



# Legislative Fiscal Bureau

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April 26, 2011

Joint Committee on Finance

Paper #375

## Mental Health Institutes Funding Split (DHS -- Care Facilities)

[LFB 2011-13 Budget Summary: Page 243, #1]

### CURRENT LAW

The Department of Health Services (DHS) operates two mental health institutions (MHIs) -- Mendota Mental Health Institute in Madison and the Winnebago Mental Health Institute near Oshkosh. Both facilities provide inpatient mental health treatment services to forensic populations and civil populations. DHS is required to provide evaluation and treatment services to forensic and civil commitments if a court or county initiates a commitment. The state is responsible for the costs of caring for forensic patients, while counties are responsible for the costs of caring for civil populations. In addition, some costs of operating the MHIs are paid by medical assistance (MA), Medicare, and other third-party sources. Patients whose care costs can be billed to counties or third-party payers are referred to as "billable populations." GPR is budgeted to support the costs of caring for non-billable populations (primarily forensic patients). The non-GPR revenue that supports the MHIs, including third-party payments, is credited to a program revenue (PR) appropriation that funds operations of the MHIs and the state centers for the developmentally disabled. Base funding and positions for the operations of the MHIs is shown in the following table, by fund source.

**TABLE 1**

### Base Funding and Position Authority for Mental Health Institutes Operations

<u>Facility</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Mendota			
Funding	\$39,116,400	\$25,156,900	\$64,273,300
Positions	403.92	250.85	654.77
Winnebago			
Funding	\$26,588,000	\$28,686,800	\$55,274,800
Positions	313.98	312.74	626.72

## GOVERNOR

Provide \$11,077,700 GPR and reduce funding by \$11,077,700 PR annually, and convert 116.53 PR positions to GPR positions, beginning in 2011-12, to adjust funding at the MHIs to reflect a decrease in the percentage of patients whose care is funded from billable sources (PR), rather than GPR.

## DISCUSSION POINTS

1. Every two years, as part of the biennial budget, funding and positions at the MHIs are adjusted, by funding source, to reflect estimated billable and nonbillable populations at each MHI. The purpose of this adjustment is to ensure that the funding sources for the MHIs are paying the appropriate share of total MHI costs, based on the populations served by the MHIs. The funding for costs of direct care units are based on the billable and non-billable populations served by these units. Other staff costs that cannot be assigned to specific direct care units, such as nursing pool staff, food service staff, maintenance staff and administrative staff, are allocated to funding sources based on the share of billable and non-billable populations in each facility. Approximately half of all positions at the MHIs are not assigned to direct care units.

2. Since the spring of 2009, the population of civil commitments at the MHIs has decreased significantly, from 187 in April, 2009, to 90 in February, 2011. This decrease has reduced the percentage of billable populations at the MHIs, resulting in the need to increase GPR and reduce PR support for the MHIs.

3. Table 2 compares the administration's estimates of the percentage of billable and non-billable populations at each MHI in the 2011-13 biennium with the actual percentages as of March, 2011.

**TABLE 2**

**Comparison of Projected Percentages of Billable and Non-Billable Patient Days  
Governor's Recommendations for the 2011-13 Biennium and March, 2011 Actuals**

<u>Facility</u>	<u>Governor's Estimates</u>		<u>March, 2011 Actual</u>	
	<u>Non-Billable (GPR)</u>	<u>Billable (PR)</u>	<u>Non-Billable (GPR)</u>	<u>Billable (PR)</u>
Mendota Mental Health Institute				
Forensic	96%	4%	96%	4%
Civil - Children	0	100	0	100
Civil - Adults	3	97	3	97
Mendota Juvenile Treatment Center	100	0	100	0
Institutionwide	86	14	86	14
Winnebago Mental Health Institute				
Forensic	97%	3%	88%	12%
Civil - Children	0	100	1	99
Civil - Adults	32	68	20	80
Institutionwide	66	34	65	35

4. Table 2 shows that the administration's estimates of the percentages of billable and non-billable populations for the 2011-13 biennium are fairly close to the actual percentage of

billable and non-billable populations as of March, 2011, except with respect to the adult populations at Winnebago, which currently have a greater percentage of billable clients than assumed in the Governor's bill for the 2011-13 biennium. However, DHS indicates that for the 2011-13 biennium, it would be more appropriate to assume that 100% of the forensic populations at Winnebago would be non-billable, and that 100% of the civil adult populations at Winnebago would be billable. By adjusting the percentage projections for the 2011-13 biennium to reflect the revised estimates, GPR funding in the bill should be reduced by \$2,193,100 annually, with a corresponding increase in PR funding, and the number of PR positions that would be converted to GPR positions in the bill would be reduced by 27.84 positions, beginning in 2011-12 (Alternative A-1).

