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# Facility Food and Variable Nonfood Supplies and Services (Health Services -- Care and Treatment Facilities)

[LFB 2023-25 Budget Summary: Page 290, #1 and Page 291, #2]

## CURRENT LAW

The Division of Care and Treatment Services operates seven residential facilities, including three intermediate care facilities for individuals with intellectual disabilities (Central, Northern, and Southern, hereafter "State Centers"), the state's two mental health institutes (Mendota MHI and Winnebago MHI), and two secure treatment centers, (the Wisconsin Resource Center, and the Sand Ridge Secure Treatment Center). The funding source for the costs of these facilities is allocated to GPR and PR appropriations, depending upon the mix of residents. The cost of services for forensic patients at the mental health institutes and for residents of the secure treatment centers is funded with GPR, while services for residents at the state centers and for civilly-committed patients at the mental health institutes is funded with PR, using revenue collected from Medicaid and charges levied on counties.

The state budgets for DHS facility food and variable nonfood supplies and services based on projected facility populations and projected per person costs. Variable nonfood supplies and services includes drugs, contracted medical services, medical supplies, clothing, laundry, and kitchen supplies. The following table shows the base budget for food and the variable nonfood supplies and services by facility and by fund source.

**Base Budget for Variable Nonfood and Food by Facility and Fund Source**

| Facility | Variable Nonfood GPR | Variable Nonfood PR | Variable Nonfood Total | Food GPR | Food PR | Food Total |
|---|---|---|---|---|---|---|
| Mendota MHI | $10,597,400 | $990,000 | $11,587,400 | $1,038,700 | $83,500 | $1,122,200 |
| Winnebago MHI | 4,930,500 | 9,750,200 | 14,680,700 | 251,000 | 500,700 | 751,700 |
| Sand Ridge STC | 4,798,900 | 0 | 4,798,900 | 665,900 | 0 | 665,900 |
| Wis. Resource Center | 7,855,500 | 0 | 7,855,500 | 1,542,400 | 0 | 1,542,400 |
| Central Wis. Center | 0 | 9,756,400 | 9,756,400 | 0 | 381,000 | 381,000 |
| Northern Wis. Center | 0 | 632,000 | 632,000 | 0 | 80,300 | 80,300 |
| Southern Wis. Center | 0 | 2,680,600 | 2,680,600 | 0 | 619,900 | 619,900 |
| Unreserved | 2,071,700 | 1,716,100 | 3,787,800 | 0 | 0 | 0 |
| | $30,254,000 | $25,525,300 | $55,779,300 | $3,498,000 | $1,665,400 | $5,163,400 |

## DISCUSSION POINTS

1. In preparation for the biennial budget, The Department customarily requests adjustments to its budget for both food and variable nonfood supplies and services for facilities based on projections of facility populations and the average per resident cost. The estimates are developed by first calculating the per person costs for each expense category using data from the latest complete year, applying inflationary factors to those averages to the two years of the forthcoming biennium, and then multiplying the inflated averages times the facility population projections.

2. Table 1 shows the food and variable nonfood funding adjustments by fund source under AB 43/SB 70, which are identical to the amounts that the Department had included in its budget request.

**TABLE 1**

**Variable Nonfood and Food Funding Adjustments under AB 43/SB 70**

| | Variable Nonfood 2023-24 | Variable Nonfood 2024-25 | Food 2023-24 | Food 2024-25 |
|---|---|---|---|---|
| GPR | $17,500,400 | $22,525,200 | $1,172,300 | $1,679,900 |
| PR | 44,588,800 | 48,705,400 | 677,100 | 953,000 |
| Total | $62,089,200 | $71,230,600 | $1,849,400 | $2,632,900 |

3. For the Department's 2023-25 budget request, the estimates were developed during the summer of 2022. Several of the facility population and cost assumptions that were used for the estimates were based on the prevailing costs and trends at that time, but can now be reestimated based on more current data. This paper describes the methods and assumptions behind the nonfood and food estimates and provides reestimates for the Committee's consideration.

## Facility Population Projections

4. Table 2 shows the Department's population projections for the 2023-25 biennium, by facility, that were used for the budget estimates. For comparison, the table shows the average daily population in 2021-22 and for the first eight months of 2022-23, although only the 2021-22 data would have been available at the time of the Department's projections.

