



Virginia Department of
Behavioral Health &
Developmental Services

Governor McAuliffe's Amendments to the 2014-2016 Biennium Budget

A Summary of New Spending Initiatives and Savings Strategies for the
Department of Behavioral Health and Developmental Services

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Budget Overview for DBHDS

- The budget increases the DBHDS general fund appropriation for essential operations:
 - \$5.9 million in FY 2015
 - \$20.4 million in FY 2016
- Also includes general fund savings strategies:
 - \$3.5 million in FY 2015
 - \$5.3 million in FY 2016.

Budget Overview – GF Spending and Cuts

Budget Actions – Operations	GF FY 2015	GF FY 2016
DOJ Settlement Agreement (DBHDS & DMAS)	\$166,819	\$7.2 million
Comprehensive I/DD Waiver Redesign	-	\$2.3 million
Behavioral Health Community Initiative (LIPOS)	-	\$2.2 million
State Mental Health Facilities Operations	-	\$2.7 million
Piedmont and Catawba Revenue Shortfall (includes DMAS general fund offset)	\$2.8 million	\$5.1 million
VCBR Operations	-	\$123,417
Electronic Health Records (Loss of Incentive Payments)	\$3.0 million	\$808,846
Other Central Office Initiative (1 MH Position)	-	\$86,024
Additional Funding Subtotal	\$5.9 million	\$20.4 million
Savings Strategies (Central Office, MH Facilities, Training Centers, VCBR) -- No cuts to CSBs	(\$3.5 million)	(\$5.3 million)
Net Funding for DBHDS System Total	\$2.4 million	\$15.1 million

Note: The totals include budget amendments in DMAS that are related to the DOJ settlement agreement and waiver reform.

Budget Actions (Community)

- Training center closure costs (\$1.3 million in FY 2016).
- Provide on-going support for Rental Choice VA program (\$400,000 in FY 2016).
- Support rent subsidies resulting from waiver redesign (\$675,000 in FY 2016).
- Support the transition of individuals from training centers to the community not covered by Medicaid (\$125,801 in FY 2016).

Budget Actions (Facilities)

- Replace lost revenue for Piedmont Geriatric and Catawba hospitals (\$3.8 million in FY 2015 and \$9 million in FY 2016).
- Adds funds to accommodate delaying the closure of NVTC until March 2016 (\$1.3M in FY 2016)
- Address increased special hospitalization costs at state facilities (\$1.9 million in FY 2016).
- Eight additional staff at Western State Hospital related to increased acuity and increased need for direct observation (\$454,532 in FY 2016).
- Six additional direct care staffing at Commonwealth Center for Children and Adolescents (\$268,260 in FY 2016).
- Six additional security staff at VCBR (\$123,417 in FY 2016).

Budget Actions (Central Office)

- Continue funding for LIPOS costs (\$2.15 million in FY 2016).
- Electronic health records Medicare incentive payment replacement (\$3 million in FY 2015 and \$800,000 in FY 2016).
- DOJ settlement agreement costs (\$140,000 in FY 2016).
- Waiver system (\$453,888 in FY 2016).

Budget Actions (DMAS)

- Additional support to new independence waiver (\$1.2 million in FY 2016).
- Rebase the DOJ settlement agreement (\$535,369 in FY 2015 and \$5.1 million in FY 2016).

Summary of Savings Strategies

- Governor announced FY 2015 savings strategies in October.
- FY 2016 savings are a continuation of FY 2015 strategies identified in October.
- New FY 2015 savings to capture one-time savings associated with a delay in the opening of beds in Southwestern Virginia Mental Health Institute saving \$364,363 general fund.
- New licensing fees for all adult behavioral health and developmental services licensed by the department.

Budget Language Highlights

- Provision for the Office of the State Inspector General to conduct or contract for a study of Catawba Hospital and Piedmont Geriatric Hospital.
- Expanded use of VPBA Bond to support community housing development (DOJ related).
- Redesign of day support to independence waiver (DMAS).

CMS Re-designation of Piedmont / Catawba Hospitals

Background on Piedmont Geriatric and Catawba Hospitals

Piedmont Geriatric Hospital is a 123 bed gero-psychiatric hospital with four wards exclusively for the treatment of patients 65+ years.

- MEL = 438 positions; Current full-time staff = 367 (1/1/15);
- Total Funding = \$23.1M; General Fund \$0.6M; Nongeneral Funds \$22.5M.

Catawba Hospital is a 110 bed active recovery psychiatric hospital; houses two adult and two geriatric care wards.

- MEL = 292 positions; Current full-time staff = 245.2 (1/1/15);
- Total Funding = \$21.8M; General Fund \$10M; Nongeneral Funds \$11.8M.

CMS Re-designation of Piedmont / Catawba Hospitals

Issue

- Piedmont and Catawba Hospitals are currently certified by Medicare as Acute Care Hospitals and Medicaid as Long Term Hospitals. As a result, the state currently receives both Medicaid and Medicare revenues due to this dual designation.
- CMS issue relates to Medicare certification: In a HHS OIG letter, DBHDS was informed that neither of these hospitals qualify as Acute Care Hospitals.

Options:

- There were no “no cost” options available.
- Having beds/units certified differently within the same hospital would invoke the hospital-within-a-hospital requirements of separate staff for each, which is also cost prohibitive.
- Single designation will result in a significant loss of revenue and negatively impact the facilities’ operating budgets.

CMS Re-designation of Piedmont / Catawba Hospitals

- The hospitals will now be certified as ICF/nursing facilities by Medicaid. It should be noted this was the least costly option available.
- Governor's introduced budget provides funding to address the shortfall in revenue, \$3.8M GF in FY 2015 and \$9.1M GF in FY 2016, partially offset by GF match required in DMAS of \$1.7M in FY 2015 and \$4.0M in FY 2016.
- The funds in the Governor's budget are essential to maintain hospital operations.
- This issue has implications for the future of Piedmont and Catawba Hospitals within the state's network of care.

Mental Health Taskforce

- The Governor's Taskforce on Improving Mental Health Services and Crisis response completed its final report October 1, 2014.
- The report included 25 recommendations.
- Joint Subcommittee Studying Mental Health Services in the Commonwealth in the 21st Century endorsed the Taskforce's report with specific priority to seven recommendations.
- DBHDS is currently costing out the implementation of the recommendations.