5. DHS attributes the reduction in civil populations at the MHIs to two changes that were enacted in 2009 Wisconsin Act 28 (the 2009-11 biennial budget). First, counties became responsible for paying the non-federal share of the medical assistance costs for children and elderly patients, which created an incentive for counties to seek alternative services for these children, whenever possible. Second, Act 28 required that counties give prior approval before permitting their residents to be admitted for emergency detentions at the MHIs.

6. In response to the declining civil populations, DHS closed four units that served children and adolescents, and three units that served adults. Table 3 provides information on the unit closures at the MHIs since December, 2009.

**TABLE 3**  
**Unit Closures at the Mental Health Institutes**

<u>Date</u>	<u>Facility</u>	<u>Unit Closed</u>	<u>No. of Beds Reduced</u>	<u>Full-Time Equivalent Positions Vacated</u>
December 1, 2009	Winnebago	Child and Adolescent Psychiatric Services Unit	19	51.00
February 1, 2010	Mendota	Children's Assessment and Treatment Unit	15	18.50
February 1, 2010	Winnebago	Two Units (33 beds) Consolidated into 18-Bed Unit	15	36.70
April 1, 2010	Mendota	Adolescent Male Treatment Unit	15	68.00
January 1, 2011	Mendota	Adolescent Male Treatment Unit	20	42.09
January 1, 2011	Winnebago	Consolidation of Two Units	11	37.15
April 1, 2011	Winnebago	Transitional Living Center	<u>14</u>	<u>43.70</u>
Total			109	297.14
Number of "Pool Code" Positions Vacated and Deleted				-175.00
Vacated Permanent Positions				
Reallocated to WMHI Civil Units (April, 2011)				13.00
Reserved for Closed Unit if Civil Census Increases in the Future				35.95
Replace Current Pool-Code Positions				<u>73.19</u>
Total				122.14

7. Table 3 shows that, since December, 2009, DHS has reduced the number of staffed beds at the MHIs by 109, resulting in staff savings of approximately 297 full-time equivalent (FTE) positions. However, the Governor's budget does not reduce funding or positions at the MHIs to reflect savings as a result of these unit closures. Most of the positions that were eliminated due to the unit closures were "pool code" positions, which the Department of Administration may create

pursuant to s. 16.50(3)(f) of the statutes. Under this provision, the DOA Secretary may authorize the temporary creation of pool or surplus positions under any source of funds if the Director of the Office of State Employment Relations determines that temporary positions are necessary to maintain adequate staffing levels for high turnover classification, in anticipation of attrition, to fill positions for which recruitment is difficult. Over the years, the Department of Health Services has relied significantly on the use of pool code positions to support staffing needs at the DHS facilities. Funding to support these positions has been budgeted as part the agency's budget for overtime, as well as through reallocations from funding budgeted for other purposes.

8. As shown in Table 3, DHS intends to retain 35.95 PR positions that are no longer needed due to the recent unit closures, which would be available if the number of civil patients increases in the future. The salary, fringe benefits, and supplies and services costs associated with these positions is \$2,789,800 annually. As these positions are not needed at this time, the Committee could delete them. Should civil populations increase in the future, additional funding and position authority could be provided to DHS under the process described under s. 16.505/16.515 of the statutes.

**ALTERNATIVES**

**A. Reestimate of MHI Funding Split**

1. Modify the bill as follows to reflect reestimates of billable and non-billable patient populations at the mental health institutes: (a) reduce funding by \$2,193,100 GPR and increase funding by \$2,193,100, PR annually; and (b) delete 27.84 GPR positions and provide an additional 27.84 PR positions, beginning in 2011-12.

<b>ALT A-1</b>	<b>Change to Bill</b>	
	Funding	Positions
GPR	- \$4,386,200	- 27.84
PR	<u>4,386,200</u>	<u>27.84</u>
Total	\$0	0.00

**B. Position Savings Due to Unit Closures**

1. Reduce funding for the MHIs by \$2,789,800 PR annually and delete 35.95 PR positions, beginning in 2011-12, to delete positions that became vacant due to the recent closure of units at the MHIs.

<b>ALT B-1</b>	<b>Change to Bill</b>	
	Funding	Positions
PR	- \$5,579,600	- 35.95

2. Take no action on this item.

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