Department of Mental Health
FY 20 BAA Narrative

Forensic Evaluation Cost Increases

Gross: $55,000 GF: $25,372

The cost of psychiatric forensic evaluations has increased significantly since FY 18. DMH is statutorily required to provide Forensic evaluations as ordered by the court and the volume of these requests has increased 24% over the past year.

Increase in Medicare Revenue

Gross: ($0) GF: ($230,650)

VPCH has several funding sources. One of those sources is Medicare and other insurance billings. These funds are accounted for in a special fund that is not specifically Medicaid, Federal or General Fund. In FY 19, DMH was able to recognize a significantly higher amount than originally projected.

Child and Youth Residential Programs

Gross: $947,333 GF: $437,779

DMH has an ongoing pressure in PNMI (private non-medical institutions – residential treatment for children). This pressure is due to many factors, but primarily DMH has seen an increase in the acuity of clinical need for children and youth. Due to increased stressors impacting family environments (including adverse family experiences such as opioid use, parental mental health challenges, and difficulty managing a child/youth's challenging behaviors) has contributed to increasing acuity of needs that are not able to be met in the community. For example, of the youth who were admitted into a residential treatment program in FY19 through DMH funding: 40% had referral concerns related to self-injurious behaviors; 38% had suicidal ideation while an additional 15 % had suicidal ideation plus a recent suicide attempt; 17 % had sexually reactive behaviors; and 40% had conduct problems (e.g. violations such as stealing, damage to property) while 38% had conduct problems with aggression towards others. (Most youth exhibit more than one of these identified behaviors at referral.) DMH has also seen an increase in referrals from at-risk populations like LGBTQ youth or children who have been adopted -- which can increase the need for specialized treatment, and sometimes has increased the length of stay in residential treatment.

These acuity concerns, coupled with staffing challenges, and decreased risk tolerance in communities due to threats of violence or self-harm has increased the demand for residential services. When the community-based array of clinical and support services has not been able to adequately address the clinical needs, children may wait in EDs, crisis beds or inpatient units while being referred for residential treatment. DMH continues to prioritize the use of effective in-state programs in order to maximize the ability of families to actively participate in treatment. However, as the number of beds has decreased, the daily rates for many in-state programs have increased through the PNMI rate setting process due to acuity of needs. DMH has also authorized the use of 1:1 staffing (at an additional cost) for short periods to support a positive transition or maintain a placement during a time of high behavioral challenges.

However, when the in-state residential programs are unable to serve the children/youth referred due to either lack of available openings or due to acuity of the youth's needs, DMH must use out-of-state

programs. While in general the out-of-state programs have lower daily rates because they are larger and have greater economy of scale, some of the programs that serve youth with intensive clinical needs have high daily rates.

Our children's clinical care management team uses clear procedures and guidelines with clinical criteria to determine medical necessity for residential treatment and provides technical assistance to schools, communities, families and Designated Agencies (DAs) around working together to explore options to meet the needs of the child in the community. As the need for residential treatment has increased, the Children's Care Management Unit has worked hard to support and prioritize meeting the needs of clients in their homes and communities.

However, when children or youth are determined to meet the medical necessity criteria for residential treatment, the DMH is required to provide that level of care under the federal Early and Periodic Screening, Diagnostic and Treatment (EPSDT) mandate. Determinations adverse to the request of the family are sometimes met with appeals. In order to fulfill the EPSDT mandate to provide medically necessary services to address or ameliorate a child/youth's identified mental health needs, we fund the necessary residential treatment for children in programs in-state and out-of-state.

As of 10/24/19, DMH had funded 64 children and youth in residential treatment since the beginning of the fiscal year. This number will increase in the remaining 3 quarters as youth are transitioned in and out of residential treatment. Cost factors also impact residential programming, for example the overall average daily rate for residential providers in-state and out of state increased 18%.

