

State of Alaska FY2007 Governor's Operating Budget

Department of Health and Social Services Alaska Psychiatric Institute Component Budget Summary

Component: Alaska Psychiatric Institute

Contribution to Department's Mission

To improve and enhance the quality of life for consumers impacted by mental disorders. In partnership with patients, families, and their communities, Alaska Psychiatric Institute (API) will provide appropriate, quality, individualized treatment that assists patients to achieve their goals and be successful in their communities.

Core Services

API provides seven day a week, twenty-four hour inpatient treatment for Alaskans with severe and persistent psychiatric disorders or serious maladaptive behaviors. Approximately 85% of API's clients are indigent, with no third-party resources (including Medicaid) to pay for services. Clients are admitted either voluntarily or involuntarily through a Peace Officer Application or *Ex Parte* commitment from a judge or magistrate, a mental health professional, or a community mental health center. API provides outreach, consultation, and training to mental health service providers, community mental health centers, and Pioneer Homes. API moved into the new facility in July of 2005. API is presently budgeted, staffed and configured for 72 beds; however, as API may not turn away involuntary patients, the facility is often at risk of exceeding bed capacity (e.g., the highest daily census in FY2005 was in January at 80 in one day in the old facility).

API provides diagnosis, evaluation and treatment services in accordance with its statutory mandates and the strict health care industry standards and requirements set by the Joint Commission on Accreditation of Healthcare Organizations, Centers for Medicare and Medicaid Services, and Alaska's Section on Certification and Licensing in the Division of Public Health. API's services include screening and referral; medication stabilization; psychosocial rehabilitation services, multidisciplinary assessments, individualized and group therapy and counseling; patient and family education; and inpatient psychiatric treatment services for adults and adolescents, as well as for court-ordered persons accused of criminal activity or found not guilty by reason of insanity, and adults with severe and persistent mental illnesses who need longer-term care. API serves as a backup to the community mental health centers, coordinating transitions from outpatient care to hospitalization and, alternatively, coordinating care with community mental health centers for patients being released from API. API is extending the clinical infrastructure of the hospital to reach remote areas with a Statewide Tele-Behavioral Health project.

FY2007 Resources Allocated to Achieve Results

FY2007 Component Budget: \$23,488,300	Personnel:	
	Full time	217
	Part time	12
	Total	229

Key Component Challenges

API faces a number of challenges with wage and compensation relative to being competitive in the health care market. Foremost is the critical shortage of nurses in the State of Alaska. Other job classifications require attention as well to enhance recruitment and retention.

The Joint Commission on Accreditation of Healthcare Organizations (JCAHO) accredits API. The federal funding agency, Centers for Medicare and Medicaid Services (CMS), relies upon a hospital's accreditation as proof that the quality of care being provided meets an acceptable level and justifies federal reimbursement to the State for the cost of a portion of the care API provides to both adolescent patients and the indigent adult population. If a hospital loses its accreditation, it loses its federal reimbursement.

API will continue to seek new revenue streams with the change in Medicare payments to the facility under the new Perspective Payment System where most services are paid at a lower cost.