**TABLE 2**

**Average Daily Population (ADP) by Facility, Actuals and DHS Budget Projections**

| | Actual ADP | | DHS Projections | |
|---|---|---|---|---|
| Facility | 2021-22 | 2022-23* | 2023-24 | 2024-25 |
| **Mendota Mental Health** | | | | |
| Adult Forensic/Civil | 282 | 276 | 321 | 321 |
| Mendota Juvenile Treatment Center | 26 | 26 | 29 | 29 |
| Mendota Total | 307 | 303 | 350 | 350 |
| **Winnebago Mental Health** | 178 | 166 | 184 | 188 |
| **Sand Ridge Secure Treatment Center** | | | | |
| Chapter 980 Civil | 226 | 208 | 280 | 280 |
| Forensic Patients** | 52 | 60 | 60 | 60 |
| Sand Ridge Total | 278 | 268 | 340 | 340 |
| **Wisconsin Resource Center** | | | | |
| Corrections Inmates | 403 | 393 | 385 | 385 |
| Forensic Patients** | 4 | 14 | 20 | 20 |
| WRC Total | 407 | 406 | 405 | 405 |
| **Central Wisconsin Center** | 171 | 161 | 171 | 171 |
| **Southern Wisconsin Center** | 106 | 99 | 106 | 106 |
| **Northern Wisconsin Center** | 11 | 10 | 14 | 14 |

* ADP for the first eight months of the fiscal year.

** Forensic patients are housed in otherwise unutilized space at Sand Ridge and WRC as an alternative to placement at Mendota Mental Health Institute.

5. As shown in Table 1, the Department's facility population projections were generally based on the expectation that populations would increase from 2021-22 levels at the mental health institutes and at Sand Ridge, as it was expected that admissions would rebound from a period of lower admissions during the COVID-19 pandemic. The number of residents at the state centers was expected to remain at about the same level, while the population the Wisconsin Resource Center was expected to decrease due to renovation projects occurring at the facility during the biennium.

6. As shown in the second column of Table 1, actual populations through the first eight months of 2022-23 are generally somewhat lower than in 2021-22, suggesting that populations may

not reach the higher levels of the Department's projections. Some population averages can be distorted by shifts in where patients are placed. For instance, while the average population at Winnebago is lower in 2022-23 than in the previous year, this can be explained in part by a shift of some forensic women to Mendota. Although not apparent in the totals, the actual number of civil patients at Winnebago is higher in 2022-23 than in 2021-22. In addition, DHS began utilizing space at the Wisconsin Resource Center for some forensic patients, which may have at least temporarily reduced the average population at Mendota.

7. Facility populations can vary from month-to-month, and recent trends are not always indicative of the future, particularly trends that may have been influenced by temporary changes in facility operations. Projections used for budgeting need to account for the possibility that populations will increase. Nevertheless, some downward revision to the Department's 2023-25 population projections is warranted for Mendota and Sand Ridge given the significant difference between those projections and more recent population levels.

8. Table 3 shows a revised estimate of facility populations, along with the difference from the Department's projections. These projections are used for the variable nonfood and food reestimates presented in this paper.

**TABLE 3**

**Revised Average Daily Population by Facility and Difference from DHS Budget Projections**

| Facility | Revised ADP Estimate 2023-24 | Revised ADP Estimate 2024-25 | Difference from DHS 2023-24 | Difference from DHS 2024-25 |
|---|---|---|---|---|
| **Mendota Mental Health** | | | | |
| Adult Forensic/Civil | 300 | 300 | -21 | -21 |
| Mendota Juvenile Treatment Center | 29 | 29 | 0 | 0 |
| Mendota Total | 329 | 329 | -21 | -21 |
| **Winnebago Mental Health** | 184 | 188 | 0 | 0 |
| **Sand Ridge Secure Treatment Center** | | | | |
| Chapter 980 Civil | 210 | 210 | -70 | -70 |
| Forensic Patients | 60 | 60 | 0 | 0 |
| Sand Ridge Total | 270 | 270 | -70 | -70 |
| **Wisconsin Resource Center** | | | | |
| Corrections Inmates | 385 | 385 | 0 | 0 |
| Forensic Patients | 20 | 20 | 0 | 0 |
| WRC Total | 405 | 405 | 0 | 0 |
| **Central Wisconsin Center** | 171 | 171 | 0 | 0 |
| **Southern Wisconsin Center** | 106 | 106 | 0 | 0 |
| **Northern Wisconsin Center** | 11 | 11 | 0 | 0 |

