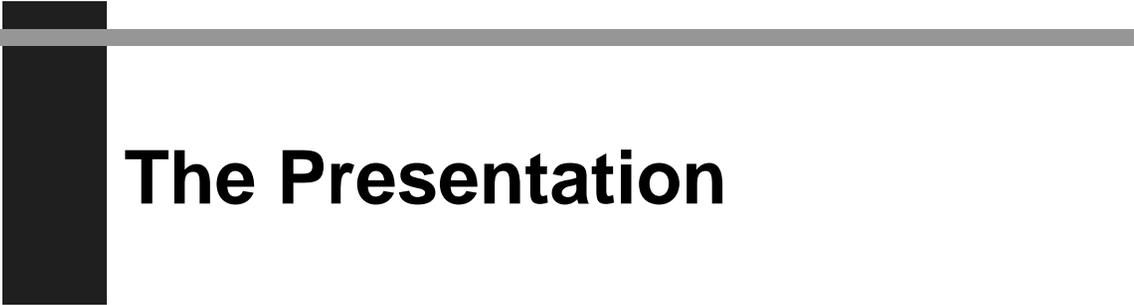


DMHMRSAS Capital and Infrastructure Requirements

**Presentation to the
House Appropriations Committee and
House Finance Committee**

**Department of Mental Health, Mental Retardation and
Substance Abuse Services**

November 16, 2005



The Presentation



- System Transformation Strategy and Priorities
- Descriptions of What State Hospitals and Training Centers Should Look Like in a Transformed System With Associated Community Services Investments
- Permanent SVP Facility Status
- State Facility Capital Requirements



System Transformation Strategy

- ◆ **Increase the System's Capacity to Serve Individuals in More Integrated Community Settings**
 - ✓ We can continue to avoid some future facility costs by investment in community alternatives
 - ✓ We have yet to realize the potential of community integration (fully implement recovery model)
- **Maintain High Quality State Facility Services**
 - ✓ Interdependence between facility size and continued investment in the community
 - ✓ Outdated state facilities must be replaced with regional centers that blur the boundaries between state facilities and the community



System Transformation Priorities

- ◆ **The Administration Is Not Proposing to Close Any State Hospitals or Training Centers**
- **We Are Proposing to Restructure the Services System Through:**
 - Investment in Community Services and Supports to Reduce State Facility Utilization
 - Redesign and Replacement of Selected State Hospital and Training Center Facilities to Address Current and Future Needs More Appropriately and Efficiently
 - Resolution of Current Critical Health, Safety, and Utility Issues in State Facilities



