

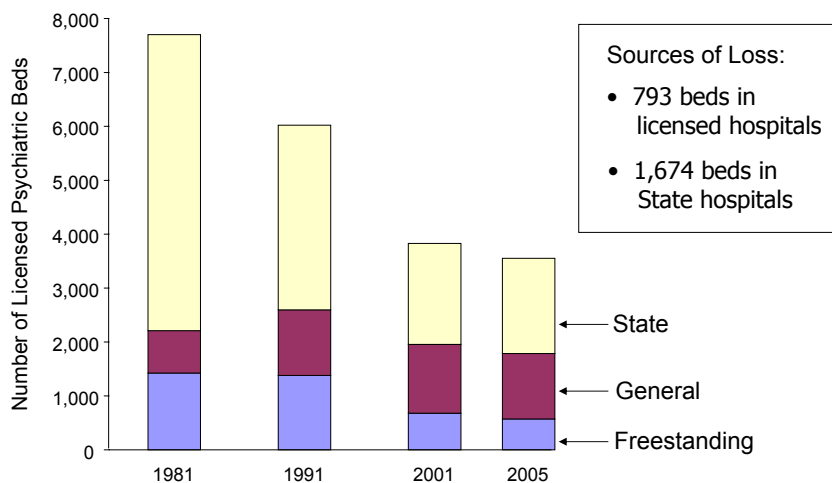
Joint Legislative Audit and Review Commission

Availability and Cost of Licensed Psychiatric Services in Virginia

Joint Commission on Health Care

October 26, 2007

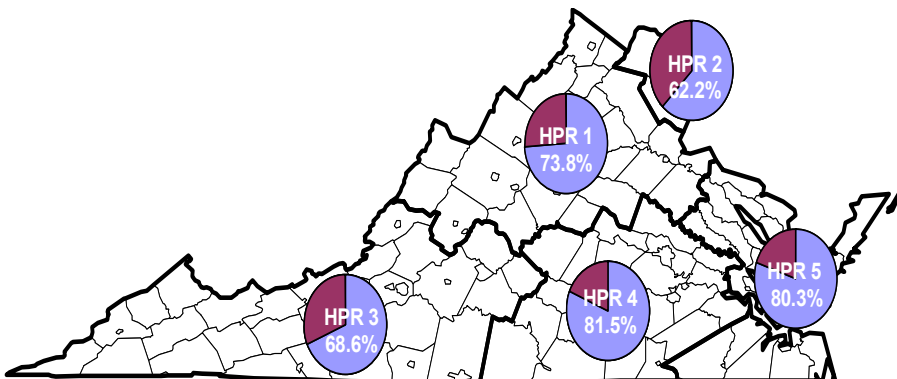
Since 1991, Virginia Has Lost 2,467 Psychiatric Beds



Licensed Hospital Beds Increased in 1980s, and Have Decreased Since Then

- 1990s Reductions from mergers & acquisitions
- 2001-05 Loss of 154 licensed beds; 99 staffed beds
- 2005 1 in 5 of licensed beds were not staffed (397 beds)
- 2005 Licensed occupancy rates statewide (58%) are under 90% threshold

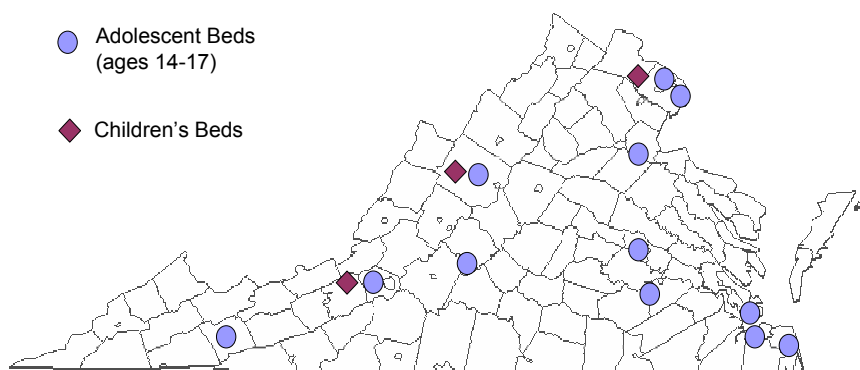
Staffed Occupancy Rates Are Higher But Still Under 90% Threshold



Demand for Beds Is Affected by Civil Commitment Process

- Release of persons held under temporary detention order (TDO) indicates unmet demand
- 85% of involuntary commitments to licensed hospitals in 2005
 - Not legally required to accept commitments
- 35% increase in involuntary commitments
 - 1998 5,300
 - 2006 7,200