### Components of Variable Nonfood Supplies and Services Estimates

9. For the purposes of developing budget estimates, the variable nonfood supplies and services are divided into several categories, which include prescription drugs, medical services, medical supplies, clothing, cleaning supplies, and laundry. Prescription drugs and medical services generally account for over 85% of the total budget for nonfood supplies and services for each facility.

10. For the 2023-25 biennium, the Department also developed separate estimates for three major expense categories that were excluded from the other nonfood supplies and services categories: facility contract staffing, electronic health records system costs, and COVID-19 testing. Table 4 shows the Department's estimates for these three items, along with the estimate for remaining nonfood supplies and services.

**TABLE 4**

**Components of Facility Nonfood Supplies and Services Funding Estimate Under AB 43/SB 70**

| | 2023-24 Change to Base | | | 2024-25 Change to Base | | |
|---|---|---|---|---|---|---|
| Item | GPR | PR | Total | GPR | PR | Total |
| Contract Staffing | $8,671,100 | $29,544,200 | $38,215,300 | $8,740,100 | $29,898,000 | $38,638,100 |
| COVID-19 Testing | 3,463,600 | 10,580,600 | 14,044,200 | 3,466,500 | 10,595,800 | 14,062,300 |
| Elec. Health Records | 5,201,000 | 4,279,900 | 9,480,900 | 5,501,200 | 4,536,300 | 10,037,500 |
| Other Nonfood | 164,700 | 184,100 | 348,800 | 4,817,400 | 3,675,300 | 8,492,700 |
| Totals | $17,500,400 | $44,588,800 | $62,089,200 | $22,525,200 | $48,705,400 | $71,230,600 |

11. The Department's estimates for COVID-19 testing were developed during the summer in 2022, at a time when federal regulations for nursing facilities (which includes the three State Centers) required routine polymerase chain reaction (PCR) laboratory testing. Since that time, those requirements have become less stringent in terms of both the testing method and frequency. As a result, the funding estimates for testing are no longer reflective of the facilities' testing costs. For the purposes of the cost reestimate presented in this paper, it is assumed that any continuing testing done by facilities could be supported from the facilities' medical supplies budget as part of the facilities' normal infection monitoring and control.

12. The other two components of the Department's estimates--contract staffing and electronic health records costs--account for most of the remaining proposed funding increase, and so are discussed in more detail. The contract staffing component is incorporated into a reestimate of variable nonfood supplies and services, while the electronic health records component is treated separately in the final section of this paper.

### Contract Staffing Estimates

13. During the 2021-23 biennium, most of the Department's facilities increasingly turned to contract staff to fill shifts for critical positions, in particular registered nurses (RNs) and certified

nursing assistants (CNAs). RNs fill nurse clinician positions at all of the facilities, while CNAs fill in for residential care technician positions at the state centers and for psychiatric care technician positions at the mental health institutes and secure treatment facilities.

14. The Department indicates that the use of contract staff has become necessary due to high vacancy rates for these primary direct care positions. For nurse clinician positions, across all facilities, the vacancy rate is 27% (approximately 100 vacancies), for psychiatric care technician positions the vacancy rate is 13% (approximately 130 vacancies), and for resident care technician positions the vacancy rate is 36% (208 positions). Vacancy rates vary somewhat by facility, but tend to be highest at Winnebago Mental Health Institute, with a 42% vacancy rate among nurse clinicians and a 19% vacancy rate for psychiatric care technicians. For resident care technician positions, the vacancy rate is highest at Southern Wisconsin Center, at 46%.

15. Some of the Department's facilities have some ability to limit new admissions if staffing constraints would limit their ability to provide adequate care. The State Centers, for instance, may elect not to accept all requests for admissions under the intensive treatment program to limit the overall resident population. Similarly, the Wisconsin Resource Center can limit transfers from Department of Corrections facilities to lower the total resident population if needed.

