Division of State Operated Health Facilities
Budget and Educational Summary
March 28, 2019
LME/MCO Solvency

SL 2018-5 Section 11F.10

- Incurred but unreported claims
- Net Operating Liabilities
- Catastrophic or Extraordinary Items
- 24 Months Mandated Intergovernmental Transfers
- 24 Month Forecasted Net Operating Loss
- 36 Month Reinvestment Plans

First DHHS Quarterly Report Findings

- Alliance - within range
- Cardinal – over upper range
- Eastpointe – over upper range
- Partners – within range
- Sandhills – within range
- Trillium – under lower range
- Vaya – over upper range

Corrective action plans in process for LME/MCO 5% over or under ranges
Discussion Guide

- State Operated Facilities Overview
- Delivery System Discussion
- Goals and Objectives
- Trends in Utilization and Performance
- Challenges of State Operated System
- Budget Summary
- Prior Year’s Legislative Actions
Overview of State Operated Facilities

• Psychiatric Hospitals
• Alcohol and Drug Abuse Treatment Centers (ADATC)
• Developmental Centers
• Neuro-Medical Treatment Centers (NMTC)
• Children’s Residential Programs – *Wright and Whitaker*
Psychiatric Hospitals

Psychiatric hospitals provide care and treatment for adults, children and adolescents who have psychiatric illnesses and whose needs cannot be met in the community. Inpatient services include crisis stabilization, assessment, medical care, psychiatric treatment, patient advocacy, social work services including counseling, discharge planning and linkages to the community.

**Broughton, Morganton**

<table>
<thead>
<tr>
<th>Beds = 297</th>
<th>Avg#/month on waiting list SFY18 = 30, avg wait for admission = 7.86 days (ED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Census in SFY18 = 272</td>
<td>Median LOS SFY18 = 92 days</td>
</tr>
<tr>
<td>Admissions in SFY18 = 331, # served in SFY18 = 608</td>
<td>ITP Days in SFY18 = 35,472 (45% of total adult civil bed days)</td>
</tr>
</tbody>
</table>

**Cherry Hospital, Goldsboro**

<table>
<thead>
<tr>
<th>Beds = 243</th>
<th>Avg#/month on waiting list SFY18 = 19, avg wait for admission = 2.95 days (ED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Census in SFY18 = 223</td>
<td>Median LOS SFY18 = 22 days</td>
</tr>
<tr>
<td>Admissions in SFY18 = 859, # served in SFY18 = 1,076</td>
<td>ITP Days in SFY18 = 24,948 (37% of total adult civil bed days)</td>
</tr>
</tbody>
</table>

**Central Regional Hospital, Butner**

<table>
<thead>
<tr>
<th>Beds = 398</th>
<th>Avg#/month on waiting list SFY18 = 61, avg wait for admission = 7.29 days (ED)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Census in SFY18 = 368</td>
<td>Median LOS SFY18 = 36</td>
</tr>
<tr>
<td>Admissions in SFY18 = 928, # served in SFY18 = 1,299</td>
<td>ITP Days in SFY18 = 30,384 (38% of total adult civil bed days)</td>
</tr>
</tbody>
</table>
Children’s Residential Programs

The residential programs are for children and adolescents who have severe emotional and behavioral needs. Both employ a re-education model which prepares the child/adolescent to successfully return to the community.

**Whitaker (PRTF), Butner**
- Beds = 18
- Average Census in SFY 18 = 12
- Admissions in SFY 18 = 25

**Wright School, Durham**
- Beds = 16 – Note: renovations were ongoing at this time. Normal capacity is 24 beds.
- Average Census in SFY 18 = 15
- Admissions in SFY 18 = 28
ADATCs are designed to treat persons with addictions and/or co-occurring disorders (addiction and mental health diagnoses). They provide crisis stabilization, detoxification services, substance abuse treatment and education, psychiatric services, rehabilitation therapy, social work, nursing, psychological and collateral treatment services for family members of consumers served.

