

**House Bill – 1012 – Department of Human Services
Senate Appropriations Committee
Senator Ray Holmberg, Chairman
March 2, 2005**

Chairman Holmberg and members of the Senate Appropriations Committee, I am Alex C. Schweitzer, the Superintendent of the North Dakota State Hospital and North Dakota Developmental Center of the Department of Human Services. I am here today to provide you an overview of the budget of the North Dakota State Hospital and North Dakota Developmental Center.

One Center Program Activities:

The North Dakota State Hospital and North Dakota Developmental Center have collaborated since April of 2000, after the appointment of one Superintendent for both facilities, by the Executive Director of the Department of Human Services.

Sharing efforts since that time include, the sharing of clinical, support and administrative expertise and the combination of several management and supervisory positions to serve both sites. These combined positions include; the Superintendent position, the Chief Fiscal Officer, the Director of Materials Management, the Accounting Supervisor, the Clinical Dietician, the Risk Manager, the Human Resources Manager, the Director of Professional Development and the Safety and Security Director.

Programs at the North Dakota State Hospital:

The North Dakota State Hospital provides short-term inpatient and long-term residential psychiatric, forensic and chemical addiction services to adults, children and adolescents. These patients are considered to be the traditional patient population of the hospital. Within this group of patients are inpatients referred from the Department of Corrections for addiction services. The hospital provides psychiatric and addiction services under contract with the Department of Corrections. The hospital also provides inpatient services for dangerous sex offenders. This group of patients are housed and treated in the secure services unit of the hospital. The State Hospital provides the following specific programs to patients;

Traditional Services for the Adults:

The hospital provides therapeutic and supportive services to adults with a serious mental illness and substance abuse problems so they can manage their illness and productively live in the community in the least restrictive setting.

The State Hospital operates 206 inpatient beds for adult individuals with serious mental illness and substance abuse problems. 90 of these beds are for addiction services under contract with the Department of Corrections.

Traditional Adolescent and Children's Mental Health Services:

The hospital provides therapeutic and supportive services to children with a serious emotional disorder (SED) and their families so they can manage their disorder and live in the community in the least restrictive setting.

The State Hospital operates 8 inpatient beds for children and adolescents with serious mental illness and substance abuse problems. The hospital subcontracts with the Jamestown School system for educational services for its child and adolescent population.

Secure Services:

The hospital provides evaluation and treatment services in the secure services unit for mentally ill and dangerous individuals from jails and other units of the State Hospital, pre-trial competency evaluations and sex offenders.

The hospital is recommending in this budget to increase this unit from 32 beds to 42 beds. This increase in beds is because of the continued growth of sex offender admissions to the State Hospital. The hospital will reserve 38 of these beds for sex offenders and the other 4 beds for the mentally ill and dangerous and the pre-trial competency patients.

Occupancy Trends at the North Dakota State Hospital:

See [Attachment A](#) and [Attachment B](#) – Occupancy Graphs

The numbers of annual admissions decreased significantly at the State Hospital over the five-year period, FY 1997 to FY 2002, to an average of 1221 admissions per year. More significantly the number of admissions in FY 1997 totaled 1734 and decreased to 838 by FY 2002, a greater than 50% decrease. The trend of decreasing admissions continued in FY 2003 to 714 admissions.

Hospital admissions then took an upturn in FY 2004 to 1041 admissions. The sudden climb in admissions from FY 2003 to FY 2005 at the State Hospital can be attributed to three factors; the rapid increase in the sex offender population, the contracted addiction program with the Department of Corrections and first time admissions. Significantly in calendar year 2004 the hospital admitted 221 first time admissions, with 44 percent of these due to drug and alcohol abuse. The majority of these drug and alcohol admissions can be attributed to methamphetamine abuse. The hospital is projecting that total admissions in FY 2005 will increase to 1270.

The average daily population for the hospital decreased from 228 patients in FY 1997 to 161 patients per day in FY 2002. The average daily population continued to decrease to 145 patients in FY 2003 and then increased to 197 in FY 2004. The average daily population grew during FY 2004 because of the addition of 50 patients to the Tompkins Rehabilitation Center (DOCR program). The average daily population is projected to grow to 235 patients in FY 2005. The hospital is preparing for this increased patient count with the proposed 256 beds in the 05 – 07 budget request.

