



## Legislative Fiscal Bureau

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May 12, 2015

Joint Committee on Finance

Paper #375

### **Contracted Mental Health Services, and DHS Institutions (Health Services -- Institutions and Mental Health)**

[LFB 2015-17 Budget Summary: Page 233, #3, Page 234, #5, and Page 235, #7]

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#### **CURRENT LAW**

##### **Contracted Mental Health Services**

The Department of Health Services (DHS) contracts with organizations to provide competency examinations for individuals that have been charged with a crime, and treatment for persons for whom a court has determined are not competent to stand trial. In addition, the Department contracts with organizations and the Department of Corrections to provide treatment and supervision of persons committed as sexually violent persons (SVPs) under Chapter 980 of the statutes or persons who have been found not guilty of a crime by reason of mental disease, either directly following the court's finding or following release from one of the state's mental health institutes. The costs of these contracts are typically budgeted based on caseload and cost projections. The following paragraphs describe the different types of contracted services.

*Outpatient Competency Examination.* Chapter 971 of the statutes prohibits courts from trying, convicting, or sentencing an individual if the individual lacks substantial mental capacity to understand the proceedings or assist in his or her own defense. Courts may order DHS to conduct competency examinations, which may be performed either on an inpatient basis by DHS staff at the state mental institutes, or on an outpatient basis in jails and locked units of other facilities by contracted staff. This item would increase funding for contracted examinations.

*Treatment to Competency Services.* DHS contracts with a vendor to provide outpatient treatment services to individuals who are determined to be not competent to proceed to a criminal trial if a court determines that the individual is likely to be competent within 12 months, or the maximum sentence specified for the most serious offense with which the defendant is charged.

*Conditional Release Services.* The conditional release program provides treatment to individuals who have been found not guilty by reason of mental disease or defect and are either immediately placed on conditional release following the court's finding, or following release from one of the state's mental health institutes. DHS contracts with five organizations, each of which provides services in one of five regions of the state, to provide these services.

*Supervised Release Services.* The supervised release program provides community-based treatment to individuals who are found to be sexually violent persons (SVPs) under Chapter 980 of the statutes. SVPs are committed to DHS and provided institutional care at the Sand Ridge Secure Treatment Center in Mauston, but may petition the court for supervised release if at least 12 months have elapsed since the initial commitment order was entered, the most recent release petition was denied, or the most recent order for supervised release was revoked.

*Corrections Contract Costs for Supervision.* DHS contracts with the Department of Corrections to supervise individuals on conditional and supervised release, and to provide escort and global positioning system (GPS) services to individuals on supervised release.

Base funding for these contracts is \$10,729,200 GPR.

### **Department of Health Services Institutions**

DHS operates seven residential institutions, including the three state centers for persons with intellectual disabilities (Central, Northern, and Southern), the state's two mental health institutes (Mendota and Winnebago), the Wisconsin Resource Center (WRC), and the Sand Ridge Secure Treatment Center (SRSTC). Funding to support food costs and variable non-food costs (medical care, drugs, clothing, and other supplies) at these residential institutions are typically budgeted based on population projections and recent cost trends. The funding source for these costs is assigned to GPR and PR appropriations, depending upon the mix of residents. GPR funds services for forensic residents at the mental health institutes and for residents at the WRC and SRSTC, while PR, primarily derived from county payments and Medicaid reimbursement, supports the cost of care for residents who are civil commitments at the mental health institutes, as well as residents at the state centers for persons with intellectual disabilities.

Base funding for variable non-food costs at the facilities is \$20,865,000 GPR and \$6,680,600 PR, while base funding for food costs is \$2,434,600 GPR and \$1,176,800 PR.

## **GOVERNOR**

*Contracted Mental Health Services.* Increase funding by \$2,011,100 GPR in 2015-16 and \$3,370,400 GPR in 2016-17 to fund projected increases in the costs of competency examinations, restoration to competency treatment, conditional release, and supervised release services for mental health clients served by DHS facilities.

*Supplies and Services at DHS Institutions (Variable Non-food).* Reduce funding by \$1,050,200 (-\$2,362,300 GPR and \$1,312,100 PR) in 2015-16 and increase funding by \$2,107,200 (-\$253,100 GPR and \$2,360,300 PR) in 2016-17 to reflect estimates of the cost of

providing non-food supplies and services for residents at DHS facilities.