Community Services Investments Are Required to Restructure State Facilities

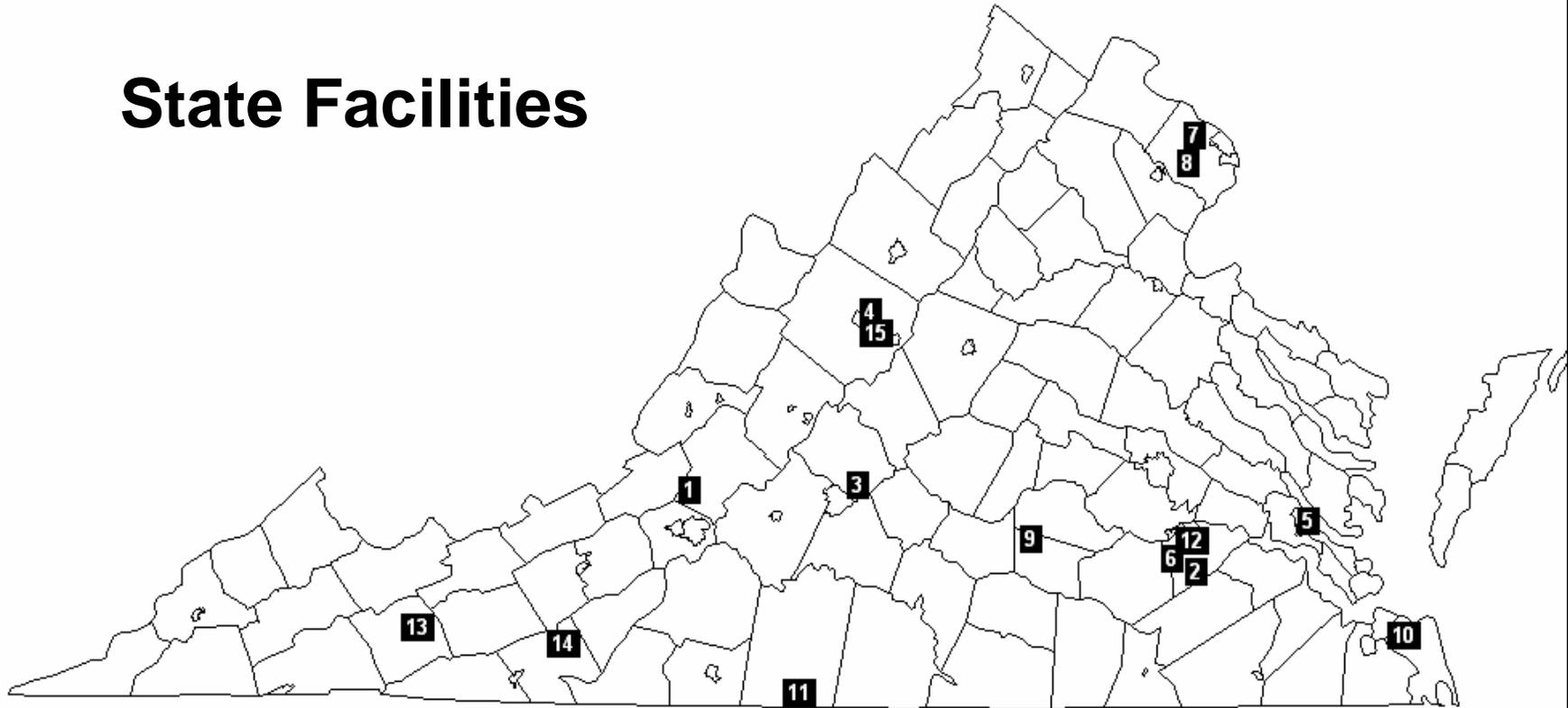
- ◆ **Increase MR Waiver Rates to Assure Provider Availability**
- ◆ **Expand Community MR Services and Supports**
 - ✓ MR Waiver slots to prevent increased demand for facility-based services and facilitate discharges
 - ✓ Community living options
- ◆ **Invest in MH and Co-Occurring MH/SA Services**
 - ✓ MH community infrastructure and evidence-based practices
 - ✓ Discharge assistance funds
 - ✓ Community-based recovery and crisis stabilization services that shift from “crisis” to “wellness and recovery”



Current State Facilities

- ◆ DMHMRSAS Operates 16 Facilities Located in 12 Geographic Areas, with:
 - ✓ 412 buildings
 - ✓ 6.5 million square feet
- ◆ The Average Age of All State Facility Buildings is 49 Years, with a Median Age of 55 Years
- ◆ The Current State Facility System Was Constructed to Provide a Much Larger Bed Capacity Than Is Needed Today. Most State Facilities Were Designed to Provide Custodial Care with Two Exceptions:
 - ✓ Southwestern VA Mental Health Institute (1988)
 - ✓ Commonwealth Center for Children and Adolescents (1996)

State Facilities



1	Catawba Hospital	7	Northern VA MH Institute	12	Southside VA Training Center
2	Central State Hospital	8	Northern VA Training Center	12a	Behavioral Rehabilitation Center
3	Central VA Training Center	9	Piedmont Geriatric Hospital	13	Southwestern VA MH Institute
4	Commonwealth Ctr. for Children & Adolescents	10	Southeastern VA Training Center	14	Southwestern VA Training Center
5	Eastern State Hospital	11	Southern VA Mental Health Institute	15	Western State Hospital
6	Hiram W. Davis Medical Center				

Services System Demands: Current State Facility Services

State Facility	State Hospitals*	Training Centers
Current Operating Capacity (Beds)	1,686	1,629
Average Daily Census (FY 2005)	1,478	1,524
Number of Admissions (FY 2005)	5,232	114
Number of Separations (FY 2005)	5,236	174
Number of Individuals Served (FY 2005)	5,723	1,646

* Excludes Hiram Davis Medical Center (74 Beds) and the Virginia Center for Behavioral Rehabilitation

◆ Numbers on State Facility Discharge Lists:

