

State of Alaska FY2003 Governor's Operating Budget

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

Component: Alaska Psychiatric Institute

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Component Mission

The mission of the Division is to plan with and provide appropriate prevention, treatment and support for families impacted by mental disorders or developmental disabilities, while maximizing self-determination.

The mission of Alaska Psychiatric Institute (API) is to provide an appropriate array of quality, in-patient psychiatric services for the treatment of Alaskans with psychiatric disorders who meet admission criteria.

Component Services Provided

Alaska Psychiatric Institute (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 (CMHC). API provides outreach, consultation, and training to mental health service providers, CMHCs, and Pioneer Homes. API is presently budgeted, staffed and configured for 74 beds; however, as API may not turn away involuntary patients, we are often at risk of exceeding bed capacity (e.g., for example our highest daily census in FY2001 was 83).

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 (JCAHO), Health Care Financing Administration (HCFA), and Alaska's Certification and Licensing section. 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 adolescents, 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. In addition, API serves as a backup to the community mental health centers, coordinating transitions from outpatient care to hospitalization and, alternatively, coordinating care with CMHC's for patients being released from API.

Component Goals and Strategies

- 1) FOLLOWING ON THE DEVELOPMENT IN FY2002 OF A REQUEST FOR PROPOSAL FOR THE PROCUREMENT OF A DESIGN/BUILD TEAM THAT WILL DESIGN AND CONSTRUCT A REPLACEMENT HOSPITAL, IN FY03 OVERSEE THE COMPLETION OF THE DESIGN WORK AND THE BEGINNING OF THE CONSTRUCTION PHASE OF THE NEW FACILITY
- 2) MAINTAIN API'S ABILITY TO HIRE AND RETAIN COMPETENT, QUALIFIED STAFF BY WORKING TO ENSURE THAT THE SALARIES OF API'S CLINICAL POSITIONS ARE COMPETITIVE WITH PRIVATE SECTOR HEALTHCARE SALARIES (E.G., R.N., PSYCHIATRIST, PHYSICIAN ASSISTANT, PHARMACIST POSITIONS).
- 3) CONTINUE TO IMPROVE PATIENT CARE
 - Utilizing established multi-disciplinary teams, continue API's focus on its hospital-wide quality improvement program [API's teams are organized around the Joint Commission on Accreditation of Healthcare Organizations' (JCAHO's) functional standards.
 - Continue to train all API clinical staff in the role recovery approach to patient care and treatment.
 - Continue to improve API's therapeutic environment by improving the milieu of each patient unit and patient care areas.
- 4) WORK TO ELIMINATE A RELIANCE ON THE USE OF OVERTIME, INCLUDING MANDATORY OVERTIME, TO MEET API'S ACUITY-BASED STAFFING REQUIREMENTS ON PATIENT UNITS
- 5) CONTINUE TO ADDRESS STAFF COMPETENCE, SAFETY, SECURITY, AND RELATED CLIENT-MANAGEMENT

TRAINING CONCERNS

Maintain an adequate staff-to-patient ratio on all units.

- Routinely provide initial and on-going client management/safety training to appropriate API staff.
- Continue to work to keep staff injuries down, reducing State workers' compensation expenditures.
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6) IMPLEMENT A REQUIRED PERFORMANCE MEASUREMENT SYSTEM

Continue to participate in the "ORYX" performance measurement system (PMS), a hospital-based PMS

- created to meet the requirements of the JCAHO and managed by the National Association of Mental Health Program Directors' Research Institute (NRI).

7) INCREASE THE AMOUNT OF FAMILY, HOSPITAL AND COMMUNITY INTERACTION

Work to maximize family and friend involvement in patient treatment.

- As a part of normalizing the hospital environment, continue to make the present facility available for recreational, educational, and business purposes.

Key Component Issues for FY2002 – 2003

Retain API's fully JCAHO-accredited status.

- Monitor progress on the design and construction of the replacement hospital.
- Find alternative solutions to API's present use of overtime (voluntary and mandatory OT) in the Nursing Department
- to adequately staff hospital patient units at a safe and therapeutic level. API management believes it is vitally necessary to greatly reduce or eliminate the use of all overtime because of staff burnout and safety concerns. In the face of both significant cost increases within the healthcare industry and a doubling in admissions since FY1995, work to be able to continue to provide quality inpatient services within the limitations of current budget and staffing levels.
- Work to hire and retain competent clinical healthcare staff at API, in the face of significantly higher wages in the private sector.
- Coordinate closely with the Community Mental Health Project in implementation of the new and enhanced community-based mental health services for the community of Anchorage, to assist in attempting to reduce the bed demand at API.
- Maintain the present aging facility at an operational and safe level to meet its mission of providing quality inpatient psychiatric care.