Children and Adolescents May Face Barriers Because of Location of Beds





Source: DMHMRSAS Licensure Data

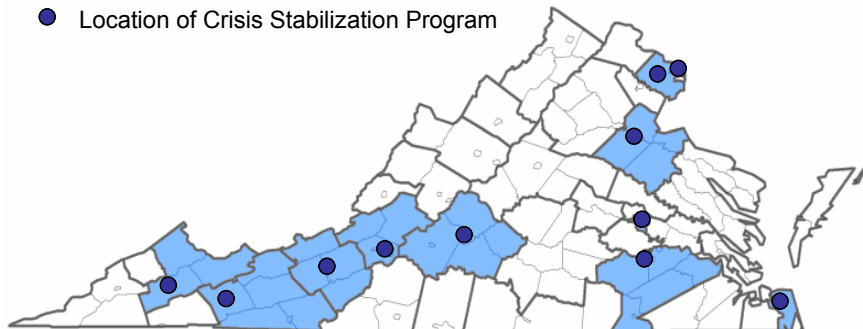
Persons With Behavioral Problems May Face Difficulty Accessing Existing Beds

- Children and adolescents face access barriers
 - History of acting out sexually
 - History of severe and repetitive violence
 - Pending felony charges
 - Significant history of substance abuse
 - Autism spectrum disorders or mental retardation
- Similar characteristics among adults may create access barriers

Source: Virginia Treatment Center for Children

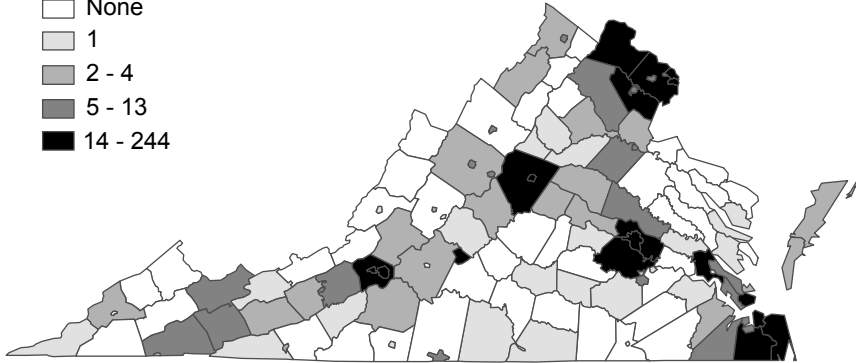
Mobile Teams and Crisis Centers May Reduce Use of Beds, But Availability Is Limited

-  CSB Has a Crisis Stabilization Program
-  Location of Crisis Stabilization Program



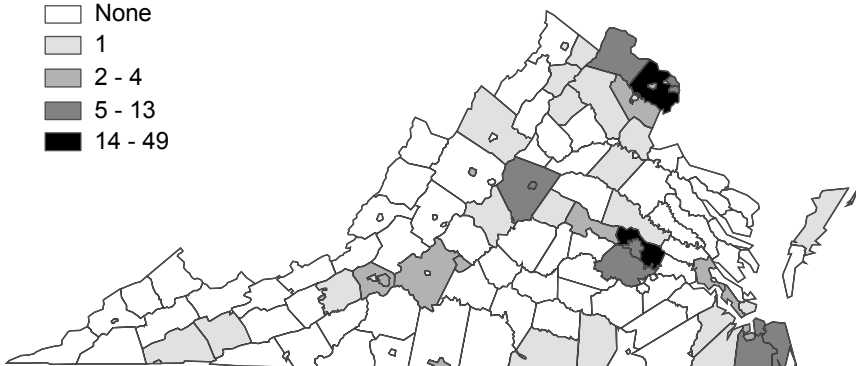
47 Localities Have No Psychiatrists At All

- None
- 1
- 2 - 4
- 5 - 13
- 14 - 244



87 Localities Have No Child Psychiatrists

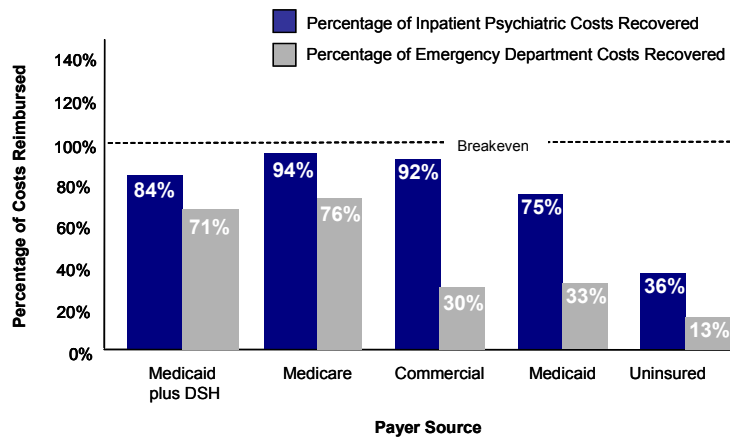
- None
- 1
- 2 - 4
- 5 - 13
- 14 - 49



Licensed Hospitals Reported Unreimbursed Costs from Providing Psychiatric Services