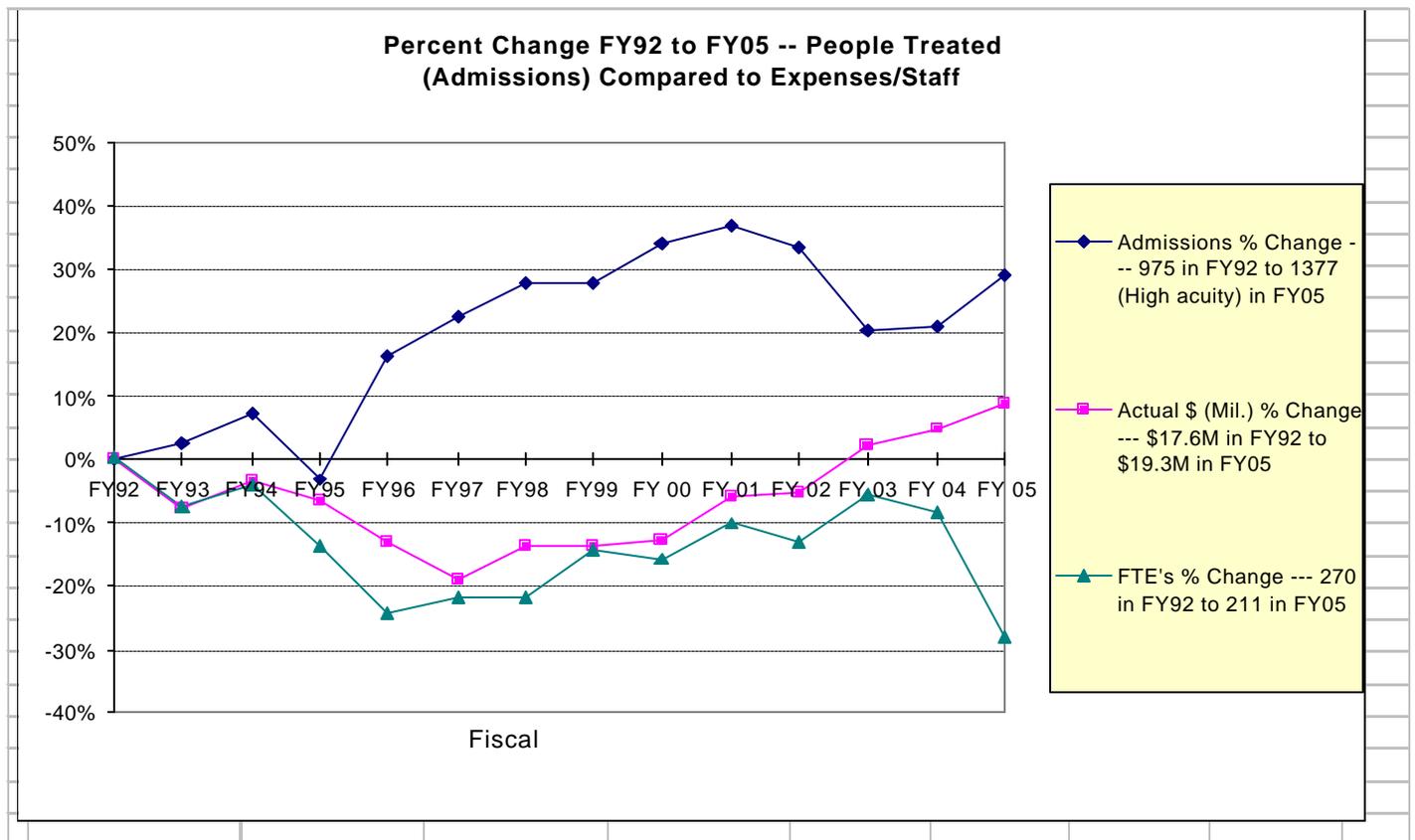
In order to maximize revenue, provide adequate utilization review and control of medical costs, API is challenged to enhance its technological infrastructure. Two key components under consideration are procurement for an Electronic Patient Care System and Optical scanning equipment.

To meet budget challenges, API must work creatively and effectively to be able to continue to provide quality inpatient services within the limitations of its budget and staffing levels.

Other significant challenges facing the institution are:

- 1) Health care continues to lead the way in employment growth through the first seven months of 2005. It has added 1,129 jobs, in 2005. The general expansion of hospitals in Alaska and a general growth trend probably ensure continued growth in the health care industry for the next several years, Alaska Economic Trends, October 2005. There is no single explanation for this degree of growth other than Health care is an indispensable service and does not fit the classic economic model of supply and demand.
- 2) A doubling in admissions since FY1995,

API is seeing an increase in acuity in admitted patients with the less severe clients being served through the designated Single Point of Entry Program Statewide. What that leaves API with is more severely disabled patients that require more intensive treatment and services with a longer stay. During FY05 API saw an increase in patients due to external closure during a short period of another facility. Glaringly, API is seeing a decline in staffing Full Time Equivalents (FTE's) and is using more contractual Doctors and contractual Nurses to fill the gap for services. Staff retention and hiring with competitive salaries in the industry is currently under scrutiny by the Department. (See the figure below.)