State Hospitals: As of October 2005, 134 patients have discharges delayed due to extraordinary barriers

Training Centers: 162 residents, with their authorized representative or family member, have chosen to live in the community but services are not currently available



Services System Trends

- ◆ **Changes in the Population Needing Services Will Mirror Virginia's Demographic Changes**
 - ✓ Population growth, especially in Northern, Eastern, and Central Virginia
 - ✓ Increasing diversity (e.g., non-English speaking immigrants)
 - ✓ Increasing numbers of older Virginians
- ◆ **Safety Net for Uninsured and Underinsured Virginians**
 - ✓ Declining private insurance benefits and inadequate reimbursement rates put additional pressures on the services system and local emergency rooms
- ◆ **Increasing Intensity and Specialization of Services**
 - ✓ Higher Proportions of Individuals Served Have More Severe Disabilities and Co-Occurring Disabilities (MI/MR and MI/SUD)



State Facility Bed Requirements 2012 Without Transformation Investments

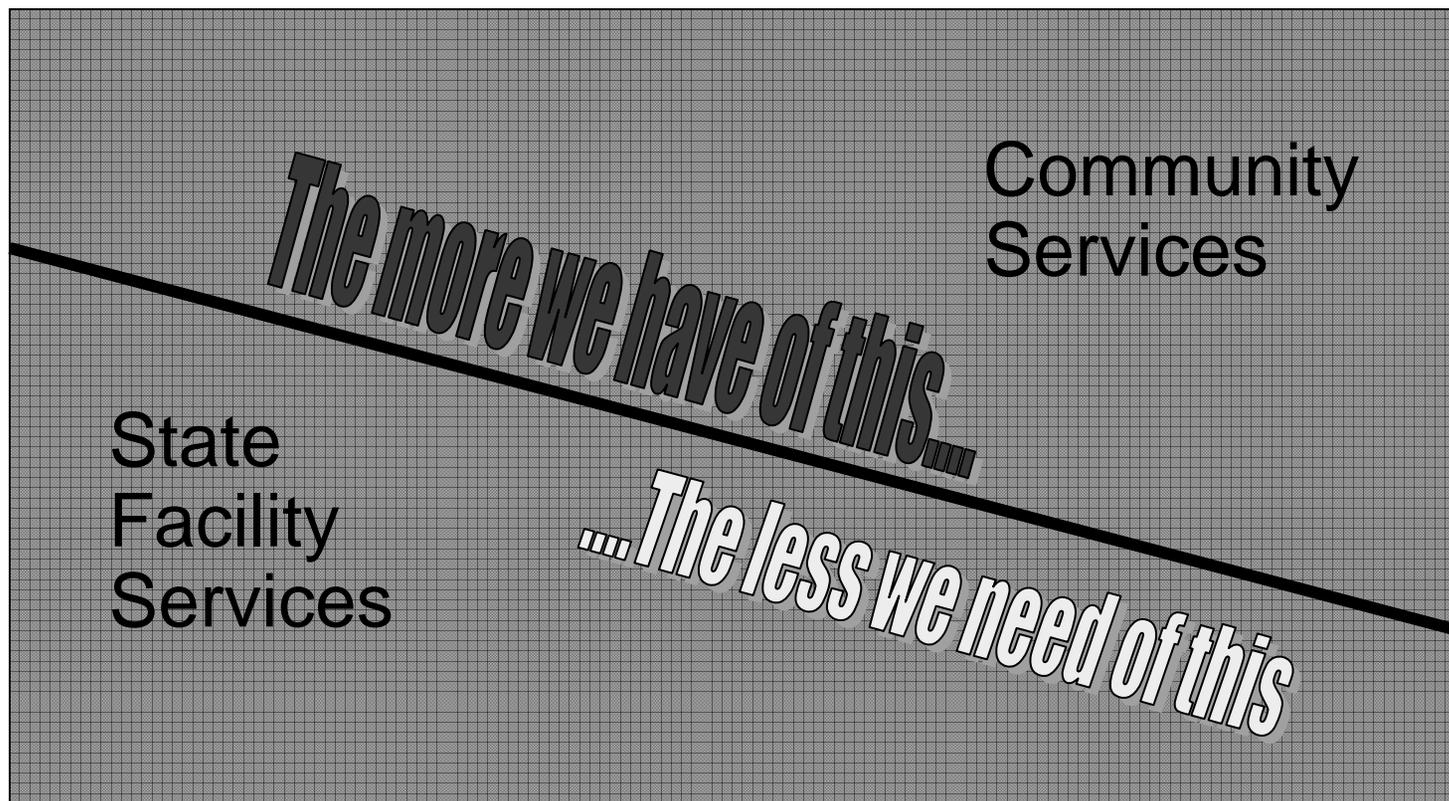
**Without Additional Community Services, We Will Need
3,583 State Facility Beds by 2012**

