

Agency Wide

000 - M2 - WQ - FOOD AND MEDICAL ADJUSTMENTS

Agency Submittal: 11-2017-19-YR Agency Req

Budget Period: 2017-19

Program(s) 020 030 040

SUMMARY

Inflation of food and medical services impact DSHS institutions by reducing their purchasing power for services that must be provided to agency clients. DSHS requests \$2,247,000 (\$1,408,000 GF-State) in the 2017-19 Biennial Budget to cover increased costs that are not included in budget requests for changes in forecasted caseloads. Programs have no other resource to cover these inflationary cost increases for services that are critical to support the health and safety of residents and staff in DSHS institutional programs.

PROBLEM STATEMENT

DSHS institutions operate very close to appropriated funding levels. Without increased funding to meet inflationary cost increases, client services will be negatively impacted.

Many clients served in DSHS institutions require a variety of specialized diets to keep meals in compliance with patient care regulations and to meet the standards of care. Other client meals must meet U.S. Department of Agriculture (USDA) nutritional guidelines. Higher food and labor costs are incurred to meet the many and varying meal requirements in institutions. According to data produced by the U.S. Department of Labor, Bureau of Labor Statistics (BLS), the Puget Sound region has experienced an annual average food inflation rate of 2.1 percent over the last five years for the cost of raw foodstuffs used in institutional programs (Rehabilitation Administration, Developmental Disabilities Administration, and Behavioral Health Administration). In a typical day, DSHS serves three meals to as many as 2,600 institutionalized clients in these three programs, as well as meals for the attendant direct care staff. This request includes only those institutions whose average food cost increases since 2012 exceed the 2.1 percent BLS reported rate.

According to data produced by the BLS, the western states have experienced an annual average increase in non-forecasted medical costs of 0.8 percent over the last five years. This includes the cost of pharmaceuticals, medical supplies, and off-campus medical services. DSHS institutions transitioned to use of generic drugs, when available, several years ago. Costs for some programs have risen despite the use of generics. This request includes only those institutions whose average medical cost increases since 2012 exceed the 0.8 percent BLS reported rate.

PROPOSED SOLUTION

This request is to cover inflation related cost increases for food and professional medical services and supplies in DSHS institutions. Adequate funding must be provided to support a therapeutic environment in which clients and staff can thrive and meet individual and program goals.

EXPECTED RESULTS

It is expected that stakeholders will support this proposal. With some institutions operating at a deficit and other facilities marginally meeting their budget, DSHS has very limited options other than to pay the higher costs. Institutions constantly strive to maintain the lowest per meal cost possible while at the same time meeting nutritional requirements. Institutions also endeavor to provide the most effective and cost efficient medical care possible.



DSHS VISION
 People are healthy • People are safe • People are supported • Taxpayer resources are guarded

DSHS MISSION
 To transform lives

DSHS VALUES
 Honesty and Integrity • Pursuit of Excellence • Open Communication • Diversity and Inclusion • Commitment to Service

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STAKEHOLDER IMPACT

There is no expected opposition to this request. Institutions constantly strive to maintain the lowest per meal cost possible while at the same time meeting nutritional requirements of special diets and USDA requirements.

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OTHER CONNECTIONS

Performance Outcomes/Important Connections

1. Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

Goal 4: Healthy & Safe Communities - Healthy People - Provide access to good medical care to improve people's lives.

2. The decision package meets the following DSHS' strategic objectives:

[020] 1.1: Youth in JR will have increased access to a coordinated delivery of medical, behavioral health and long-term services and support to improve their health status.

[030] 1.1: State psychiatric hospitals will be safer for staff and patients.

[040] 4.4: To ensure clients residing in the Intermediate Care Facilities (ICFs) and Nursing Facilities (NFs) in Residential Habilitation Centers (RHCs) are being supported to attain the highest possible quality of life.

3. Identify other important connections or impacts below. (Indicate 'Yes' or 'No'. If 'Yes' identify the connections or impacts related to the proposal.)

a) Regional/County impacts? No

b) Other local government impacts? No

c) Tribal government impacts? No

d) Other state agency impacts? No

e) Responds to specific task force, report, mandate or executive order? No

f) Does request contain a compensation change or require changes to a Collective Bargaining Agreement? No

g) Facility/workplace needs or impacts? No

h) Capital budget impacts? No

i) Is change required to existing statutes, rules or contracts? No

j) Is the request related to litigation? No

k) Is the request related to Puget Sound recovery? No

l) Other important connections? None

4. Please provide a detailed discussion of connections/impacts identified above.

N/A

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Alternatives/Consequences/Other

5. What alternatives were explored by the agency, and why was this alternative chosen?

This request cannot be absorbed within existing resources. DSHS programs operate very close to appropriated funding levels. These program costs are not included in forecasted caseload budget requests. Programs have no other way to cover increasing costs to serve clients. The facilities purchase generic drugs when they are available and appropriate to contain costs. There is now a budget proviso applicable to each program which enables them to purchase goods and supplies through hospital group purchasing organizations (such as the Northwest Consortium) when it is cost effective to do so. This effort has also helped to contain costs but cannot entirely control cost increases.