- \$25 million from 21 inpatient units
- \$45 million from 14 emergency departments
 - Federal Emergency Medical Treatment and Labor Act (EMTALA) requires emergency departments to stabilize all persons

Payer Mix Affects Extent of Unreimbursed Costs



Licensed Hospital Responsibility for Charity Care May Need Greater Clarification

- \$7 million of unreimbursed costs from inpatient care;
\$16 million for emergency department care
 - 3 State programs reimburse hospitals
- COPN requires some hospitals to provide charity care
 - All hospitals benefit from COPN status
- Non-profit hospitals receive State tax exemptions
- Amount of hospital charity care needs to be balanced against unreimbursed costs and State assistance

Under-Reimbursement from Commercial Insurance Affects Hospitals, but State Role is Unclear

- \$4 million in unreimbursed costs from inpatient care;
\$16 million for emergency department care
- Lack of reimbursement may lead to further reduction in psychiatric beds
 - Reduction can occur without State approval

Licensed Hospitals Have Several Concerns Regarding Current Medicaid Rates

- Unlike almost all medical services, per diem rate is used for psychiatric services
- Licensed hospitals are paid for less than cost
 - Operating 84% of average daily cost
 - Capital 80% of cost

Recommendation

- The General Assembly may wish to direct DMAS to study the use of weighted per diem rates and outlier payments for inpatient acute care psychiatric services

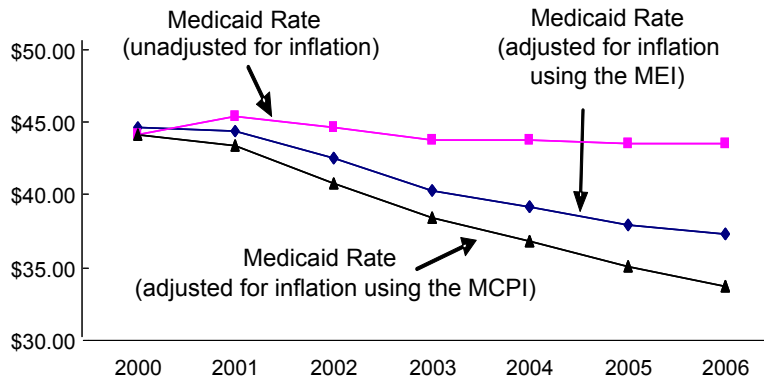
Payments During the TDO Period Are Paid From Involuntary Mental Commitment Fund

- Acts as payment source of last resort
- Licensed hospital staff state that not all services are reimbursed by DMAS
- 1995 statute requires TDO rates to be established by regulation, but regulations have not been adopted

Rates for Professional Psychiatric Services Are Low Compared to Other Benchmarks

- Medicaid rates for professional psychiatric services have generally been flat over last 6 years
- Rates paid by Medicare and other insurers are higher
- May contribute to shortage of psychiatrists

Average Medicaid Rates for Psychiatric Services Have Not Kept Pace With Inflation



Note: Weighted average of the 5 most frequently performed psychiatric services



Eastern State Hospital Was First Public Mental Hospital in the Western Hemisphere

JOURNAL

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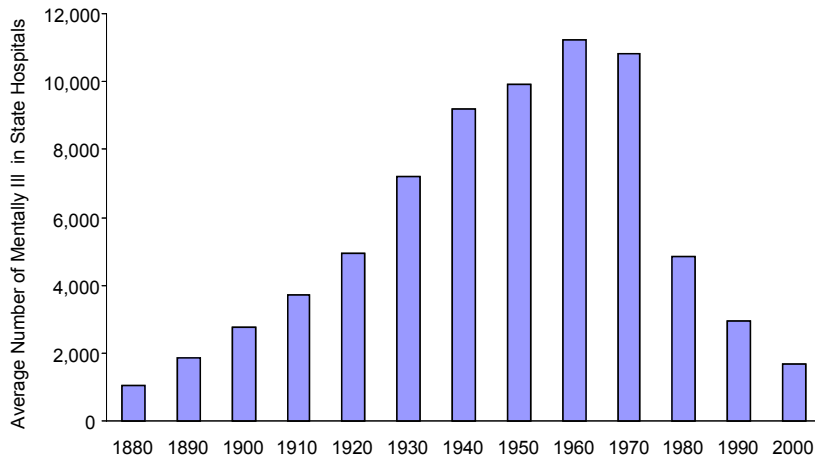
HOUSE OF BURGESSES

Thursday, the 6th of November, 7 Geo. III. 1766.