<table>
<thead>
<tr>
<th>R.J. Blackley, Butner</th>
<th>Walter B. Jones, Greenville</th>
<th>Julian F. Keith, Black Mountain</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Beds = 40</strong></td>
<td><strong>Beds = 40</strong></td>
<td><strong>Beds = 68</strong></td>
</tr>
<tr>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 11</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 8</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 13</strong></td>
</tr>
<tr>
<td>Average Census in SFY18 = 26</td>
<td>Wait list - SFY 18 Rolling 12 month average: 8</td>
<td>Average Census in SFY 18 = 57</td>
</tr>
<tr>
<td>Admissions in SFY 18 = 841, # served in SFY 18 = 866</td>
<td>30 day readmission rate - SFY 18: 1.88%</td>
<td>Wait list - SFY 18 Rolling 12 month average: 22</td>
</tr>
<tr>
<td><strong>Beds = 40</strong></td>
<td><strong>Beds = 40</strong></td>
<td><strong>Beds = 68</strong></td>
</tr>
<tr>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 8</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 13</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 8</strong></td>
</tr>
<tr>
<td>Average Census in SFY18 = 22</td>
<td>Wait list - SFY 18 Rolling 12 month average: 16</td>
<td>Average Census in SFY 18 = 57</td>
</tr>
<tr>
<td>Admissions in SFY 18 = 904, # served in SFY 18 = 923</td>
<td>30 day readmission rate - SFY 18: 4.50%</td>
<td>Wait list - SFY 18 Rolling 12 month average: 22</td>
</tr>
<tr>
<td><strong>Beds = 68</strong></td>
<td><strong>Beds = 68</strong></td>
<td><strong>Beds = 68</strong></td>
</tr>
<tr>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 13</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 8</strong></td>
<td><strong>Median LOS (days) - SFY 18 Rolling 12 month average: 13</strong></td>
</tr>
<tr>
<td>Average Census in SFY 18 = 57</td>
<td>Wait list - SFY 18 Rolling 12 month average: 22</td>
<td>Average Census in SFY 18 = 57</td>
</tr>
<tr>
<td>Admissions in SFY 18 = 1,619, # served in SFY 18 = 1,679</td>
<td>30 day readmission rate - SFY 18: 3.33%</td>
<td>Wait list - SFY 18 Rolling 12 month average: 22</td>
</tr>
</tbody>
</table>
Developmental Centers

The Developmental Centers provide comprehensive residential supports to maintain and improve the health and functioning of individuals with intellectual and/or developmental disabilities (IDD). The services may include time-limited, specialized programs for individuals in identified target populations (Autism, IDD/MI, etc.) with the goal of community reintegration. The types of admissions include general, therapeutic, respite and specialty programs.

Caswell, Kinston
• Beds = 358
• Average Census in SFY 18 = 315
• Admissions* in SFY 18 = 18, # served in SFY 18 = 341

Murdoch, Butner
• Beds = 458
• Average Census in SFY 18 = 421
• Admissions* in SFY 18 = 94, # served in SFY 18 = 505

J. Iverson Riddle, Morganton
• Beds =285
• Average Census in SFY 18 = 274
• Admissions* in SFY 18 = 10, # served in SFY 18 = 290

*includes Respite and Specialty Programs

Current Waitlist for Developmental Centers:
• 35 individuals (Adult General Population=6, Adult Specialty Programs=5, Children/Adolescent Specialty Programs=24)
The Neuro-Medical Treatment Centers are specialized skilled nursing facilities serving individuals who have chronic, complex medical conditions that co-exist with neurological conditions often related to a diagnosis of severe and persistent mental illness, and intellectual and/or developmental disability.

Black Mountain, Black Mountain
• Beds = 156
• Average Census in SFY 18 = 148
• Admissions* in SFY 18 = 21, # served in SFY 18 = 207

Longleaf, Wilson
• Beds = 200
• Average Census in SFY 18 = 181
• Admissions* in SFY 18 = 14, # served in SFY 18 = 203

O’Berry, Goldsboro
• Beds = 96 NF; 123 ICF/IID
• Average NF Census in SFY 18 = 95; Average ICF Census in SFY 18 = 98
• Admissions* in SFY 18 = 12, # served in SFY 18 = 202

*Excludes Respite

Current Waitlist for Neuro-Medical Treatment Centers:
• 62 individuals
DSOHF System Priorities

• Ensure the protection and safety of the people we serve
• Create a high reliability and safety culture
• Provide evidence based best practices
• Maximize existing resources and fiscal efficiency
Hospital Objectives

The State psychiatric hospitals will continue to provide high quality psychiatric inpatient care to North Carolinians whose psychiatric and co-occurring medical symptoms exceed the capability of the community system. As the safety-net provider, it is crucial that the hospitals manage resources efficiently to serve the greatest number of individuals. To accomplish this, the hospital system will focus on maximizing bed availability and increasing patient throughput.

- Ensure safe and timely transition of patients and staff to new Broughton Hospital
- Improve patient throughput at the Hospitals by increasing discharges of individuals with challenging needs
- Improve patient throughput at the Hospitals by reducing number of admissions of individuals who are incapable to proceed (ITP)
ADATC Objectives

The ADATCs will continue to provide inpatient treatment, psychiatric stabilization and medical detoxification for individuals with substance use and other co-occurring mental health diagnoses to prepare for ongoing community-based treatment and recovery. Ensure adequate capacity to maintain critical safety-net services by providing inpatient treatment for those individuals with the most significant substance use and co-occurring conditions that exceed the capability of the community system.