*Food at DHS Institutions.* Reduce funding by \$23,100 (-\$90,200 GPR and \$67,100 PR) in 2015-16 and increase funding by \$95,100 (-\$17,600 GPR and \$112,700 PR) in 2016-17 to reflect estimates of the cost of providing meals for residents in the 2015-17 biennium.

## DISCUSSION POINTS

1. This paper provides a reestimate of contracted mental health services costs, and variable non-food and food costs at DHS institutions. Reestimates are based primarily on updated population and caseload projections.

2. In developing a reestimate of contracted mental health services, the administration relied on caseload trends from the past several years for the various contracted services. Several more months of caseload data is now available for conditional release and supervised release services, allowing for a reexamination of the costs associated with these contracts. The administration's estimates for the supervised release caseload still appear reasonable. However, recent trends in the number of individuals placed on conditional release suggest that the caseload projections for the 2015-17 biennium are too high. The administration assumed that the conditional release caseload would increase from 313 in 2013-14 to 329 in 2014-15 and to 345 and 361 in the two years of the biennium. Through March, conditional release caseload in 2014-15 is down slightly from 2013-14 and so a downward revision in the 2015-17 estimates is warranted. From the current caseload of approximately 312, the condition release caseload is now projected to grow to 324 in 2015-16 and to 336 in 2016-17. This adjustment reduces estimated contractual costs by \$377,300 GPR in 2015-16 and \$458,500 GPR in 2016-17.

3. Based on more recent population data, some revisions to the non-food and food costs at the DHS institutions are warranted. Population increases at the WRC and the SRSTC have exceeded the administration's previous estimates and will have the effect of increasing costs. These increases are offset slightly by downward population adjustments at the mental health institutes. In addition, the population at the Southern Wisconsin Center is revised downward slightly. The following table compares the budget population estimates at each of the institutions with the updated estimate.

### Comparison of Population Estimates at DHS Facilities

Facility	Bill Estimate		Current Estimate		Difference	
	<u>2015-16</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2016-17</u>
Mendota Mental Health Institute	303	303	300	300	-3	-3
Winnebago Mental Health Institute	207	215	205	215	-2	0
Wisconsin Resource Center	371	380	385	385	14	5
Sand Ridge Secure Treatment Center	353	353	367	373	14	20
Central Wisconsin Center	240	240	240	240	0	0
Northern Wisconsin Center	13	13	13	13	0	0
Southern Wisconsin Center	<u>147</u>	<u>147</u>	<u>144</u>	<u>144</u>	<u>-3</u>	<u>-3</u>
Total	1,634	1,651	1,654	1,670	20	19

4. In addition to the population reestimate, an adjustment to medical costs at the Northern Wisconsin Center is warranted, to more closely align the rate of increase to estimates for other supplies and services. This adjustment reduces the estimated PR funding requirements.

5. The combination of population adjustments and the adjustment to the medical cost inflationary increase results in the following funding changes: (a) increases of \$330,100 GPR in 2015-16 and \$424,300 GPR in 2016-17 and decreases of \$312,500 PR in 2015-16 and \$954,600 PR in 2016-17 for variable non-food costs; and (b) increases of \$42,900 GPR in 2015-16 and \$41,100 GPR in 2016-17 and decreases of \$8,500 PR in 2015-16 and \$8,700 PR in 2016-17 for food costs.

6. The following table summarizes the fiscal estimates discussed in the previous points by item and fund source.

	<u>2015-16</u>	<u>2016-17</u>
GPR		
Mental Health Contracts	-\$377,300	-\$458,500
Variable Non-Food	330,100	424,300
Food	<u>42,900</u>	<u>41,100</u>
GPR Total	-\$4,300	\$6,900
PR		
Variable Non-Food	-\$312,500	-\$954,600
Food	<u>-8,500</u>	<u>-8,700</u>
PR Total	-\$321,000	-\$963,300

## MODIFICATION

Make the funding modifications as shown in the table under Point #6 above to reflect reestimates of the cost for contracted mental health services and variable non-food and food costs at DHS institutions.

<b>Change to Bill</b>	
GPR	\$2,600
PR	<u>- 1,284,300</u>
Total	- \$1,281,700

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