

Department of Social and Health Services

2012 Reduction Options and Supplemental Budget Request

Mental Health

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Recommendation Summary

Budget Period: 2011-13
Budget Level Criteria: ALL

Version: C2 - 030 - 2012 Sup Agency Request

Dollars in Thousands	Program Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds	
Program 030 - Mental Health						
CB - Current Biennium						
00	Current Biennium Base	0	2,771.0	890,068	708,420	1,598,488
	SubTotal CB		2,771.0	890,068	708,420	1,598,488
	Cumulative Total Thru CB		2,771.0	890,068	708,420	1,598,488
M1 - Mandatory Caseload and Enrollment Changes						
93	Mandatory Caseload Adjustments	0	0.0	(2,789)	(2,789)	(5,578)
	SubTotal M1		0.0	(2,789)	(2,789)	(5,578)
	Cumulative Total Thru M1		2,771.0	887,279	705,631	1,592,910
M2 - Inflation and Other Rate Changes						
9T	Transfers	0	(149.1)	2,184	341	2,525
CG	State Hospital Revenue Adjustment	0	0.0	1,899	(1,899)	0
PC	Implementing ITA Changes	0	75.8	22,558	11,092	33,650
WB	Federal Funds Technical Adjustment	0	0.0	0	0	0
WW	Technical Corrections	0	0.6	(198)	788	590
ZZ	Unemployment	0	0.0	306	37	343
	SubTotal M2		(72.8)	26,749	10,359	37,108
	Cumulative Total Thru M2		2,698.3	914,028	715,990	1,630,018
PL - Performance Level						
21	Reduce Community Services	0	0.0	(3,226)	0	(3,226)
22	RSN Payments	0	0.0	(13,638)	(13,638)	(27,276)
PD	Delay Implementation of ITA Changes	0	(75.8)	(22,558)	(11,092)	(33,650)
PE	Community Redesign	0	0.0	(1,797)	(1,250)	(3,047)
PF	State Data Center Equipment	0	0.0	27	0	27
WD	Major Eligibility/ Prgm Reductions	0	(70.0)	(69,504)	(54,216)	(123,720)
WH	Hospital Re-sizing	0	(48.0)	(7,616)	0	(7,616)
WT	Implementing ICD 10 Compliant Codes	0	0.0	757	45	802
	SubTotal PL		(193.7)	(117,555)	(80,151)	(197,706)
	Cumulative Total Thru PL		2,504.6	796,473	635,839	1,432,312
Total Proposed Budget for Program 030 - Mental Health			2,504.6	796,473	635,839	1,432,312

Recommendation Summary Text

21 - Reduce Community Services

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), reduces (\$402,000) GF-State in the 2012 Supplemental Budget for the Offender Reentry Community Safety Program (ORCSP) and (\$2,824,000) GF-State for Involuntary Treatment Act (ITA) ancillary services.

22 - RSN Payments

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), reduces (\$27,612,000), (\$13,806,000) GF-State, to reduce Medicaid capitation

Recommendation Summary

Budget Period: 2011-13
Budget Level Criteria: ALL

Version: C2 - 030 - 2012 Sup Agency Request

Dollars in Thousands	Program Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds
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22 - RSN Payments

rates and to eliminate funding for additional services (the Social Security Act (SSA) Section 1915(b)(3) waives certain requirements of Title XIX to provision for the "(b)(3) services" in the 2012 Supplemental Budget. Assumed implementation of these reductions is January 2012.

93 - Mandatory Caseload Adjustments

(M1) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), proposes a reduction of (\$5,578,000), (\$2,789,000) GF-State, in the 2012 Supplemental Budget to reflect the changes in Medicaid eligible clients based on the June 2011 caseload forecast.

9T - Transfers

(M2) The Department of Social and Health Services (DSHS) requests to shift FTEs and funding among programs in the 2012 Supplemental Budget. This transfer will align FTEs and funds within the programs where the costs are incurred. The net impact is zero.

CG - State Hospital Revenue Adjustment

(M2) The Department of Social and Health Services, Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery, requests an increase of \$965,000 GF-State in Fiscal Year 2012, and an increase of \$934,000 GF-State in Fiscal Year 2013 in the 2012 Supplemental Budget. This is an annual adjustment to state hospital revenue for patient contributions including Medicare, private pay and insurance.