- | | |
|--------------------------------------|-------------------|
| ✓ State Hospital* Beds Needed | 1,837 beds |
| ✓ Training Center Beds Needed | 1,746 beds |

Straight Line Extrapolation, Based on Projected Population Growth, FY 2005 Average Daily Census, and Facility Utilization Patterns (90% MH, 95% MR)

- * Excludes Hiram Davis Medical Center (74 Beds) and Virginia Center for Behavioral Rehabilitation

Relationship Between Community Capacity and Pressure for State Facility Services





State Facility Investments for System Transformation

◆ State Facility Investments

- ✓ One-time investments in critical health, safety, and infrastructure projects (e.g, sprinklers, roof repairs and replacements, abatement of environmental hazards)
- ✓ Targeted state facility restructuring with more efficient new state accommodations designed to meet future service demands



State Facility Capital Infrastructure Issues

◆ Physical Condition of State Facilities

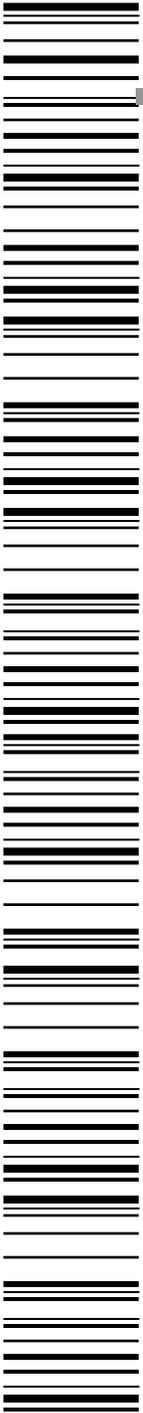
- ✓ Maintenance and renovation funding has not been adequate to prevent a gradual decline in the condition of facilities
- ✓ Many state facility buildings do not comply with current life safety codes and certification requirements and lack fire detection, suppression, and early warning safety systems
- ✓ State facilities also have deteriorating roofs, environmental hazards (mold), and deficiencies in boilers, steamlines, HVAC, and utility systems



State Facility Capital Infrastructure Issues

◆ Operational Inefficiencies

- ✓ Over the past decade, consumer profiles have changed dramatically and many currently occupied buildings are not appropriate for individuals who need state facility services
 - ✓ For example, many training center residents are non-ambulatory or have complex medical conditions or behavioral challenges. Buildings lack the space needed for specialized wheelchairs or other adaptive equipment
- ✓ Large, sprawling campuses and old “custodial” buildings are inefficient to operate and do not provide usable space for active treatment