In FY 1994 the Administration and the Legislature agreed to have the Alaska Psychiatric Institute participate in a federal Medicaid program called "Medicaid Disproportionate Share Hospital" (or DSH). Under the normal Medicaid program, API, as an IMD or Institute for Mental Diseases, can only collect Medicaid for children up to age 21 and the elderly over 65. The DSH program allowed the federal Medicaid program to make payments to API because the hospital served a disproportionate share of low-income adult patients (85%).

The new revenue stream supported a large portion of API's operating budget, and allowed the Legislature to cut \$7.0 million in general funds from API on an annual basis starting in FY 1994. From FY 1994 to FY 2000, the State of Alaska has saved \$49 million in general funds with API's participation in the DSH program.

In 1997 the U.S. Congress passed legislation to gradually change the DSH program for state-owned IMD's, effectively reducing the federal contribution to public psychiatric hospitals. Beginning in FY 2001 and ending with FY 2003, the federal government's DSH contribution to Alaska and other states will have been reduced by a total of 66%.

The Alaska Department of Health and Social Services has worked with the Alaska Mental Health Trust Authority over the last several years to develop a budget plan that would minimize the impact on API and the State general fund as the disproportionate share revenue stream decreases. There were several adjustments in API's FY2002 budget which allowed API to maintain services without substantially increasing the drain on the state general fund.

However, similar adjustments are not available in FY2003. Both because this is the final year of the DSH reduction and because the Trust Authority is not contributing to API's operational expenditures in FY2003, API requires a substantive GF/MH increment to continue at its present service level.

The Trust's withdrawal of support in FY2003, determined in a plan developed over three years ago now, was based on a series of assumptions about the status of a number of developments on the outpatient, community-based side of the

State's mental health service delivery system that have not fully ripened. As a result, there has been no reduction in the number of admissions to API (see below), which was one of the major assumptions on which the Trust based its prior funding plan.

Increased Admissions Contrasted with Reduced Bed Capacity

The treatment services that API provides are invaluable to the State. In FY01, 42% of the patients admitted to API were admitted for the first time, while the total admissions increased to 1,544 (as compared with 975 admitted in FY95). The length of stay (LOS) at API has been dramatically impacted by this increase in the number of admissions when compared to the number of beds available (staffed/funded at 74 beds).

For API staff to meet the challenge of an increased admission rate and a static or reduced number of beds, it must work to treat patients quickly and effectively. To do otherwise would mean that API would quickly exceed its bed capacity on a regular basis. Therefore, in FY01, 29% of all admissions were discharged within 24 hours, while another 21% were discharged within two or three days. This means that 50% of all persons admitted to API were discharged within 3 days of admission. However, this figure concerns API clinicians and community mental health providers. API treatment teams increasingly hear from providers and family members that they believe that patients are often discharged too soon from the hospital. API will continue to struggle with this issue, as we work to be able to serve the numbers admitted within the bed capacity at which we are funded. The tension between these two factors will only increase.

Major Component Accomplishments in 2001

- Achieved a score of 98 out of a possible 100 points following its JCAHO Hospital Survey in December of 2000.
- With the cooperation and support of the Alaska Legislature, the Mental Health Trust Authority, the University of Alaska, Providence Alaska Medical Center, and the management of DHSS, succeeded in getting the land and funding necessary to replace Old API with a new hospital.
- Maintained an increase in the quality of API's services while faced with continuing increases in patient admissions during, API admitted 1,544 persons in FY2001, the highest number of admissions in API's history.
- Have increased API's occupancy rate from just 70% in CY94 to 88% in CY2000, thus becoming increasingly more efficient in the use of our human resources. We presently operate at 88% of capacity.
- Continued to improve (i.e., reduce) API's patient elopement rate.
- Have eliminated the use of expensive locum tenens (temporary) contract psychiatrists by filling all physician positions with full-time employees.
- With the support of DHSS and the Division of Personnel in the Department of Administration, saw substantive salary increases for both R.N. and Psychiatric Nursing Assistant positions at API.

Statutory and Regulatory Authority

Statutes and Regulations

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

Alaska Psychiatric Institute
Component Financial Summary

All dollars in thousands

	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	14,097.4	15,064.4	16,299.1
72000 Travel	51.4	50.8	53.7
73000 Contractual	1,294.4	1,086.1	1,154.8
74000 Supplies	1,160.3	1,050.1	1,111.6
75000 Equipment	454.3	97.0	97.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	84.6	70.2	164.2
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	17,142.4	17,418.6	18,880.4
Funding Sources:			
1004 General Fund Receipts	4.1	0.0	272.6
1007 Inter-Agency Receipts	8,957.4	7,376.3	7,198.8
1037 General Fund / Mental Health	4,447.3	6,501.9	8,352.8
1061 Capital Improvement Project Receipts	150.7	227.0	234.3
1092 Mental Health Trust Authority Authorized Receipts	1,324.7	491.5	0.0
1108 Statutory Designated Program Receipts	2,258.2	2,821.9	2,821.9
Funding Totals	17,142.4	17,418.6	18,880.4