6. How has or can the agency address the issue or need within its current appropriation level?

The department has explored methods for reducing meal costs. However, for various reasons, including specialized meal requirements for clients and institution locations, no method to achieve substantial savings has been identified. DSHS institutions transitioned to use of generic drugs, when available, several years ago. However these efforts have not been sufficient to offset rising food and medical costs.

7. Does this decision package include funding for any IT-related costs (hardware, software, services, cloud-based services, contracts or IT staff)?

- No
- Yes (Include an IT Addendum)

Fiscal Detail**000 - M2 - WQ - Food and Medical Adjustments**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
001-1 General Fund-State	680,000	728,000	728,000	728,000
001-C General Fund-Medicaid	400,000	439,000	439,000	439,000
Total Cost	1,080,000	1,167,000	1,167,000	1,167,000

Staffing	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
FTEs	0.0	0.0	0.0	0.0

Performance Measure Detail

Activity:	Incremental Changes			
	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
Program: 000				
B045 Institutional Services for State Committed Juvenile Offender	0	0	0	0
C063 Mental Health Facilities Services	0	0	0	0
D086 Residential Habilitation Facilities	0	0	0	0
No measures submitted for package				

Object Detail

	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
E Goods and Other Services	1,080,000	1,167,000	1,167,000	1,167,000
Total Objects	1,080,000	1,167,000	1,167,000	1,167,000

DSHS Source Detail**Overall Funding**

Operating Expenditures	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
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Fund 001-1, General Fund-State**Sources Title**

0011 General Fund State	680,000	728,000	728,000	728,000
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Total for Fund 001-1	680,000	728,000	728,000	728,000
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Fund 001-C, General Fund-Medicaid**Sources Title**

19TA Title XIX Assistance (FMAP)	400,000	439,000	439,000	439,000
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Total for Fund 001-C	400,000	439,000	439,000	439,000
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Total Overall Funding	1,080,000	1,167,000	1,167,000	1,167,000
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FTEs Totals by Program

Program	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
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020	Rehabilitation Admin. – Juvenile Rehabilitation	0.0	0.0	0.0	0.0
030	Behavioral Health Admin. – Mental Health	0.0	0.0	0.0	0.0
040	Developmental Disabilities Administration	0.0	0.0	0.0	0.0
Grand Total		0.0	0.0	0.0	0.0

Funding Totals by Program

Dollars in Thousands

		<u>GF-State</u>			
<u>Program</u>		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
020	Rehabilitation Admin. – Juvenile Rehabilitation	12,000	13,000	13,000	13,000
030	Behavioral Health Admin. – Mental Health	265,000	274,000	274,000	274,000
040	Developmental Disabilities Administration	403,000	441,000	441,000	441,000
GF-State Total		680,000	728,000	728,000	728,000

		<u>Total Funds</u>			
<u>Program</u>		<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>
020	Rehabilitation Admin. – Juvenile Rehabilitation	12,000	13,000	13,000	13,000
030	Behavioral Health Admin. – Mental Health	265,000	274,000	274,000	274,000
040	Developmental Disabilities Administration	803,000	880,000	880,000	880,000
Grand Total		1,080,000	1,167,000	1,167,000	1,167,000

2017-19 Biennial Budget
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Fiscal Year	Fiscal Year			Fiscal Year			Total
	2018			2019			2017-19
	GF-State	Federal	Total	GF-State	Federal	Total	
JRA							
G20 Community Residential Services	0		0	0		0	0
G42 Echo Glen Children's Center	0		0	0		0	0
G44 Green Hill School	0		0	0		0	0
G45 Naselle Youth Camp	12,000		12,000	13,000		13,000	25,000
Total Program	12,000		12,000	13,000		13,000	25,000
MH							
G91 Eastern State Hospital			0			0	
G92 Western State Hospital	201,000		201,000	207,000		207,000	408,000
G94 Child Study and Treatment Center	64,000		64,000	67,000		67,000	131,000
Total Program	265,000		265,000	274,000		274,000	539,000
DDA							
H31 Fircrest	154,000	154,000	308,000	173,000	173,000	346,000	654,000
H33 Rainier	95,000	94,000	189,000	101,000	100,000	201,000	390,000
H34 Lakeland Village	108,000	107,000	215,000	116,000	115,000	231,000	446,000
H35 Yakima Valley Nursing Facility	46,000	45,000	91,000	51,000	51,000	102,000	193,000
Total Program	403,000	400,000	803,000	441,000	439,000	880,000	1,683,000
Total Request	680,000	400,000	1,080,000	728,000	439,000	1,167,000	2,247,000