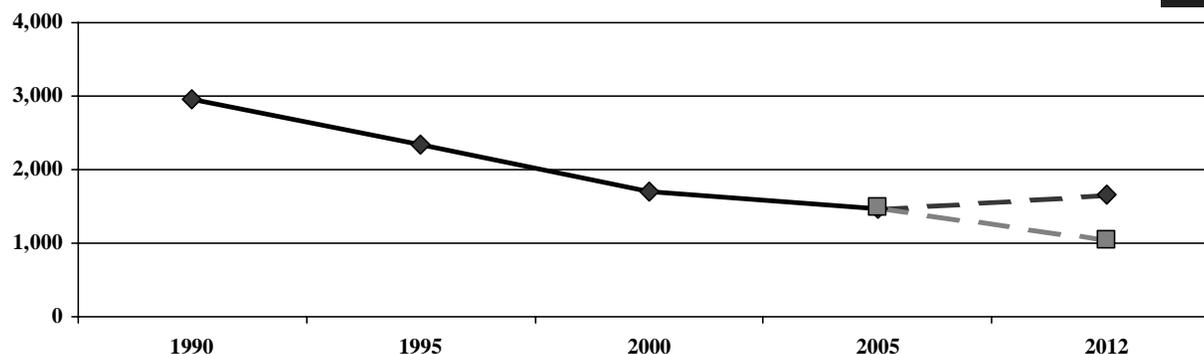
State Hospitals



Analysis of State Hospital Capital Needs and Potential for Replacement

	WSH	ESH	CSH	CH	PH	SV MHI	NV MHI	SWV MHI	CC CA
Operational Beds	254	481	277	120	135	72	127	172	48
Critical Health, Safety, and Infrastructure Issues	X	X	X	X	X				
Significantly Deteriorated Buildings	X	X	X	X	X				
Inefficient & Inappropriate Buildings	X	X	X	X	X	X			
Opportunities to Sell Potentially Valuable Excess Property	X	X					X		
Potential for Phased Replacement as Community Services Expand	X	X	X	X					
Sprawling Campus With Unused Buildings	X	X	X						

Average Daily Census in State Hospitals*



- ◆ **1976 State Hospital ADC:** **5,967**
- ◆ **1990 State Hospital ADC:** **2,956**
- ◆ **2005 State Hospital ADC:** **1,478**
- ◆ **Projected 2012 State Hospital ADC Without Community Investments:** **1,669**
- ◆ **Projected 2012 State Hospital ADC Assuming Continued Community Services Investments:** **1,050**

* Excludes Hiram Davis Medical Center (74 Beds) and Virginia Center for Behavioral Rehabilitation



What Should New State Hospitals Look Like?

- ◆ **Maximum Size of the State Hospital: From 250 to 300 Beds**
 - ✓ 325,000 to 400,000 square feet
 - ✓ Site: 40 to 60 acres

- ◆ **Reinvestment Initiative Demonstrated That Investment in Community Services Can Permanently Reduce State Hospital Size**

- ◆ **The Prototype Hospital Will Have:**
 - ✓ A Discrete Admissions Area,
 - ✓ Redesigned and More Efficient Patient Living Areas,
 - ✓ Treatment Malls for Treatment and Psychosocial Rehabilitation,
 - ✓ A Medical Clinic, and
 - ✓ Areas for Dining and Food Service, and Administration and Support



What Should New State Hospitals Look Like?

- ◆ **The New Hospital Would Be Flexibly Designed to Allow for Changes as the Services System Continues to Be Transformed**
 - ✓ Continued blurring of services in hospital and community settings
 - ✓ Full accessibility to accommodate demographic changes associated with an aging population
- ◆ **New State Hospital Design Would:**
 - ✓ Eliminate Inefficiencies Associated with Decentralized Patient Buildings,
 - ✓ Reduce Transportation Time and Costs Associated With Shuttling Patients to Different Buildings
 - ✓ Allow Staff to Be More Efficient and Effective



What Should New State Hospitals Look Like?

- ◆ **Estimated Construction Costs for a New 250 Bed Hospital Would Be Around \$76.5 Million**
- ◆ **Replacing a 250 Bed Hospital (Decentralized Buildings on a Sprawling Campus) With a New Hospital of Approximately the Same Capacity Could:**
 - ✓ Reduce staffing requirements by approximately 13%
 - ✓ Achieve savings of approximately 15% per square foot in utility costs
 - ✓ Achieve annualized state hospital operating savings of approximately \$3.8 million
 - ✓ Reduce per bed costs by almost 6%



What Should New State Hospitals Look Like?



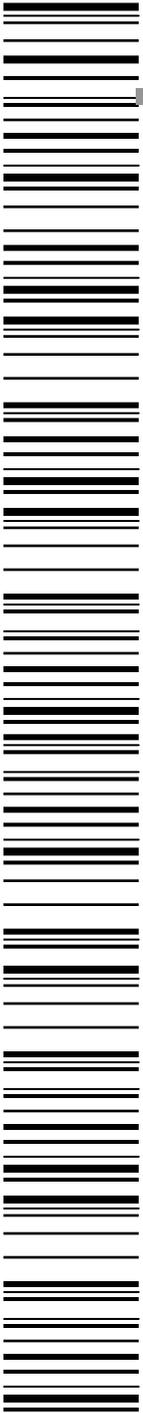
- ◆ **New State Hospital Design Must Respond to Consumer Needs and Reflect Regional Partnership Priorities.**
- ◆ **Any Future Use of the State Hospital Site Must Be Consistent With Local Government Land Use Plans and Potential Economic Development Opportunities.**
- ◆ **New State Hospital Construction Process Needs to Be Flexible to More Quickly:**
 - ✓ Address Existing Capital Infrastructure Issues,
 - ✓ Improve Quality and Effectiveness of Services, and
 - ✓ Realize Operational Savings and Efficiencies