It is expedient I should also recommend to your Consideration and Humanity a poor unhappy set of People who are deprived of their Senses and wander about the Country, terrifying the Rest of their Fellow Creatures. A legal Confinement, and proper Provision, ought to be appointed for these miserable Objects, who cannot help themselves. Every civilized Country has an Hospital for these People, where they are confined, maintained and attended by able Physicians, to endeavour to restore to them their lost Reason.



Institutionalization Began in About 1920 and Ended in 1970



State Hospital Service Responsibility Needs to be Clarified

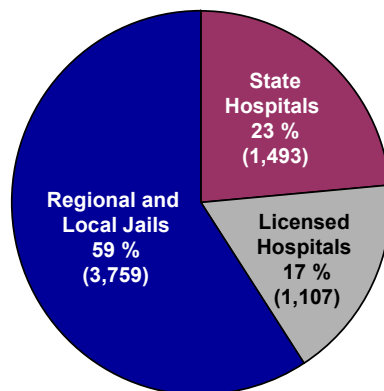
- State hospitals no longer admit some groups served before deinstitutionalization
 - Dementia
 - Substance abuse
 - Non-psychiatric medical conditions
 - Traumatic brain injuries
- 1980 statute requires pre-admission screening procedures to be established by regulation, but regulations have not been adopted



Clarification of State Hospital Admission Criteria May Address Concerns of Providers

- DMHMRSAS states these persons should be served by licensed hospitals and other providers, which report difficulty providing services
- Persons not admitted to State hospitals appear to become the financial responsibility of local agencies
 - State law places requirement for care upon local departments of social services
 - Annual contract with DMHMRSAS places some responsibility on CSBs

Jails Serve More Persons With Mental Illness Than State Hospitals and Licensed Hospitals



One-day snapshot for
September 13, 2005

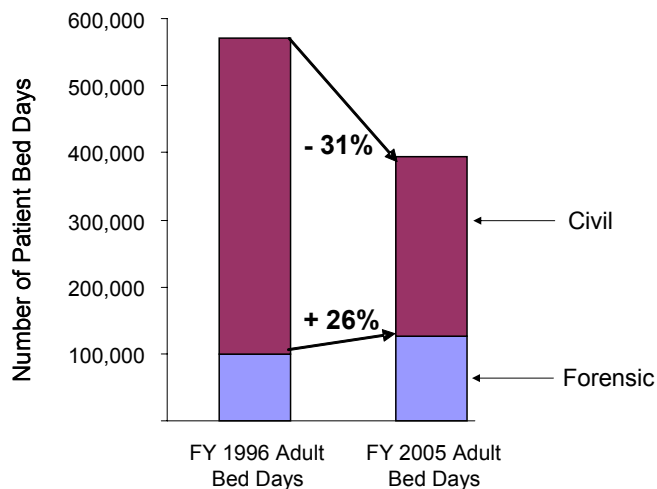
Source: Virginia Health Information & DMHMRSAS data, Compensation Board survey

Virginia Has Attempted to Reduce the Number of Mentally Ill in Jails for Many Decades

- "I have visited our lunatic asylums...and it is to be regretted, that so many of the unfortunate class for whose benefit they are designed, should be confined in jails" – Governor Gilmer, 1841
- Persons with mental illness in jails vs. State hospitals
 - 1936 1:6 ratio
 - 2005 5:2 ratio
- 29 of 67 jails reported that the CSB did not provide any mental health services



Forensic Patients Are Utilizing An Increasing Proportion of State Hospital Bed Days



Use of Licensed Hospital Beds Allows State Hospital Bed Reductions

- Addressed Justice Department settlements
- Since 2003, CSB regional partnerships have purchased beds in licensed hospitals through Local Inpatient Purchase of Services (LIPOS)
- In each regional partnership, a committee of CSB representatives
 - Determines a patient's eligibility for LIPOS
 - Makes State hospital admission decisions



Concerns about LIPOS Affect Willingness of Licensed Hospitals to Contract With CSBs

- Regional programs have different procedures and eligibility requirements
 - Licensed hospitals state that variation appears arbitrary
- DMHMRSAS has not issued guidelines on use of funds or eligibility criteria
- DMHMRSAS does not collect data on persons admitted to State hospitals from LIPOS, or denied admission



Roles and Responsibilities of CSB Regional Partnerships Are Not Established in Statute

- Act as gatekeepers for State hospital admission
- *Code of Virginia* does not recognize these partnerships
- Partnerships have assumed duties assigned to others in statute
 - § 37.2-805 assigns State hospital prescreening to CSBs
 - § 37.2-840 assigns transfers to State hospitals to DMHMRSAS Commissioner



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Copies of the report and briefing slides are available on our website.