The decrease in hospital admissions and average daily population during the time period from FY 1997 through FY 2004 was because of a shift from an institutional model to a community-based care model. The sudden growth of population in the last two months of FY 2004 and FY 2005 is because of the aforementioned increase in admissions of sex offenders, first time admissions and the DOCR program. The hospital decreased its budget significantly during the period of shifting population to community

based care from 1997 through 2003. The current budget request accounts for the increased patient population.

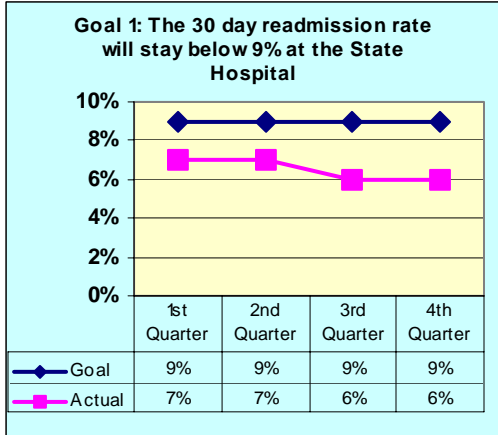
Acuity levels of patients in the hospital have increased. For example, the current addiction patients have severe, chronic medical problems and the psychiatric patients have multiple diagnoses. Repeat admissions for addiction and psychiatric patients are expected to continue at the current rate of 5% due to the chronic nature of the illness.

Performance Measures at the North Dakota State Hospital:

The State Hospital and the Developmental Center have identified performance measures for administration and each of its major program areas. These outcomes focus on patients managing their lives and living in the least restrictive community setting. The following are a sample of the hospital's measures and the Developmental Center's measures are covered later in this testimony. More measures for both sites are available upon request.

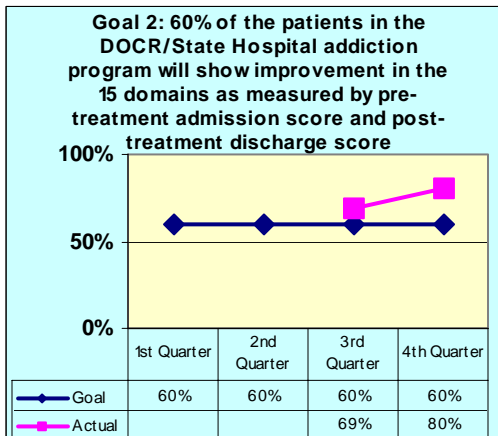
Performance Measure #1:

The 30-day readmission rate will stay below 9% at the State Hospital.



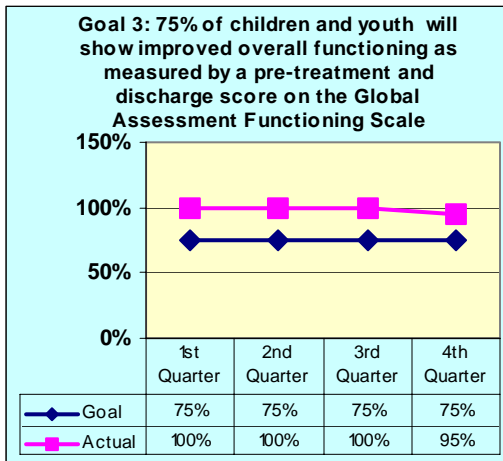
Performance Measure #2:

60% of the patients in the DOCR/State Hospital addiction program will show improvement in the 15 domains as measured by a pre-treatment score and a post treatment discharge score.



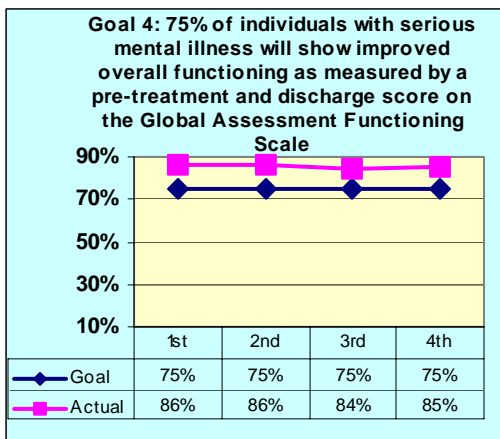
Performance Measure #3:

75% of children and youth reviewed on a quarterly basis will show improved overall functioning as measured by a pre-treatment and discharge score on the Global Assessment Functioning Scale.