Model Process for Building a New State Hospital



- ◆ **Invest in Recovery-Focused Community Services and Community Infrastructure**
 - ✓ Discharge assistance, PACT teams, wellness and crisis stabilization services, local bed purchases, housing
- ◆ **Solicit PPEA Proposals to Build New State Hospital**
- ◆ **Pay New State Hospital Construction Costs Through the Sale of Excess State Hospital Land, Lease Payments, or Efficiency Savings**
- ◆ **Invest Any Residual Revenues in Additional Community Services and Supports**



Training Centers

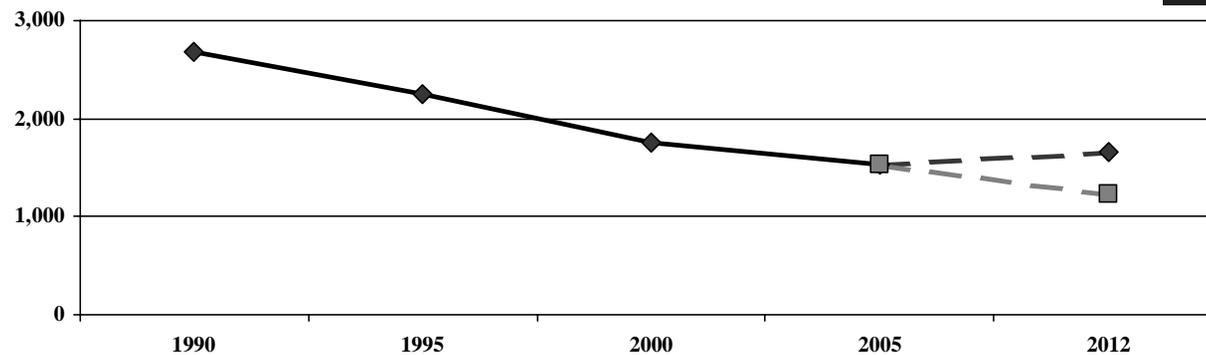


Analysis of Training Center Capital Needs and Potential for Replacement

	CVTC	SEVTC	SVTC	SWVTC	NVTC
Operational Beds	611	200	395	223	200
Critical Health, Safety, & Infrastructure Issues – (Risk Loss of Special Revenues - Medicaid)	X	X	X	X	X
Significantly Deteriorated Buildings	X	X	X		
Inefficient & Inappropriate Buildings	X	X	X	X	
Opportunities to Sell Potentially Valuable Excess Property	X	X			*
Potential for Phased Replacement as Community Services Expand	X		X		
Sprawling Campus With Unused Buildings	X		X		

* Deed restrictions apply to the potential sale and alternate use of NVTC

Average Daily Census in Training Centers



- ◆ **1976 Training Center ADC:** **4,293**
- ◆ **1990 Training Center ADC:** **2,676**
- ◆ **2005 Training Center ADC:** **1,524**
- ◆ **Projected 2012 Training Center ADC Without Community Investment:** **1,663**
- ◆ **Projected 2012 Training Center ADC Assuming Continued Investments in MR Waiver and Other Community Services and Supports:** **1,234**



What Should New Training Centers Look Like?

- ◆ **Mental Retardation Services and Supports by Level of Care Model (MR Special Populations Workgroup)**
 - ✓ Training centers would become smaller Intensive Support Centers (ISCs) that focus on individuals with the most serious medical and behavioral needs
 - ✓ The new ISCs would include Regional Community Support Centers (RCSCs) that provide an array of clinical, medical, and other support services to individuals in the community.
 - ✓ A wide array of community services and support options, including MR Waiver group homes, would allow existing training centers to reduce bed capacity.



What Should New Training Centers Look Like?