• Maximize revenue by increasing alternate funding sources/payors
• Increase capacity and expand service array to create market-driven utilization of the ADATCs
• Maintain provision of security net services (substance use and co-occurring mental health diagnosis, indigent, homeless, unemployed, criminal justice system, etc.)
Developmental Center Objectives

Admissions to the Developmental Centers should be as limited as possible and only in cases where the individual’s needs exceed the capability of the community system. Our focus during admission is on the safety and stabilization of the individual while the LME/MCO actively develops community supports to address missing components that led to admission. We will continue deliberate efforts to reduce our census and evolve our practices to best meet the needs of the people in our care and in a manner conducive to successful transition back to the community.

• Focus on community integration/reintegration
• Provide crisis stabilization/short-term admissions
• Serve as a center of excellence/resource for the community system to support individuals in the least restrictive setting
Neuro-Medical Treatment Center Objectives

The NMTCs will continue to meet the needs and expand specialty services, for adults with chronic and complex medical conditions and/or behavioral conditions that coexist with neurocognitive disorders related to a diagnosis of Alzheimer’s disease and related dementias that exceed the capability of the community system. They will focus on providing skilled nursing facility care efficiently, maximizing capacity, managing aging infrastructure and developing innovative responses to new and existing populations.

• Provide evidence-based safety-net skilled nursing facility level services
• Maintain regulatory reporting and life safety requirements
• Be responsive to community and state facility needs to increase access
Ongoing Clinical/Operational Priorities

• Enhance clinical consistency across facilities and by facility type
• Evaluate and increase capacity for system-wide revenue cycle maximization and management commensurate with services and populations
• Address recruitment and retention challenges
• Address aging IT infrastructure to bring facilities to industry standards, e.g. Electronic Health Record (EHR), pharmacy equipment, etc.
• Implement plan to respond to Medicaid Transformation
• Ensure adequate and optimized resources to achieve system priorities
Challenges of a State Operated System

• Recruitment and retention
  • Time to hire
  • Use and cost of contract staffing due to inability to hire key clinical staff
  • Lack of flexibility in salary and other hiring incentives, e.g., sign on bonuses, funding for continuing education, etc.

• Serve highest acuity, most behaviorally challenging individuals (e.g., forensic/ITP patients in hospitals) impacts:
  • Hiring
  • Workers comp claims
  • Staffing ratios
  • Throughput issues
  • Cost of care

• Cost-based rates that are inclusive of psychiatry, dental, medical, pharmacy, ancillary services, and medical care provided in an external facility

• Lack of EHR impacts recruitment, revenue maximization, and data analysis
STATE OPERATED FACILITIES

<table>
<thead>
<tr>
<th>State</th>
<th>Actual 2017-18</th>
<th>Certified 2018-19</th>
<th>Authorized 2018-19</th>
<th>Inc\Dec 2019-20</th>
<th>Total 2019-20</th>
<th>Inc\Dec 2020-21</th>
<th>Total 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>1543 Whittaker School</td>
<td>$ 5,783,897</td>
<td>$ 5,405,356</td>
<td>$ 5,409,755</td>
<td>-</td>
<td>$ 5,409,755</td>
<td>-</td>
<td>$ 5,409,755</td>
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<tr>
<td>1545 Wright School - Child</td>
<td>2,903,383</td>
<td>3,334,809</td>
<td>3,334,809</td>
<td>-</td>
<td>3,334,809</td>
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<td>3,334,809</td>
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<tr>
<td>1561 Broughton Hospital - Adult</td>
<td>163,131,794</td>
<td>153,004,918</td>
<td>153,767,060</td>
<td>11,902,781</td>
<td>165,669,841</td>
<td>11,902,781</td>
<td>165,669,841</td>
</tr>
<tr>
<td>1562 Cherry Hospital - Adult</td>
<td>148,802,509</td>
<td>161,323,860</td>
<td>161,329,703</td>
<td>1,820,118</td>
<td>163,149,821</td>
<td>1,820,118</td>
<td>163,149,821</td>
</tr>
<tr>
<td>1563 Central Regional Hospital - Adult</td>
<td>218,104,232</td>
<td>228,411,240</td>
<td>230,037,820</td>
<td>(9,576,616)</td>
<td>220,461,204</td>
<td>(9,576,616)</td>
<td>220,461,204</td>
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<tr>
<td>1565 Caswell Developmental Center - Adult</td>
<td>85,245,605</td>
<td>98,921,190</td>
<td>97,689,961</td>
<td>-</td>
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<td>-</td>
<td>97,689,961</td>
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<tr>
<td>1566 Murdoch Developmental Center - Adult</td>
<td>105,332,113</td>
<td>114,979,177</td>
<td>115,091,491</td>
<td>-</td>
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<td>115,091,491</td>
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<tr>
<td>1567 J Iverson Riddle Developmental Center - Adult</td>
<td>62,415,224</td>
<td>67,073,055</td>
<td>67,752,343</td>
<td>-</td>
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</tr>
<tr>
<td>156C O'Beery Neuro-Medical Treatment Center - Adult</td>
<td>45,510,481</td>
<td>57,800,094</td>
<td>55,530,216</td>
<td>-</td>
<td>55,530,216</td>
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</tr>
<tr>
<td>156D Julian F Keith ADATC - Adult</td>
<td>17,410,172</td>
<td>17,758,158</td>
<td>17,703,009</td>
<td>-</td>
<td>17,703,009</td>
<td>-</td>
<td>17,703,009</td>
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<tr>
<td>156E RJ Blackley ADATC - Adult</td>
<td>13,973,829</td>
<td>17,131,994</td>
<td>16,888,547</td>
<td>-</td>
<td>16,888,547</td>
<td>-</td>
<td>16,888,547</td>
</tr>
</tbody>
</table>