16. Other DHS facilities have legal obligations to accept admissions. In particular, the Winnebago Mental Health Institute is a treatment facility of last resort for civil commitment and emergency detention under Chapter 51 of the statutes (the State Alcohol Drug Abuse, Developmental Disabilities, and Mental Health Act), and so accepts all patients from across the state. Likewise, while the Department does maintain a waiting list for admission of forensic patients at the Mendota Mental Health Institute, because these patients often remain in county jails while awaiting admission, the Department has tried to keep fully staffed so as to accommodate more patients.

17. The Department reports that the higher costs incurred for contract staffing have been largely funded during the 2021-23 biennium with federal provider relief funds distributed to healthcare providers under the CARES Act of 2020 and subsequent COVID-19 relief funds. This source of funding, which was generally intended to cover for the higher costs and lost revenue due to the effects of the pandemic, has been exhausted. However, it is anticipated that the need to contract for critical staff positions will continue. AB 43/SB 70 would provide funding for this purpose based on the monthly average costs for contract staff, by facility, during the last half of 2021-22 (January to June of 2022), or, in the case of the Winnebago Mental Health Institute, in the last three months of the fiscal year (due to differences in the timing for reaching the ongoing staffing level at that facility). To project contract staffing costs for the 2023-25 biennium, the Department calculated the per resident average cost for each facility and multiplied this amount by the ADP projections.

18. Table 5 shows the Department's estimated contract staffing costs by facility and fund source. The Wisconsin Resource Center and Northern Wisconsin Center have generally not used contract staffing and so are not included in the table.

**TABLE 5**

**Department's Estimated Cost for Contract Staffing, by Facility and Fund Source**

| | 2023-24 Change to Base | | | 2024-25 Change to Base | | |
|---|---|---|---|---|---|---|
| Facility | GPR | PR | Total | GPR | PR | Total |
| Mendota MHI | $3,416,200 | $228,900 | $3,645,100 | $3,416,200 | $228,900 | $3,645,100 |
| Winnebago MHI | 3,752,600 | 19,263,600 | 23,016,200 | 3,821,600 | 19,617,400 | 23,439,000 |
| Sand Ridge | 1,502,300 | 0 | 1,502,300 | 1,502,300 | 0 | 1,502,300 |
| Central Center | 0 | 8,709,400 | 8,709,400 | 0 | 8,709,400 | 8,709,400 |
| Southern Center | 0 | 1,342,300 | 1,342,300 | 0 | 1,342,300 | 1,342,300 |
| Total | $8,671,100 | $29,544,200 | $38,215,300 | $8,740,100 | $29,898,000 | $38,638,100 |

19. The utilization of contract staffing has been most intensive at the Winnebago Mental Health Institute, and so accounts for around 60% of the total cost estimate. As noted earlier, Winnebago must accept all admissions and so staffing needs are unpredictable. Winnebago has increased the use of contract staffing, in part, in order to limit mandatory overtime shifts for state staff, since it is thought that forced overtime may be a significant reason for why employees decide to leave.

20. The high cost of contract staffing is not unique to the DHS facilities, as the heavy reliance on contracted staff to cover nursing and nurse aide shifts is a continuing concern across the hospital and skilled nursing facility industry. The Department believes that given the continuing difficulty in filling vacancies in critical staff positions--as well as its legal obligations, admission pressures, and acute treatment and security needs of the facility patients and residents--there are few viable alternatives to continuing to rely on contract staffing in the near term. For the purposes of the variable nonfood reestimate presented in this paper, contract staffing costs in 2022-23, which are generally consistent with the Department's budget request estimates, are used as a basis of projecting costs for medical services for the 2023-25 biennium. Thus contract staffing is incorporated into the overall estimate for variable nonfood supplies and services shown in the following section of this paper, rather than estimated separately.

**Other Variable Non-Food Supplies and Services**

21. For estimates of variable nonfood supplies and services other than contract staffing, COVID testing, and electronic health records, the Department first calculated the actual per person costs by category and by facility in 2021-22, and inflated those average costs first to estimate average costs in 2022-23, and then again for the two years of the 2023-25 biennium. The inflated per person averages were then multiplied by population projections for the final estimate.