- ◆ **The New Intensive Support Centers Would Serve Two Populations**
 - ✓ Individuals with behavioral challenges: 6 beds per unit
 - ✓ Individuals with specialized medical needs: 8 beds per unit
- ◆ **The ISCs Would Be Appropriately Sized to Fit Special Needs and Accessibility Requirements**
 - ✓ Skilled nursing living areas would be designed for two residents per bedroom.
 - ✓ ICF/MR living areas serving individuals with behavioral challenges would be designed with single bedrooms.



What Should New Training Centers Look Like?

- ◆ **The Size of the New Intensive Support Centers (ISCs) Would Be Dependent Upon Investments in Community Services and Supports**
 - ✓ Discharge and Diversion MR Waiver Slots and
 - ✓ Increased MR Waiver Rates

- ◆ **The Prototype ISC Will Have:**
 - ✓ Updated and Appropriately Designed Resident Living Areas
 - ✓ An Outpatient RCSC
 - ✓ A Medical Clinic, and
 - ✓ Areas for Dining and Food Service, and Administration and Support



What Should New Training Centers Look Like?

- ◆ **A 100 Bed Intensive Support Center Would Require 40 - 60 Acres**
- ◆ **Estimated Construction Costs for a New 100 Bed ISC Would Be Around \$55 Million**
- ◆ **A New 100 Bed ISC Could:**
 - ✓ Achieve savings of approximately 15% per square foot in utility costs
 - ✓ Reduce the ISC's operating cost because of its smaller size – a reduction from 200 to 100 beds would reduce ISC operational costs by about \$3.8 million, resulting in general fund savings of \$1.9 million
 - ✓ Increase staffing to serve individuals with the most severe needs in smaller units and meet regulatory requirements. This, and decreased economies of scale resulting from the ISC's smaller size, would increase per bed costs by 30% to 60%



Permanent SVP Facility Update

- ◆ The 2005 Appropriation Act included language (C-137) authorizing the Department, with HHR concurrence, to enter into a comprehensive agreement under PPEA to design and construct a permanent Virginia Center for Rehabilitative Services (VCBR).
- ◆ We are in the final stages of negotiating a comprehensive agreement for a 100 bed permanent VCBR. This agreement has an option to increase the size of the facility to 150 beds.
- ◆ Recent Crime Commission proposals could significantly increase the number of sexually violent predators evaluated for commitment to the VCBR.
- ◆ If these proposals are enacted, VCBR admissions could double, forcing significant changes to the permanent facility's design and construction costs and expediting the need for additional beds.

State Facility Capital Requirements

◆ Critical Health, Safety, & Infrastructure Projects

✓ Maintenance Reserve	\$ 7.14 million
✓ Roof Replacement	\$ 8.54 million
✓ Infrastructure Repair/Replacement	\$ 4.78 million
✓ Food Service Renovations	\$14.38 million
✓ Boiler/Steamlines/HVAC	\$10.02 million
✓ Abate Environmental Hazards (Mold)	\$ 3.56 million

◆ Facility Renovations

✓ SVTC Renovate Building 125	\$ 3.02 million
✓ HDMC Building Renovation	\$ 6.20 million
✓ SWVMHI Treatment Mall	\$ 5.58 million

◆ Facility Replacements

✓ State Hospital	\$55 to \$80 million
✓ Training Center	\$55 to \$90 million

◆ VCBR (SVP Permanent Facility)

✓ Add an Additional 150 Beds	\$20 to 25 million
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Conclusion

- ◆ We Must Act Now to Continue Our Path of:
 - ✓ Investing in Community Services and Supports That Will Reduce Current and Future Utilization of State Facility Beds
 - ✓ Redesigning and Restructuring State Hospitals and Training Centers to More Appropriately and Efficiently Provide Essential Services in a Community-Based Services System
 - ✓ Addressing Long Overdue State Facility Capital Infrastructure Requirements.

- ◆ A Definite Roadmap for Restructuring State Facilities as Part of the Services System Transformation Process Is Being Developed for Consideration During the Upcoming General Assembly Session.



Conclusion



- ◆ Greater Flexibility in the Capital Outlay Process Would Facilitate Forward Movement in a Less Bureaucratic Way and Allow Us to Realize Savings Associated with New State Facility Models Sooner.
- ◆ Finally, We Will Need Additional Funds to Add 150 New VCBR Beds (Three 50-Bed Living Units) If the Crime Commission Recommendations Result in Widening the Number of Admissions to the Facility.