Significant Changes in Results to be Delivered in FY2007

API has requested a \$662.5 increment to cover the cost of a Crisis Treatment Center (8 beds). This facility will support an expanded treatment program incorporating crisis and sub-acute stepdown beds. The purpose of the facility is to provide an alternative setting for 24/7 care for consumers who can manage outside of an acute psychiatric hospital setting. The program does not include detox services.

API has requested a \$150.0 increment to cover the continued rising costs of pharmaceuticals. The rising costs of pharmaceuticals have significantly impacted the budget and despite use of generics, prescribing the safest and most effective medications has required an increase in the request for funding.

API has requested a \$500.0 increment to cover the loss of third-party billing revenues.

In FY07 API plans to have Statewide implementation of Tele-Behavioral Healthcare.

Major Component Accomplishments in 2005

Maintained an increase in the quality of API's services while faced with a continued high rate of admissions with a higher acuity.

Successful move into the new API facility in July of 2005, with the completion of the API Replacement Hospital Project. The Project came in on schedule and within budget. The patients, staff, furnishings, and equipment were relocated to the new facility and API without any halt in service during the move.

Established a Physicians Outpatient Mental Health Clinic.

Continued to look at new ways for Revenue Enhancement.

Reduced court-ordered forced medication directives.

API was surveyed by the Centers for Medicare and Medicaid Services and was found to be in full compliance with the Center's standards of care, and thus API maintains its eligibility for Medicaid reimbursement and Disproportionate Share Hospital payments.

In September 2005 API passed its JCAHO accreditation review. The next JCAHO survey should be scheduled for sometime in the next 18 months.

Continued working with South-central Counseling Center's Crisis Respite Center program and the Salvation Army's Clitheroe Treatment Center Enhanced Detoxification program. These programs are critical to reduce the bed demand at API.

Statutory and Regulatory Authority

AS 12.47.010 - 130	Insanity and Competency to Stand Trial
AS 47.30.655 - 915	State Mental Health Policy (Hospitalization of Clients)
AS 18.20.010 - 390	Hospital (Regulations)
AS 08.86.010 - 230	Psychologists and Psychological Associates
AS 18.70.010 - 900	Fire Protection
AS 08.68.010 - 410	Nursing
AS 08.64.010 - 380	State Medical Board
AS 08.95.010 - 990	Clinical Social Workers
AS 08.84.010 - 190	Physical Therapists and Occupational Therapists

Contact Information

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**Alaska Psychiatric Institute
Component Financial Summary**

All dollars shown in thousands

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	15,468.8	17,582.9	18,661.2
72000 Travel	85.1	63.3	63.3
73000 Services	2,779.9	2,198.3	2,915.4
74000 Commodities	805.5	819.2	969.2
75000 Capital Outlay	0.8	47.3	47.3
77000 Grants, Benefits	193.9	169.4	831.9
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	19,334.0	20,880.4	23,488.3
Funding Sources:			
1004 General Fund Receipts	1,074.4	141.5	279.4
1007 Inter-Agency Receipts	10,421.7	9,719.6	12,321.2
1037 General Fund / Mental Health	4,376.1	6,141.8	7,871.5
1061 Capital Improvement Project Receipts	46.5	249.0	0.0
1108 Statutory Designated Program Receipts	3,415.3	4,628.5	3,016.2
Funding Totals	19,334.0	20,880.4	23,488.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Interagency Receipts	51015	10,421.7	9,719.6	12,321.2
Statutory Designated Program Receipts	51063	3,415.3	4,628.5	3,016.2
Capital Improvement Project Receipts	51200	46.5	249.0	0.0
Restricted Total		13,883.5	14,597.1	15,337.4
Total Estimated Revenues		13,883.5	14,597.1	15,337.4