22. For most nonfood expenditure categories, the Department used a 5.9% inflation index factor for the per person cost estimates, which was the core inflation rate (consumer goods excluding food and energy) for the 12-month period ending in June of 2022. Since the nonfood estimate is intended to provide an adjustment for future costs, the reestimate presented in this paper uses projected inflationary rates for the two fiscal years, using the most recent economic forecasts (3.6% in 2023-24 and 2.5% in 2024-25). Instead of basing the estimate on average costs in 2021-22, these

inflation rates are applied to a revised estimate of 2022-23 costs, based primarily on actual expenditures to date in 2022-23.

23. For the drugs and medical services cost categories, the Department's projections use growth factors that are based on a prior three-year average change if that percentage rate exceeds the general inflation rate. In some cases, these growth rates are significantly higher than the core inflation rate and so are important factors in determining the final estimated costs. For instance, the three-year average growth rate for the per person cost for medical services at Mendota is 27%.

24. Expenditures for drugs and medical services are highly variable. Unlike similar estimates that are developed for Department of Corrections populations, where the total adult population exceeds 20,000, the DHS estimates are done separately for each facility, which have at most an average population of 300 to 400. With a relatively small patient base, one or a small number of patients with very high medical costs in one year can result in a large increase in the per person average. Conversely, the facility could see a decrease in average costs in the following year if the mix of patient costs returns to more typical patterns. As an example, the average per person costs for medical services at Winnebago increased by 22.5% in 2019-20 but then decreased by 28.9% in 2020-21.

25. With such high variability, estimating facility costs for drugs and medical services is vulnerable to error. As with medical and drug costs for any population with significant physical and behavioral health problems, large increases in costs from one year to the next are possible. While the budget estimates must make reasonable accommodations for this possibility, it should also avoid being influenced too greatly by outlier events, particular from years in which expenditures may have been impacted by costs related to the COVID-19 pandemic. The reestimate presented in this paper uses the three-year average growth rate methodology, but with two modifications. First, the contract staff costs are included in the base for the estimate, rather than estimated separately. This broadening of the base should reduce the overall variability in costs. Second, the growth rate is capped at 10%, to limit the larger percentage increases that result from unusually high, but unpredictable costs.

26. Table 6 shows the reestimate of variable nonfood supplies and services costs by facility and fund source. The final rows of the table compare the reestimate totals with the variable nonfood budget estimate included in AB 43/SB 70. The proposed funding for electronic health records is discussed in the final section of this paper, and so is excluded from this table.

**TABLE 6**

**Reestimate of Variable Nonfood Funding Adjustments by Facility and Fund Source**

| | 2023-24 Change to Base | | | 2024-25 Change to Base | | |
|---|---|---|---|---|---|---|
| Facility | GPR | PR | Total | GPR | PR | Total |
| Mendota MHI | $5,419,000 | $220,800 | $5,639,800 | $6,939,600 | $322,600 | $7,262,200 |
| Winnebago MHI | 1,884,000 | 25,231,100 | 27,115,100 | 2,196,000 | 26,832,200 | 29,028,200 |
| Sand Ridge STC | 3,586,100 | 0 | 3,586,100 | 4,359,100 | 0 | 4,359,100 |
| Wis. Resource Center | -1,464,500 | 0 | -1,464,500 | -876,300 | 0 | -876,300 |
| Central Wis. Center | 0 | 11,777,100 | 11,777,100 | 0 | 13,859,100 | 13,859,100 |
| Northern Wis. Center | 0 | 983,500 | 983,500 | 0 | 1,136,900 | 1,136,900 |
| Southern Wis. Center | 0 | 3,478,700 | 3,478,700 | 0 | 4,038,400 | 4,038,400 |
| Total Reestimate* | $9,424,600 | $41,691,200 | $51,115,800 | $12,618,400 | $46,189,200 | $58,807,600 |
| AB 43/SB 70 Total | $12,299,400 | $40,308,900 | $52,608,300 | $17,024,000 | $44,169,100 | $61,193,100 |
| Difference | -$2,874,800 | $1,382,300 | -$1,492,500 | -$4,405,600 | $2,020,100 | -$2,385,500 |

* Amounts exclude funding for the electronic health records component.