Total Requirements $947,385,549 $1,012,774,234 $1,011,807,049 $4,146,283 $1,015,953,332 $1,015,953,332

Primary increase - annualization of salaries for Broughton Hospital in prior years budget
• Hospitals have the lowest level of Medicaid funding and the LME/MCO’s don’t use single stream allocations to pay for services in these facilities

• Developmental Centers and Neuro Medical Treatment Centers primarily funded with Medicaid receipts

• ADATC’s primarily funded from LME/MCO receipts
Prior Years Legislative Actions

• 2017-57 Local IP Psychiatric Bed Days 11F.3 – funding for the purchase of additional inpatient bed days not currently funded by LME/MCO’s

• 2017-57 ADATC Funding 11F.4 – modify previous provision for the mandatory LME/MCO spending at state ADATC as part of transition to a receipt supported operation

• 2017-57 Use of Dorothea Dix Property Funds 11F.5 – fund conversion of private acute care beds to inpatient psychiatric beds
Prior Years Legislative Actions

• 2018-5 Dorothea Dix 11F.2 beds — modify reporting requirement previous provision and extend date for the use of funds to June 30, 2019

• 2018-5 Dorothea Dix 11F.3 — transfers $10 million to the Department of Public Instruction for mental health related school safety initiative

• 2018-5 Wright School 11F.6 — directed report for the cost analysis of expanding to two additional locations within the State
QUESTIONS AND DISCUSSION

• Kody Kinsley, Division of Mental Health, Developmental Disabilities and Substance Abuse Services

• Steve Owen, Fiscal Research Division
Construction Timeline

- **April 2, 2012** - Notice to Proceed issued to Archer Western Contractors (AWC)
- **September 19, 2014** - Original Project Complete date
- **April 2012 to April 2017** - DHHS Property & Construction Office engaged in multiple actions to attempt to keep AWC on schedule
- **April 20, 2017** - DHHS declared AWC in default and made demand for Travelers to take over completion of the project
- **June 16, 2017** – In lieu of default, DHHS executed Takeover Agreement with Travelers who maintained AWC as their Completing Contractor
- **June 27, 2017 to March 11, 2019** – The Travelers/AWC forecast for Certificate of Compliance/Project Complete has been extended 30 times
- **February 19 - 28, 2019** – State Construction Office (SCO) Final Inspection
- **March 20, 2019** – SCO Final Acceptance
- **April 19, 2019** – Certificate of Compliance/Project Complete
Remaining Construction Activities

• Project Completion
  – Complete punch list items
  – Closeout documents
  – DHHS to consider other options for completing the project if Travelers/Vertex/AWC fails to complete it

• Post Construction/Acceptance
  – Post construction, there are several physical plant updates required for patient safety and regulation compliance -- such as pharmacy and dental clinical modifications, and medical and supportive equipment installation.
Transition Activities

• Transition and Move In
  - Projected to begin April 19, 2019
  - Select staff will begin to occupy parts of the building almost immediately
  - Comprehensive employee training, technology and equipment installation, patient care unit and department set up, emergency drills, mock operations must occur
  - Physical relocation of patients and staff anticipated early September 2019
QUESTIONS AND DISCUSSION

• Kody Kinsley, Division of Mental Health, Developmental Disabilities and Substance Abuse Services