**Summary of Component Budget Changes
From FY2006 Management Plan to FY2007 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2006 Management Plan	6,283.3	0.0	14,597.1	20,880.4
Adjustments which will continue current level of service:				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	167.2	0.0	136.1	303.3
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	21.8	0.0	17.3	39.1
-FY 07 Retirement Systems Cost Increase	252.3	0.0	309.2	561.5
Proposed budget decreases:				
-Loss of Medicare Revenue due to Rate Change	0.0	0.0	-500.0	-500.0
Proposed budget increases:				
-Adjust I/A for API DSH allotment	0.0	0.0	665.0	665.0
-Assistance for Increased Fuel/Electricity Costs	44.5	0.0	0.0	44.5
-API Pharmacy	150.0	0.0	0.0	150.0
-Expand Crisis Treatment Center from 8 to 16 Beds	662.5	0.0	0.0	662.5
-Risk Management Self-Insurance Funding Increase	69.3	0.0	112.7	182.0
-Increment for Loss of Medicare Revenue due to Rate Change	500.0	0.0	0.0	500.0
FY2007 Governor	8,150.9	0.0	15,337.4	23,488.3

**Alaska Psychiatric Institute
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	217	217	Annual Salaries	11,479,626
Part-time	12	12	COLA	307,606
Nonpermanent	39	39	Premium Pay	0
			Annual Benefits	6,494,345
			<i>Less 5.52% Vacancy Factor</i>	(1,009,755)
			Lump Sum Premium Pay	1,389,378
Totals	268	268	Total Personal Services	18,661,200

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	11	0	0	0	11
Administrative Clerk III	3	0	0	0	3
Administrative Manager I	1	0	0	0	1
Assistant Medical Director	1	0	0	0	1
Asst Nurse Director	1	0	0	0	1
Clinical Pharmacist	1	0	0	0	1
Correspondence Sec II	2	0	0	0	2
Correspondence Sec III	2	0	0	0	2
Custodial Services Spvr	1	0	0	0	1
Director of API	1	0	0	0	1
Enviro Services Journey I	6	0	0	0	6
Enviro Services Journey II	8	0	0	0	8
Facilities Manager I	1	0	0	0	1
Health Practitioner I	2	0	0	0	2
Health Program Mgr II	1	0	0	0	1
Industrial Therapist	1	0	0	0	1
Licensed Prac Nurse	1	0	0	0	1
Maint Gen Journey	1	0	0	0	1
Maint Gen Sub - Journey I	1	0	0	0	1
Maint Gen Sub - Journey II	1	0	0	0	1
Maint Spec Bfc Foreman	1	0	0	0	1
Maint Spec Bfc Journey I	2	0	0	0	2
Maint Spec Bfc Jrny II/Lead	1	0	0	0	1
Maint Spec Plumb Jrny II	1	0	0	0	1
Medical Officer	1	0	0	0	1
Medical Record Admin	1	0	0	0	1
Medical Records Asst	1	0	0	0	1
Mntl Hlth Clinician II	7	0	0	0	7
Mntl Hlth Clinician III	5	0	0	0	5
Mntl Hlth Clinician IV	2	0	0	0	2
Nurse Consultant I	1	0	0	0	1
Nurse I	7	0	0	0	7
Nurse II	2	0	0	0	2
Nurse II (Psych)	47	0	0	0	47
Nurse III (Psych)	11	0	0	0	11
Nurse IV (Psych)	1	0	0	0	1

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Nursing Director	1	0	0	0	1
Occ Therapist I	1	0	0	0	1
Occ Therapist II	1	0	0	0	1
Paralegal II	1	0	0	0	1
Pharmacy Technician	1	0	0	0	1
Psych Nurse Asst I	33	0	0	0	33
Psych Nurse Asst II	5	0	0	0	5
Psych Nurse Asst III	48	0	0	0	48
Psych Nurse Asst IV	13	0	0	0	13
Recreation Therapist I	3	0	0	0	3
Recreational Therapist II	1	0	0	0	1
Research Analyst I	1	0	0	0	1
Research Analyst III	1	0	0	0	1
Secretary	2	0	0	0	2
Security Guard I	5	0	0	0	5
Staff Psychiatrist	8	0	0	0	8
Stock & Parts Svcs Sub Journey	2	0	0	0	2
Supply Technician II	1	0	0	0	1
Word Proc Cen Spvr	1	0	0	0	1
Totals	268	0	0	0	268