### Food Reestimate

27. As with the variable nonfood reestimate presented in this paper, the reestimate of food costs makes adjustments for the revised population projections, updated actual expenditures for food, and lower inflationary adjustments reflecting the most current economic forecast of food costs, rather than past inflation. These adjustments result in slightly lower funding increases for 2023-25 food costs. Table 7 shows the resulting change to base for food by facility and by fund source, as well as the comparison with the total food estimate included in AB 43/SB 70.

**TABLE 7**

**Reestimate of Food Funding Adjustments by Facility and Fund Source**

| | 2023-24 Change to Base | | | 2024-25 Change to Base | | |
|---|---|---|---|---|---|---|
| Facility | GPR | PR | Total | GPR | PR | Total |
| Mendota MHI | $288,700 | $5,400 | $294,100 | $312,600 | $7,000 | $319,600 |
| Winnebago MHI | -71,800 | 419,300 | 347,500 | -69,800 | 453,400 | 383,600 |
| Sand Ridge STC | -31,300 | 0 | -31,300 | -19,900 | 0 | -19,900 |
| Wis. Resource Center | 535,000 | 0 | 535,000 | 572,400 | 0 | 572,400 |
| Central Wis. Center | 0 | 7,500 | 7,500 | 0 | 14,500 | 14,500 |
| Northern Wis. Center | 0 | 32,600 | 32,600 | 0 | 34,600 | 34,600 |
| Southern Wis. Center | 0 | 2,500 | 2,500 | 0 | 13,700 | 13,700 |
| | $720,600 | $467,300 | $1,187,900 | $795,300 | $523,200 | $1,318,500 |
| AB 43/SB 70 Total | $1,172,300 | $677,100 | $1,849,400 | $1,679,900 | $953,000 | $2,632,900 |
| Difference | -$451,700 | -$209,800 | -$661,500 | -$884,600 | -$429,800 | -$1,314,400 |

28. Alternative A1 adopts the reestimates shown in Tables 6 and 7. The GPR amounts of the alternative are lower, over the biennium, than those of AB 43/SB 70 by $8,616,700 GPR. Due largely to the revision of the cost of contract staff at Winnebago, the reestimate of PR funding under Alternative A1 is higher than AB 43/SB 70 by $2,762,800 PR over the biennium. These changes are exclusive of the electronic health records component, which is discussed in the following section.

**Electronic Health Records**

29. The Department first received funding for development and implementation of an electronic health records system for the facilities in the 2013-15 budget, with $3,492,900 ($1,771,000 GPR and $1,721,900 PR) provided in 2014-15. The Department subsequently requested an appropriation supplement of $10,578,300 PR in 2016-17 under s. 16.515 of the statutes for system infrastructure, such as fiber optic cable, switches, and routers. The Joint Committee on Finance approved this request.

30. With the completion of infrastructure upgrades, the Department began the development of electronic health records systems, utilizing additional ongoing funding provided beginning in the 2019-21 biennial budget. The system has been completed and is in use at all facilities. The current base funding allocated for electronic records is $7,280,700, consisting of $3,842,700 GPR and $3,438,000 PR, which is used primarily for annual payments under a master lease agreement used to finance the development of the system, hardware, vendor hosting costs, and for staff costs in the Division's Office of Electronic Records, which manages the system and conducts employee training for the use of the system.

31. Since the 2019-21 budget, the Department has included adjustments to the funding for electronic health records costs in the variable non-food estimate. For the 2021-23 budget, the adjustments were relatively modest, with a reduction of just over $400,000 in the first year, and an increase of just under $300,000 in the second year. The adjustment included in the 2023-25 estimate, however, is substantially larger, totaling $9.5 million in 2023-24 and $10.0 million in 2024-25 (PR and GPR totals), increases of 130% and 138%, respectively, over the current base funding.

