructure in which consumers live and work – is maintained at an adequate level of safety and quality.

Appendix A

State Mental Health Facility Estimates of Allocations for FY2004 Trust Fund Accounts

State Mental Health Facilities Estimates of Allocations for FY2004 Trust Fund Accounts		
State Mental Health Facilities & Associated Local MH Authorities	FY 2004 Population	Equity Allocation for SMHF FY 2004 *
Austin State Hospital		
Austin-Travis County	874,737	\$ 6,819,434
Bluebonnet Trails	460,210	\$ 3,732,950
Central Counties	387,621	\$ 2,876,725
Gulf Coast	517,254	\$ 2,007,603
Heart of Texas	329,968	\$ 2,572,424
Hill Country	120,665	\$ 940,702
Johnson-Ellis-Navarro	136,201	\$ 1,061,820
MHMR of Brazos Valley	277,489	\$ 2,163,299
Texana	553,932	\$ 4,318,444
Sub-Total	3,658,077	\$ 26,493,401
Big Spring State Hospital		
Betty Hardwick Center	177,584	\$ 1,384,442
Central Plains	97,813	\$ 762,548
Concho Valley	126,092	\$ 983,011
El Paso	726,081	\$ 5,660,514
Lubbock Regional	291,098	\$ (32,120)
Permian Basin	287,611	\$ 2,242,210
Texas Panhandle	379,487	\$ 2,958,474
West Texas	210,140	\$ 1,638,248
Sub-Total	2,295,206	\$ 15,597,327
Kerrville State Hospital		
Camino Real	73,186	\$ 570,557
Central Texas	99,227	\$ 773,572
Hill Country	269,517	\$ 2,101,150
Sub-Total	441,930	\$ 3,445,279

* Estimates of allocations are reduced by amount of allocation to Community Hospitals at Gulf Coast Center, Lubbock Regional, and MHMR Authority of Harris County.

State Mental Health Facilities Estimates of Allocations for FY2004 Trust Fund Accounts		
State Mental Health Facilities & Associated Local MH Authorities	FY 2004 Population	Equity Allocation for SMHF FY 2004 *
North Texas State Hospital		
Denton County	496,427	\$ 3,870,136
MHMR Services of Texoma	150,587	\$ 1,173,973
NorthSTAR	560,454	\$ 4,369,289
Pecan Valley	207,981	\$ 1,621,416
Tarrant County	1,530,647	\$ 11,932,896
The Helen Farabee Center	304,750	\$ 2,375,825
Sub-Total	3,250,846	\$ 25,343,535
Rusk State Hospital		
ACCESS	104,126	\$ 811,764
Andrews Center	180,003	\$ 1,403,300
Burke Center	365,630	\$ 2,850,445
MHMR Authority of Harris County	3,618,746	\$ 12,373,844
Sabine Valley	296,897	\$ 2,314,604
Spindletop	420,020	\$ 3,274,468
Tri-County	465,616	\$ 3,629,934
Sub-Total	5,451,038	\$ 26,658,359

* Estimates of allocations are reduced by amount of allocation to Community Hospitals at Gulf Coast Center, Lubbock Regional, and MHMR Authority of Harris County.

State Mental Health Facilities Estimates of Allocations for FY2004 Trust Fund Accounts		
State Mental Health Facilities & Associated Local MH Authorities	FY 2004 Population	Equity Allocation for SMHF FY 2004 *
San Antonio State Hospital		
Bluebonnet Trails	115,025	\$ 896,733
Border Region	294,489	\$ 2,295,831
Camino Real	116,795	\$ 910,532
Center for Health Care	1,457,847	\$ 11,365,348
Coastal Plains	237,532	\$ 1,851,795
Gulf Bend	177,788	\$ 1,386,032
Hill Country	85,504	\$ 666,588
Nueces County	328,969	\$ 2,564,636
Tropical Texas	1,024,084	\$ 7,983,740
Sub-Total	3,838,033	\$ 29,921,235
Terrell State Hospital		
Andrews Center	175,400	\$ 1,367,415
Lakes Regional	150,393	\$ 1,172,461
MHMR Services of Texoma	31,949	\$ 249,074
Northeast Texas	134,731	\$ 1,050,360
NorthSTAR	2,729,823	\$ 21,281,648
Sub-Total	3,222,296	\$ 25,120,958
Total	22,158,126	\$152,580,094