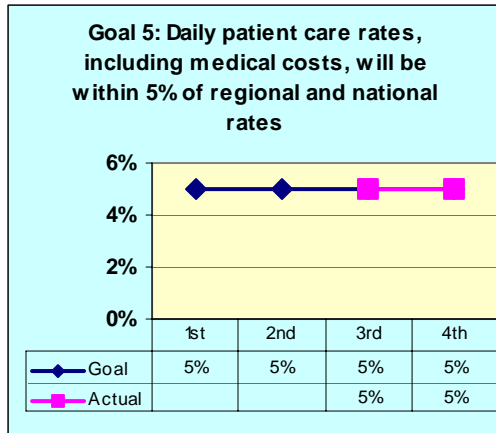
Performance Measure #4:

75% of individuals with serious mental illness reviewed on a quarterly basis will show improved overall functioning as measured by a pre-treatment and discharge score on the Global Assessment of Functioning Scale.



Performance Measure #5:

Daily patient care rates, including medical costs, will be within 5% of regional and national rates.



Overview of Budget Changes: North Dakota State Hospital:

<u>State Hospital - Traditional Services</u>	<u>2003-2005 Budget</u>	<u>Increase/Decrease</u>	<u>2005-2007 Request</u>	<u>House Changes</u>	<u>Request to Senate</u>
HSC/Institutions	39,926,351	2,561,627	42,487,978	(368,416)	42,119,562
General Funds	23,481,355	3,180,752	26,662,107	(219,423)	26,442,684
Federal Funds	4,093,801	314,397	4,408,198	(33,993)	4,374,205
Other Funds	12,351,195	(933,522)	11,417,673	(115,000)	11,302,673
FTE's	390.3	(20.7)	369.6	-	369.6

- The traditional services budget request for the 2005 – 2007 biennium increases by \$2,165,644 because of the Governor’s compensation package.

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- The remaining increase of \$180,983 is because of inflationary increases in medications and food costs.
- The general funds in the 2005 – 2007 budget request increases by \$3,180,752. \$1,759,259 of the increase in general funds is because of the Governor’s compensation package. The remainder of the increase is caused by reduced patient collections.
- Federal Funds increase by \$314,397 because of increased Medicaid collections.
- Other funds decreased because of reduced patient collections. The decrease is offset somewhat by increased DOCR funding for the Tompkins program of \$1,289,599.

<u>State Hospital - Secure Services</u>	<u>2003-2005 Budget</u>	<u>Increase/ Decrease</u>	<u>2005-2007 Request</u>	<u>House Changes</u>	<u>Request to Senate</u>
HSC/Institutions	2,443,180	3,012,380	5,455,560	(24,700)	5,430,860
General Funds	2,382,816	3,072,744	5,455,560	(24,700)	5,430,860
Federal Funds	60,364	(60,364)	-0-	-	-
Other Funds	- 0 -	- 0 -	- 0 -	-	-
FTE's	24.6	29.8	54.4	-	54.4

- The Secure Services unit budget request increases by \$3,012,380 for the 42 beds in the secure services unit. The increase is because of the additional 29.8 FTEs and additional 20 beds needed for this program, the additional operating expenses because of more beds and the Governor's compensation package of \$287,442 for secure services.
- The hospital started the biennium with 22 beds for sex offenders, we added 10 more beds through enhanced Medicaid funding and the 2005 – 2007 budget request adds 10 more beds because of the continued growth of sex offender admissions.
- The hospital's traditional budget request provides for a decrease of (20.7) full time equivalents. We are transferring these 20.7 FTEs to the secure services budget request. In addition, the hospital is adding 9.1 FTEs to the secure services budget.

House Changes for Both Traditional and Secure Services:

- Reduces employee compensation adjustments to 3 percent for the first year and 4 percent for the second year by \$144,123 of general funds and \$33,993 of estimated income for a total of \$178,116.
- Replaces funding from the general fund with other funds in anticipation of general fund savings and additional third-party collections in the amount of \$100,000.
- Reduces overall budget for traditional and secure services by \$178,116 and general funds by \$244,123.

Senate Changes:

- **Senate Bill 2023, the OMB Bonding Bill removed the amount of \$215,000 for State Hospital extraordinary repairs.**

The hospital is requesting the Senate return \$110,000 to the hospital's budget for the repair of the water tower.

Programs at the North Dakota Developmental Center:

The Developmental Center provides services for individuals with developmental disabilities. The program includes day and residential services, work and day activity services, sex offender treatment services for DD individuals, clinical and health services and evaluation and consultation services. The Developmental Center continues its efforts on an outreach program to assist the community with crisis evaluation and consultation to prevent admission to the Developmental Center.