2017-19 Biennial Budget
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Fiscal Year	Food Expenditures					Average % Change	Average Expend FY's 2014-16	Fiscal Year		Total
	2012	2013	2014	2015	2016 *			2018	2019	
JRA										
G20 Community Residential Services	338,706	341,520	341,030	382,463	415,581	5.4%	379,691			0
G42 Echo Glen Children's Center	496,516	555,162	493,176	469,790	537,133	2.6%	500,033			0
G44 Green Hill School	513,634	569,145	569,949	547,687	539,075	1.4%	552,237			0
G45 Naselle Youth Camp	216,547	246,361	232,543	207,198	210,296	-0.3%	216,679			0
Total Program	1,565,403	1,712,188	1,636,697	1,607,138	1,702,085	2.3%	1,648,640	0	0	0
MH										
G91 Eastern State Hospital	1,342,890	1,382,457	1,465,622	1,393,427	1,425,150	1.6%	1,428,066			
G92 Western State Hospital	2,803,658	3,091,128	3,172,591	3,221,726	3,273,464	4.0%	3,222,594	129,000	134,000	263,000
G94 Child Study and Treatment Center	134,883	134,811	137,630	139,259	141,978	1.3%	139,622			
Total Program	4,281,431	4,608,396	4,775,842	4,754,411	4,840,592	3.2%	4,790,282	129,000	134,000	263,000
DDA										
H31 Fircrest	673,238	997,460	1,197,628	1,249,907	901,313	11.2%	1,116,283	125,000	139,000	264,000
H33 Rainier	1,316,339	1,230,909	1,609,451	1,790,205	1,736,148	8.1%	1,711,935	139,000	150,000	289,000
H34 Lakeland Village	1,114,797	1,163,250	1,339,011	1,426,338	1,429,258	6.5%	1,398,202	92,000	98,000	190,000
H35 Yakima Valley Nursing Facility	338,503	459,789	539,172	578,106	552,536	14.0%	556,605	78,000	89,000	167,000
Total Program	3,442,877	3,851,408	4,685,263	5,044,557	4,619,254	8.2%	4,783,025	434,000	476,000	910,000

* FY2016 data thru May - projected for full fiscal year.

Total Food Request	563,000	610,000	1,173,000
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Recommendation: Submit Supplemental for WSH, Rainier, Lakeland Village, Fircrest, and YVS. Facilities have exceeded the CPI average of 2.1% increase from 2012 - 2015.

2012 Base Year - Percentage Change	2012	2013	2014	2015	2016 *	Average % Change
JRA						
G20 Community Residential Services		1%	0%	12%	9%	5.4%
G42 Echo Glen Children's Center		12%	-11%	-5%	14%	2.6%
G43 Maple Lane School						
G44 Green Hill School		11%	0%	-4%	-2%	1.4%
G45 Naselle Youth Camp		14%	-6%	-11%	1%	-0.3%
Total Program		9%	-4%	-2%	6%	2.3%
MH						
G91 Eastern State Hospital		3%	6%	-5%	2%	1.6%
G92 Western State Hospital		10%	3%	2%	2%	4.0%
G94 Child Study and Treatment Center		0%	2%	1%	2%	1.3%
Total Program		8%	4%	0%	2%	3.2%
DDA						
H31 Fircrest		48%	20%	4%	-28%	11.2%
H33 Rainier		-6%	31%	11%	-3%	8.1%
H34 Lakeland Village		4%	15%	7%	0%	6.5%
H35 Yakima Valley Nursing Facility		36%	17%	7%	-4%	14.0%
H36 Frances Haddon Morgan						
H59 State Operated Living Alternative						
H60 Community Crisis Stabilization Services						
Total Program		12%	22%	8%	-8%	8.2%
SCC						
FORECASTED						
G72 Community Services						
G72 Special Comm-Community Services						
G73 SCTF - Pierce County						
G74 SCTF - King County						
G90 Special Commitment Center						
Total Program						