32. The increases for the electronic health records budget can be attributed primarily to the inclusion, in the estimate, of the cost of monthly, per-employee intra-departmental charges that are levied by the Department's Bureau of Information Technology Services (BITS) for the maintenance of computer systems and networks. The cost for these charges, although currently paid by the facilities, had not previously been included in the budget estimate for electronic health records costs. Instead, the cost of paying IT system charges has been supported from the facilities' separate supplies and services funding. Consequently, the BITS charges are not a new cost for the 2023-25 biennium, and are also not a cost for which no funding has previously been provided. For these reasons, the BITS charges (as well as the whole electronic health records component) are not included with the variable nonfood reestimate presented above. Instead, the Committee could select from a few alternatives, based on additional considerations.

33. The Department indicates that since the costs of maintaining the facilities' computer systems is an essential component of the budget for the electronic health records system, it was felt that including the BITS charges in the reestimate was appropriate. Moreover, the Department

indicates that these costs have increased in recent years, since BITS has switched from charging on a per-computer basis to a per-user basis, to match the basis for software and operating system licensing costs. That is, unlike some other government functions, the nature of the facilities' operations is that they have multiple users accessing the same computer, so moving from a computer-based charge to a user-based charge increases their costs. To ensure that the facilities can fully support these additional costs, the Committee could provide the funding increases included in AB 43/SB 70, $9,480,900 ($5,201,000 GPR and $4,279,900 PR) in 2023-24 and $10,037,500 ($5,501,200 GPR and $4,536,300 PR) in 2024-25. [Alternative B1]

34. Since the facilities already have a base budget for the payment of BITS charges, and are currently paying these charges from that budget, another approach to the electronic health records estimate would be to provide funding adjustments to reflect only the anticipated change in these costs, rather than the full amount of these costs. In addition, a reestimate of the costs could exclude changes associated with the salary and fringe benefits costs of the electronic health records office personnel, since personnel costs are adjusted as part of the standard budget adjustments and pay plan supplements, if any. With these adjustments, the funding need would be $1,095,200 ($676,400 GPR and $418,800 PR) in 2023-24 and $1,604,400 ($951,100 GPR and $653,300 PR) in 2024-25. Relative to AB 43/AB 70, this reestimate would be a reduction of $8,385,700 ($4,524,600 GPR and $3,861,100 PR) in 2023-24 and $8,433,100 ($4,550,100 GPR and $3,883,000 PR) in 2024-25. [Alternative B2]

35. If the Committee does not provide funding for an anticipated increase in electronic health records costs, the facilities would be required to absorb any additional system costs within their existing budgets for supplies and services. [Alternative B3] Outside of the adjustments for food and variable nonfood supplies and services, the budget for the facilities' supplies and services is not otherwise routinely increased to account for general inflation or other cost changes, so absorbing additional electronic health records costs may affect other aspects of the facilities' operations.

## ALTERNATIVES

### A. Variable Nonfood Supplies and Services and Food

1. Adjust funding for variable nonfood supplies and services and food costs as shown in Table 6 and Table 7, respectively, to reflect a reestimate of the cost to continue care and treatment services at the Department's seven facilities.

| ALT A1 | Change to Base |
|---|---|
| GPR | $23,558,900 |
| PR | 88,870,900 |
| Total | $112,429,800 |

2. Take no action.

## B. Electronic Health Records

1. Provide $9,480,900 ($5,201,000 GPR and $4,279,900 PR) in 2023-24 and $10,037,500 ($5,501,200 GPR and $4,536,300 PR) in 2024-25 to fund the Administration's estimate of electronic health records costs, including the full amount of intra-departmental charges paid by facilities to maintain IT systems.

| ALT B1 | Change to Base |
|---|---|
| GPR | $10,702,200 |
| PR | 8,816,200 |
| Total | $19,518,400 |

2. Provide $1,095,200 ($676,400 GPR and $418,800 PR) in 2023-24 and $1,604,400 ($951,100 GPR and $653,300 PR) in 2024-25 for electronic health records costs, reflecting a reestimate that excludes costs for intra-departmental charges for IT services that are currently funded from separate base funding.

| ALT B2 | Change to Base |
|---|---|
| GPR | $1,627,500 |
| PR | 1,072,100 |
| Total | $2,699,600 |

3. Take no action.

Prepared by: Jon Dyck