Residential Services at the Developmental Center.

The Developmental Center through its day and residential services program provides training and assistance with daily living activities to eligible people with disabilities so they can achieve their agreed upon personal goals.

Services in this program include, ICF/MR and Work and Day Activity.

Medical and Clinical Services Program at the Developmental Center.

The Developmental Center through its medical and clinical services program provides evaluation and treatment, assessment therapy, training, and supportive services to people with disabilities so they can achieve and maintain their optimal mental and physical health.

Services in this program include; medical services, physical therapy, occupational therapy, dental services, nursing care services, social services, mental health services, rehab services, nutrition counseling, adaptive equipment services, medical support services, psychological evaluation and services, sexual abuse treatment, child abuse treatment, behavioral management, recreational services, group therapy, individual therapy and consultation.

Occupancy Trends at the North Dakota Developmental Center:

See [Attachment C](#) (MS PowerPoint Presentation)– Occupancy Graphs.

Note: Microsoft PowerPoint Presentations: The above presentation is offered in Microsoft PowerPoint format. If you do not have PowerPoint on your computer you may download a free Viewer which will enable you to view it, obtainable from the [Microsoft web site](#).

The Developmental Center from 1997 to 2004 shows a slight increase in average daily population, from 141 individuals to 145 individuals. Although, the facility discharged several clients during this time period, it was not enough to offset the increase of overall admissions to the facility. The Center is seeing increased admissions because of clients with severe behavioral issues, first time admissions and short time contingent admissions. The center's goal is to have a net ten of discharges to

admissions rate by July 2005 (for the biennial period of 03-05). To date, through year-end 2004, the facility has a discharges to admissions rate of

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net six. The goal is only attainable if we discharge more clients than we admit to the Center.

The Developmental Center's administration will continue to collaborate with the DHS Disabilities Services Division to assure that clients at the Developmental Center whose needs can be met in less restrictive settings are offered community based services. As indicated in Gene Hysjulien's testimony for the division, his 2005-2007-community budget does not provide resources for this purpose. Accommodating community placements from the Developmental Center will require the ability to transfer funds from the Developmental Center budget to the community budget. This can only be accomplished if we have willing community providers and enough clients are discharged from the Center to allow us to reduce costs and thus transfer funds. Once the Center transfers funds and closes individual suites, then it is important that we carefully manage readmissions to the Center.

The Developmental Center utilizes a nationally standardized assessment tool to analyze resident acuity. The following conclusions may be drawn from this analysis:

- 50% of our residents require the highest level of support for people with mental retardation/developmental disabilities.

- 50% of our residents require a range from “extensive personal care and/or constant supervision” to “regular personal care and/or close supervision” levels of support.

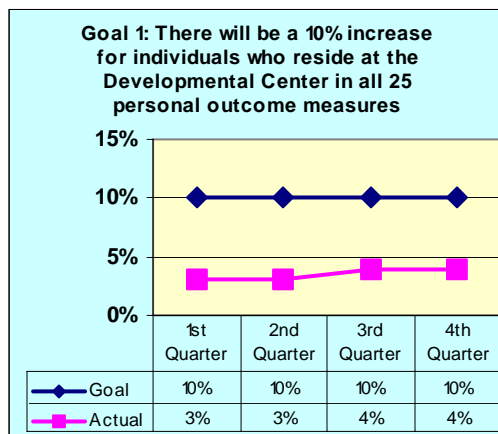
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- Measurements reflect an 8.5% increase in challenging behaviors from 2002 to 2004.

Performance Measures at the North Dakota Developmental Center:

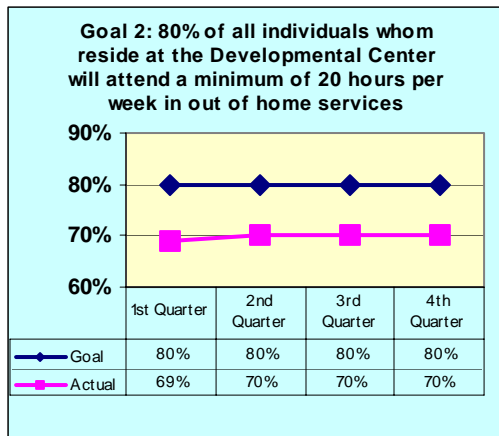
Performance Measure #1:

To review the Developmental Center’s overall performance relative to all 25 personal outcomes on a quarterly basis and achieve a 10% increase.



