



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #503

Mental Health Institutes -- Revised Funding Split (DHFS -- Care and Treatment Facilities)

[LFB 2001-03 Budget Summary: Page 386, #10]

CURRENT LAW

The two state Mental Health Institutes (MHIs), Mendota Mental Health Institute and Winnebago Mental Health Institute, are licensed, accredited hospitals that provide specialized diagnostic, evaluation and treatment services for several types of patients, ranging from emotionally disturbed children to mentally ill geriatric patients. The costs of caring for persons referred to MHIs under court orders (forensic patients) are supported by GPR. The costs of caring for other persons referred to MHIs by community mental health boards are supported by program revenues paid by counties and third-party payers, including medical assistance, based on rates established annually by DHFS.

GOVERNOR

Provide \$249,400 GPR and -\$249,400 PR in 2001-02 and \$250,100 GPR and -\$250,100 PR in 2002-03 to reflect projected changes in the mix of populations at the MHIs between forensic patients, whose care is supported by GPR, and other patients, whose care is supported by program revenues contributed by counties and third-party payers. Convert 0.15 GPR position to PR, beginning in 2001-02, to reflect these population projections. DHFS projects that the population mixes will change from 73% GPR/27% PR to 69% GPR/31% PR at Mendota and from 57% GPR/43% PR to 54% GPR/46% PR at Winnebago.

DISCUSSION POINTS

1. As part of the biennial budget process, it is necessary to compare the current mix of

funding for each MHI between GPR and PR with projections of the types of clients that will receive services at the MHIs in the next biennium to ensure that one source of funding for the MHIs does not subsidize care for patients supported by the other source of funding. For example, if the ratio of PR-supported clients to GPR clients is projected to increase, more of the MHI's costs should be budgeted with PR, since rates paid by PR-supported patients will be able to support a higher share of indirect costs. Alternatively, if the ratio of GPR-supported clients to PR clients is projected to increase, more of the MHI's costs should be budgeted with GPR to ensure that counties and other third-party payers do not pay for costs that should be borne solely by the state and to ensure adequate funds to cover indirect costs because fewer PR-appointed patients will reduce PR revenue to support the MHIs.

2. Incorporating the recent experience of the first half of 2000-01 along with the trend over the last several years, the Governor's estimates of the population mix at the MHIs for the 2001-03 biennium should be modified. Winnebago's percentage of GPR-supported patients has decreased to 52.1% in the first half of 2000-01, and the trend has been for this percentage to decrease. Mendota's percentage of GPR-supported patients has also decreased to 69.1% in the first half of 2000-01 from the 72.8% established in the last biennial budget. However, the trend for Mendota has varied, since 69.1% is slightly higher than the 68.3% that reflected actual populations in 1999-00. Although the percentage of GPR-supported patients increased recently, it rose not because of a decrease in PR-supported patients, but because the number of GPR-supported patients increased at a faster rate than the number of PR-supported patients.

3. Because of general increases recently in the populations at the MHIs, the inpatient rate charged for civil commitments has increased modestly in recent years, and probably has contributed to the higher percentage of PR-supported patients. It is likely that the future rate increases will continue to be modest. However, it may be difficult for the MHIs to accommodate a higher population, given that current units are fully populated. Given this situation, it may be appropriate to assume that the current percentages of GPR/PR populations at the MHIs would continue in the 2001-03 biennium.

4. The funding and position authority at each MHI in each year should be adjusted in order to more closely reflect current and projected population estimates at each facility during the 2001-03 biennium. This would be accomplished by reducing GPR base funding by \$677,600 in 2001-02 and by \$677,000 in 2002-03 and increasing PR funding by corresponding amounts. In addition, 9.85 GPR positions should be converted to PR positions, beginning in 2001-02.

5. The effect of revising the estimated populations affects Winnebago more than Mendota. GPR funding at Winnebago would be reduced by \$719,600 in 2001-02 and by \$719,300 in 2001-02, with corresponding increases in PR funding and the conversion of 6.91 GPR positions to PR. In contrast, GPR funding at Mendota would increase by \$42,000 in 2001-02 and by \$42,300, with corresponding increases in PR funding and the conversion of 2.94 GPR positions to PR.

6. Compared to the Governor's recommendations, the effect on the individual MHIs is to increase GPR funding and positions for Mendota by \$614,600 and 10.44 positions in 2001-02

and \$614,500 and 10.44 positions in 2002-03, while decreasing GPR funding and positions for Winnebago by \$1,541,600 and 20.14 positions in each year of the 2001-0-3 biennium. PR funding and positions would be increased by the corresponding amounts.

7. The changes to the Governor’s recommendations reflect several factors: (a) use of more recent population figures for the MHIs; and (b) several modifications to better reflect overhead costs and type of funding for staff assigned to individual units. These modifications included: (a) allocating new staff under a s. 13.10 request to the individual units they worked at and allowing the patient mix to determine the appropriate type of funding (GPR versus PR); (b) correcting the type of funding for two individual units at Winnebago (Gemini and Sherman 8) to reflect the patient mix in those units; and (c) recognizing that a portion of the correctional officers services at Mendota related to some adult civil patients as well as forensic patients.

8. The change in the mix of the populations also affects GPR and PR funding for fuel and utility costs. Consequently, funding in the bill for fuel and utility costs should be reduced by \$82,600 GPR (\$20,200 GPR for Mendota and \$62,400 for Winnebago) and increased by corresponding amounts of PR in each year of the 2001-03 biennium.

MODIFICATION

Modify the Governor’s recommendation by: (a) decreasing funding by \$1,009,600 GPR in 2001-02 and by \$1,009,700 GPR in 2002-03 and increasing PR funding by corresponding amounts; and (b) converting 9.70 GPR positions to PR positions, beginning in 2001-02.

Modification	GPR	PR	TOTAL
2001-03 FUNDING (Change to Bill)	- \$2,019,300	\$2,019,300	\$0
2002-03 POSITIONS (Change to Bill)	- 9.70	9.70	0.00

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