* Estimates of allocations are reduced by amount of allocation to Community Hospitals at Gulf Coast Center, Lubbock Regional, and MHMR Authority of Harris County.

Appendix B

Summary of Comments on State Mental Health Facilities
Received from First Public Hearing
(Including Oral and Written Comments)

on
November 4, 2003

State Mental Health Facilities First Public Hearing

November 4, 2003

A public hearing was held to receive comment on the long-term use and management of state facilities in preparation of updating the State Mental Health Facilities Report as required by Texas Health and Safety Code §533.032. Kenny Dudley, Director, State Mental Health Facilities and Sam Shore, Director, Behavioral Health Services received comment for TDMHMR.

Summary:

Three (3) persons presented oral comment. Additional written comments were submitted jointly by four advocacy organizations.

The comments addressed five specific issues/recommendations:

1. the vital link between the community mental health services and the state mental health facilities;
2. the potential loss of quality services should a state mental health facility be privatized;
3. the negative impact on consumers access to inpatient services should a state mental health facility be closed;
4. the recommendation that the residential treatment facility for youth be closed and the funding for that facility be used to establish more community alternatives for youth; and
5. the need for crisis services and after hours care in the community so that persons can be served in their home communities rather than transporting persons significant distances to receive services in one of the state mental health facilities.

Brief Summary of Individual Comments

1. The commenter stated that the state mental health facilities play a vital role as part of the safety net that is critical to persons in need of mental health care. He further stated that half of admissions to state hospitals are persons not previously known to the community system and that the state hospitals are able to provide immediate assistance to these persons. The role of the community mental health centers continues to be significant and their collaborations with the state mental health facilities are very important.
2. The commenter related a concern that the closure of the state mental health facility serving her local community mental health center would have extremely negative ramifications, primarily due to the largely indigent population that access their system.
3. The four mental health advocacy groups jointly addressed privatization, local community supports and services, and closure of state mental health facilities.

- a. These organizations expressed concern that privatization of a public function in Texas has historically had “dismal” results. They further stated that the required 25% cost reduction would likely result in reduced quality of care.
- b. The organizations stated that changing the priority population definition for mental health, in accordance with HB 2292, will result in increased utilization of state hospital beds. This will be due to the lack of sufficient crisis services in the communities. Therefore, they recommend that the communities develop techniques or methods for increasing the number of community based crisis services and the use of local hospital beds.
- c. The organizations recommend the closure of the Waco Center for Youth with the resources allocated to that facility being redirected to more effective community based alternatives such as treatment foster care.
- d. The organizations stressed that the community is the best place for treatment, rehabilitation and on-going support for adults, adolescents and children who have serious, long-term mental illnesses or serious emotional disturbances.

Appendix C

Comments on State Mental Health Facilities Received from
Second Public Hearing
on
March 3, 2004

State Mental Health Facilities Second Public Hearing

March 3, 2004

A public hearing was held to receive comment on the Draft Report on State Mental Health Facilities Report regarding the long-term use and management of state facilities as required by Texas Health and Safety Code §533.032. Kenny Dudley, Director, State Mental Health Facilities was present to receive comment for TDMHMR.

No oral public comment was received during this hearing. Subsequent to the hearing two comments were received in writing. One comment was received from a family member of an individual with mental illness and one comment was received from an advocacy organization.