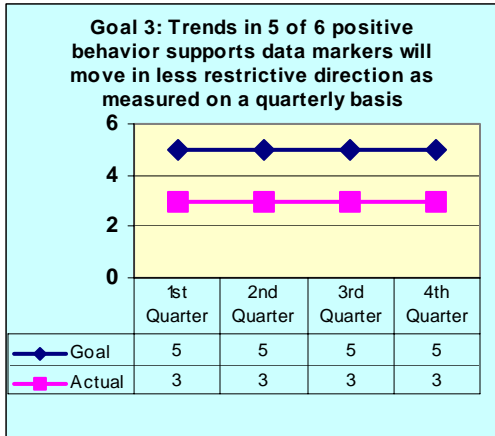
Performance Measure #2:

80% of all individuals whom reside at the Developmental Center will attend a minimum of 20 hours per week in out of home services.



Performance Measure #3:

Trends in 5 of 6 positive behavior supports data markers will move in less restrictive direction as measured on a quarterly basis.



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Overview of Budget Changes: North Dakota Developmental Center:

<u>Developmental Center</u>	<u>2003-2005 Budget</u>	<u>Increase/Decrease</u>	<u>2005-2007 Request</u>	<u>House Changes</u>	<u>Request to Senate</u>
HSC/Institutions	40,661,057	2,625,320	43,286,377	(1,061,774)	42,224,603
General Funds	8,811,229	2,885,196	11,696,425	(297,502)	11,398,923
Federal Funds	29,179,564	(779,135)	28,400,429	(524,272)	27,876,157
Other Funds	2,670,264	519,259	3,189,523	(240,000)	2,949,523
FTE's	458.0	(6.5)	451.5	-	451.5

- The Developmental Center's 2005 –2007 budget request increases by \$2,385,320. The request increases by \$2,255,197 because of the Governor's compensation package and by \$130,123 because of shift differential, overtime and temporary salaries.

- Total general funds increase by \$2,885,196. The reason for this increase is the Governor's compensation package of \$688,132, an increase of \$330,287 for the provider assessment, an increase for the FMAP change of \$1,215,187 and due to the \$1.3 million dollar under fund of the current budget.
- Total Federal Funds decrease by \$779,135. The FMAP reduction is \$1,215,187. The current budget is based on a population of 161 and the budget request is based on a population of 148 for a reduction of \$1,072,675. These decreases are offset by the Governor's compensation package of \$1,508,727.

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- Total Other Funds increased by \$279,259. The reasons for the increase are; \$58,338 for the Governor's compensation package and \$220,921 for increased collections from various sources.
- The Center decreased full time equivalents by 6.5 because of efficiencies in staffing.

House Changes:

- Reduces employee compensation adjustments to 3 percent for the first year and 4 percent for the second year, by \$47,502 in general funds and \$62,021 in federal funds, for a total of \$109,523.
- Reduces funding for operating costs of the Developmental Center, by \$250,000 in general funds and federal funds of \$462,251, for a total of \$712,251.

- The total decrease for the Developmental Center is for \$821,774, with a reduction of \$297,502 in general funds and \$524,272 in federal funds.

Senate Changes:

- Senate Bill 2023, the OMB Bonding Bill removes \$240,000 from the Developmental Center budget for extraordinary repairs.

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The Developmental Center is requesting that the Senate return the \$712,251 spending authority to the budget. The Center would prefer the return of the \$250,000 of general funds to the budget, also, but the return of the spending authority is the most important issue. The spending authority is needed to maintain the current operation of the Developmental Center. Reducing the Developmental Center's budget by \$712,251, not only reduces the \$250,000 of general funds, but also means a loss of \$462,251 in federal funds. When coupled with the legislative adjustment of \$1,387,196 in the 03-05 budget, this reduction would create significant operating concerns for the Developmental Center. The Developmental Center's 05-07 budget request only increased by \$2.4 million and \$2.2 million of the request was for the Governor's compensation package. The Developmental Center still has a cash flow deficit of \$607,391 from the legislative adjustment in the 03-05 budget.

The Center is also requesting the Senate return \$105,000 to the Center's budget for repair of the Collette Center pool filtration system.

This concludes my testimony on the One Center – North Dakota State Hospital and North Dakota Developmental Center. I would be glad to respond to any questions.