Finally, while our request is in response to the increased need for residential assessment and treatment, PNMI also funds the short-term children's crisis stabilization beds at Howard Center; however, these are accessed by local crisis teams following specific protocol. DMH does not approve the initial placement; crisis teams are authorized to approve admission for these settings. This represents around $1M of the overall DMH PNMI spending. As this program has been used less for DCF-funded children, DMH has been increasingly responsible for the costs. Each of the last three fiscal years, Howard Center has also requested extraordinary financial relief (EFR) which DMH is unable to budget for in advance. The EFR requests under the PNMI rules were driven by the provider's need to cover costs that are not covered due to 1) the PNMI rates being based on 2 years prior spending history, 2) commercial insurance pays lower rates than Medicaid and the rate does not cover costs, and 3) Medicaid rate increases to the DAs did not apply to residential or crisis stabilization programs, and 4) on-going struggles with staffing shortages, which has impacted utilization. This is also an issue with other residential PNMI providers. In the past 2 years, residential providers have also asked for EFRs and others have recently indicated they will be submitting requests.

<u>Inpatient – Level 1 Cost Settlements</u>

Gross: $400,000 GF: $184,520

RRMC: ($164,144)
BR: $564,144

Act 79 requires "reasonable actual" reimbursement of costs for the Level I hospitals. There have been inflationary factors such as contracted Doctors and Nurses which have significantly impacted the daily cost of the Level 1 units at both Brattleboro Retreat and Rutland Regional Medical Center. The impact to RRMC is negative in FY 20 because DMH is owed funds back from a previous year's cost settlement.

This also captures the retroactive rate increase for the Brattleboro Retreat based on the cost settlement period ending 12/31/2018. This rate is effective 1/1/2019 and establishes the new rate going forward.

Inpatient – CRT Cost Increases

CRT Retroactive to July 1, 2018 - Gross: $1,120,137 GF: $516,719
CRT Cost Increase beginning 11/1/2019 – Gross: $509,398 GF: $234,985

DMH is responsible to ensure the payment and inpatient care for those individuals who are identified and eligible for Community Rehabilitation Treatment (CRT) services. This funding reflects a rate increase to align with other adult inpatient rates paid though DVHA. The DVHA rates were increased in FY19, however the CRT Inpatient Rates were not increased.

UVMMC Fellowship Grant Savings

Gross: ($45,000) GF: ($20,759)

DMH grants funding to support an innovative training program in child psychiatry administered by the Vermont Center for Children, Youth and Families of the University of Vermont's College of Medicine and The University of Vermont Medical Center. DMH has been working with Dr. Hudziak around how UVMMC can assist in supporting this effort, and that work has resulted in the University agreeing to increase its ongoing funding of the program by $45,000.

One-Time Savings from Delayed Implementation of Adult Enhanced Plans

Gross: ($500,000) GF: ($230,650)

In FY 20, the Legislature appropriated additional funds to support development or enhancement of community living programs that support and maintain individuals in the community, avoiding unnecessary hospitalization. The payments directly impact a small cohort of the CRT population, all of who have significant histories of lengthy and repeated hospitalizations, and who may have had interactions with the criminal justice system or ongoing, challenging behaviors resulting from their mental illness. Expansion of these community living programs include the MyPad model, staff intensive residences for multiple clients and other individualized community wrap plans that are inclusive of housing and staff.

Many adult enhanced plans and capacity were already developed, and the funding allowed them to start providing services to some individuals, while other plans were in the development process. Due to the complex nature of these individuals there are several factors that influenced DMH's ability to have the plans and capacity come to full fruition since the funds were made available. Securing appropriate physical sites and hiring of a dedicated workforce can take time, further the community providers receive specialized training to work with this acute population. The final piece that can delay the implementation of these plans and capacity is that each of these plans are voluntary in nature and the specially trained staff have to build a relationship with their assigned individual in order to help get them out of the hospital and willing to work with these specially trained community providers. While these funds are

necessary to continue to support individuals in communities, the delayed implementation of some of the plans will allow DMH to realize savings in FY 20. DMH expects to fully utilize this funding going forward.

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AHS/AOA changes:

Transfer Howard Center Jarrett House Program to DMH (AHS Net-Neutral)

Gross: $101,243 GF:$ 49,261

This is to move funding for the Howard Center crisis stabilization program (aka Jarrett House) from DCF to DMH. While this had been a shared resource with funding from both DMH and DCF based on utilization, DCF will no longer use this program beginning 1/1/2020.

Adjustment to DA Increase – Move Funds to DAIL

Gross: ($239,994) GF: ($110,709)

In FY 20, Legislature appropriated funds to increase payments to the Designated Agencies and Specialized Service Agencies. This increase was provided with a 50%/50% split between DAIL and DMH with the intention of allocating the funds proportionally to each department. This is to redistribute the funds appropriately.