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	8,957.4	7,376.3	8,931.4	7,198.8	8,076.3
Statutory Designated Program Receipts	51063	2,258.2	2,821.9	2,821.9	2,821.9	2,821.9
Capital Improvement Project Receipts	51200	150.7	227.0	150.7	234.3	155.2
Mental Health Trust Authority Auth.Rec.	51410	1,324.7	491.5	491.5	0.0	0.0
Restricted Total		12,691.0	10,916.7	12,395.5	10,255.0	11,053.4
Total Estimated Revenues		12,691.0	10,916.7	12,395.5	10,255.0	11,053.4

Alaska Psychiatric Institute

Proposed Changes in Levels of Service for FY2003

- The Alaska Psychiatric Institute strives to find creative solutions to nursing staff turnover and the resulting mandatory overtime for remaining staff. Management's goal is to reduce mandatory overtime to zero.

The increase to API's budget will allow the hospital to maintain levels of service in the face of increasing costs including:

The net effect of these transactions is a \$580.2 increment. API's costs of operation continue to escalate, driven by such factors as:

- the increasing severity of the population served who require an increasing amount of staff-to-patient 1:1 staffing
- an estimated 20% increase in the cost of pharmaceuticals
- patient & escort travel costs in excess of the API budget each year for the past several years
- the escalating costs for API's standard annual medical and dental contracts, and locum tenens care

No services are being expanded; GF funds are replacing lost Federal DSH funds and temporary MHTAAR funding.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	6,501.9	0.0	10,916.7	17,418.6
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	203.5	0.0	279.9	483.4
-Correct Funding Source for Salary Adjustment due to Unrealized Receipts	272.6	0.0	-272.6	0.0
-Community Mental Health/API Replacement - Return of DSH Match from DMA	390.9	0.0	0.0	390.9
Proposed budget increases:				
-Covering loss of DSH revenues	1,249.2	0.0	-669.0	580.2
-Increasing Fuel Costs	7.3	0.0	0.0	7.3
FY2003 Governor	8,625.4	0.0	10,255.0	18,880.4

Alaska Psychiatric Institute

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	242	242	Annual Salaries	11,381,041
Part-time	2	2	COLA	294,315
Nonpermanent	20	22	Premium Pay	1,023,542
			Annual Benefits	4,279,312
			<i>Less 4.00% Vacancy Factor</i>	(679,128)
			Lump Sum Premium Pay	0
Totals	264	266	Total Personal Services	16,299,082

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant IV	1	0	0	0	1
Accounting Clerk II	3	0	0	0	3
Accounting Spvr II	1	0	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	12	0	0	0	12
Administrative Clerk III	5	0	0	0	5
Analyst/Programmer III	2	0	0	0	2
Analyst/Programmer IV	1	0	0	0	1
Analyst/Programmer V	1	0	0	0	1
Assistant Medical Director	1	0	0	0	1
Asst Nurse Director	1	0	0	0	1
Chaplain	1	0	0	0	1
Correspondence Sec III	3	0	0	0	3
Custodial Services Spvr	1	0	0	0	1
Director of API	1	0	0	0	1
Enviro Services Journey I	7	0	0	0	7
Enviro Services Journey II	8	0	0	0	8
Facilities Manager I	1	0	0	0	1
Food Service Journey	2	0	0	0	2
Food Service Lead	3	0	0	0	3
Food Service Sub Journey	7	0	0	0	7
Food Service Supervisor	1	0	0	0	1
Health Practitioner I	2	0	0	0	2
Health Program Mgr II	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
Mntl Hlth Clinician I	1	0	0	0	1
Mntl Hlth Clinician II	4	0	0	0	4
Mntl Hlth Clinician III	6	0	0	0	6
Mntl Hlth Clinician IV	3	0	0	0	3
Nurse I	5	0	0	0	5
Nurse II	1	0	0	0	1
Nurse II (Psych)	35	0	0	0	35

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Nurse III (Psych)	10	0	0	0	10
Nurse IV (Psych)	2	0	0	0	2
Nursing Director	1	0	0	0	1
Occ Therapist I	2	0	0	0	2
Occ Therapist II	1	0	0	0	1
Paralegal Asst II	1	0	0	0	1
Personnel Asst I	1	0	0	0	1
Pharmacist	1	0	0	0	1
Pharmacy Assistant	1	0	0	0	1
Procurement Spec II	1	0	0	0	1
Psych Nurse Asst I	20	0	0	0	20
Psych Nurse Asst II	11	0	0	0	11
Psych Nurse Asst III	52	0	0	0	52
Psych Nurse Asst IV	8	0	0	0	8
Recreation Therapist I	3	0	0	0	3
Recreational Therapist II	1	0	0	0	1
Rehab Therapy Coordinator	1	0	0	0	1
Research Analyst I	1	0	0	0	1
Secretary	1	0	0	0	1
Security Guard I	3	0	0	0	3
Staff Psychiatrist	7	0	0	0	7
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	266	0	0	0	266