Written Comments:

1. The following is from an advocacy agency:
 - a. Privatization of functions currently performed by the state brings many risks including:
 - Historically privatization of a public function in Texas has had dismal results. For example, when prisons were privatized in the state the results were numerous violations and questionable quality of care.
 - Outsourcing of a state function will not release TDMHMR from its monitoring responsibilities and the agency will likely realize a significant increase in expenditures on contract management. In fact, as stated in the State Auditors report contract compliance and accountability have been an issue for TDMHMR. Privatization with a 25% reduction in costs as stated in HB 2292 will most likely result in a reduction in quality of care.
 - Private entities must adhere to the same values, standards, regulations and policies that assure services and protect the rights of individual mental health consumers. How will Quality Assurance be achieved, by whom and with what frequency? Will it be performed internally or externally?
 - Will private entities provide services in current state facilities or will they provide services in their own facilities? In the past when units within state facilities were closed they could not sell off the property and so the buildings grounds still had to be maintained therefore the cost benefits were questionable.
 - b. The following will have implications for the future of state mental health facilities and offer the following suggestions.
 - There will likely be an increase in the utilization of state hospital beds for adults because of the changes in the priority population definition in

accordance with HB 2292. Those individuals who do not meet the new priority population definition will only be able to access crisis services. Therefore, Local Mental Health Authorities must develop techniques or methods for increasing the number of community based crisis services and the use of local beds.

- In accordance with SB 1182 TDMHMR should direct the Local Mental Health Authorities to assess their use of state hospital beds for adults, adolescents and children and determine what needs to be developed for what populations in what locations to decrease the dependency on state hospital beds.
 - Currently the state operates the Waco Center for Youth Residential Treatment Center. Long- term residential treatment for adolescents and children has poor outcomes. TDMHMR should provide programs that offer integrated, evidence-based, child- and family centered supports and services. We would recommend that the resources currently being allocated for this facility be redirected towards more effective community based alternatives such as treatment foster care.
- c. There is an ever increasing need for greater crisis services and after hours care in the community. Increased crisis stabilization and after-hours care in the community could avert some inpatient stays. Additionally, providing these services in the community would lessen the economic and clinical costs of transporting individual's significant distances to reach one of the state mental health facilities. Our advice has been to call attention to policies and programs that will transform our state's community care system into one that works well from the point of view of the people receiving services, their families, and the communities in which they live.
2. The following is from a family member of an individual with mental illness.
- a. State Hospitals funding is still in its own silo while it is clear from HB 2292 that Community Service dollars are now a part of Disease Management.

Perhaps it is time to talk about the movement of those dollars out of their current silo for it is the movement of those dollars that will influence their most effective use for the patient.
 - b. Under HB 2292 the new state agency, Department of State Health Services, organizational chart has the community mental health services and state hospitals under the Assistant Commissioner of Mental Health and Substance Abuse Services. Can we all agree that now is the time that all of the money - GR Dollars set aside for State Hospitals and Community Services - should come together into one pot to be planned, budgeted, contracted, delivered (without rationing), monitored and evaluated.
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- c. It appears, with the Lewin Study, an HMO or BHO will be involved in putting together a statewide delivery system for the same population in Medicaid. Perhaps an ASO could do the same under the GR funding to assist in putting together the system of care and managing the utilization of the service package, thus eliminating the competition for dollars from the state budget and debate over responsibility for the client that is ongoing now between MHMR Centers and State Hospitals.

Would different service options develop in the community? Yes.

Would there be less use of state hospitals? Maybe.

Would state hospitals close? No.

- d. Texas is not State Hospital rich. Kenny Dudley and the State Hospital Superintendents have done a tremendous job operating as a "system" in a "non-system friendly" environment. Free to compete for the Disease Management business, 3rd party business and ever-growing Forensic offender with mental illness business, our state hospitals will prosper.
- e. I submit that the only threat to our state hospitals are from those who blindly defend their right to exist as is against any reasonable proposal for change.