PC - Implementing ITA Changes

(M2) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), request 101.0 FTEs and \$33,650,000 (\$22,558,000 GF-State) in the 2012 Supplemental Budget to implement Second Substitute House Bill (2SHB) 3076, which passed in the 2010 Legislative Session.

PD - Delay Implementation of ITA Changes

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), requests a delay in the implementation date of criteria in Second Substitute House Bill (2SHB) 3076 in the 2012 Supplemental Budget. This would be a reduction of (101.0) FTEs and (\$33,650,000) ((\$22,558,000) GF-State).

PE - Community Redesign

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), requests reducing the number of existing Regional Support Networks (RSNs) from 13 to between four and six. This would generate savings of \$3,047,000 (\$1,797,000 GF-State) in the 2011-13 Biennium.

PF - State Data Center Equipment

(PL) The Department of Social and Health Services (DSHS), Information System Services Division (ISSD), requests \$512,000 (\$291,000 GF-State) in the 2012 Supplemental Budget for startup equipment required to migrate systems from the Office Building 2 (OB2) to the new State Data Center (SDC) located in the 1500 Jefferson Building.

WB - Federal Funds Technical Adjustment

Recommendation Summary

Version: C2 - 030 - 2012 Sup Agency Request

Budget Period: 2011-13
Budget Level Criteria: ALL

Dollars in Thousands	Program Priority	Annual Avg FTEs	General Fund State	Other Funds	Total Funds
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WB - Federal Funds Technical Adjustment

(M2) The Department of Social and Health Services (DSHS) requests adjustments between types of federal funds, within the current GF-Federal spending authority, to accurately reflect expected types of federal earnings in the 2012 Supplemental Budget.

WD - Major Eligibility/ Prgm Reductions

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA) eliminates and reduces services for 80,000 people, (\$532,524,000), (\$273,886,000) GF-State, in the 2012 Supplemental by a) increases in the eligibility thresholds for core Medicaid programs that support people with needs related to developmental disabilities and/or long-term care, and b) limits on the type and scope of Medicaid-funded community supports for people with needs related to mental health. These changes will eliminate or reduce core services for people with less needs, while continuing service to person with greater needs, and are necessary to reduce ADSA's 2011-13 Biennial Appropriation by \$273,886,000 GF-State.

WH - Hospital Re-sizing

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), reduces (46.6) FTEs and (\$2,622,000) ((\$5,119,000) GF-State) by closing two decertified wards at Western State Hospital (WSH) and increasing services in community Long Term Care (LTC) settings in the 2012 Supplemental Budget.

WT - Implementing ICD 10 Compliant Codes

(PL) The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), requests \$802,000 (\$757,000 GF-State) in the 2012 Supplemental Budget to plan and implement the International Classification of Diseases, Tenth Revision (ICD-10) compliant codes within systems that support DSHS psychiatric facilities, Residential Habilitation Centers, and Juvenile Rehabilitation Institutions.

WW - Technical Corrections

(M2) The Department of Social and Health Services (DSHS) requests a reduction of (\$24,050,000) ((\$18,494,000) GF-State) and 0.6 FTEs in the 2012 Supplemental Budget to make technical corrections throughout the department.

ZZ - Unemployment

(M2) The Department of Social and Health Services (DSHS) requests \$2,893,000 (\$2,245,000 GF-State) in the 2012 Supplemental Budget to offset increased Unemployment Insurance reimbursement to the Employment Security Department (ESD).

Department of Social and Health Services

DP Code/Title: M1-93 Mandatory Caseload Adjustments
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), proposes a reduction of (\$5,578,000), (\$2,789,000) GF-State, in the 2012 Supplemental Budget to reflect the changes in Medicaid eligible clients based on the June 2011 caseload forecast.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(1,507,000)	(1,282,000)	(2,789,000)
001-C General Fund - Basic Account-Medicaid Federal	(1,507,000)	(1,282,000)	(2,789,000)
Total Cost	(3,014,000)	(2,564,000)	(5,578,000)

Staffing

Package Description:

Funding for mental health community services is based on Washington Medicaid eligibles. An annual funding adjustment is required to reflect the changes in Medicaid eligible clients based on the June 2011 caseload forecast.

Agency Contact: Debbie Schaub (360) 902-8177
Program Contact: Andrew Pittelkau (360) 725-1637

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DBHR expects to continue to provide the same level of services in the community for Medicaid eligible clients.

Performance Measure Detail

Agency Level

Activity: C017 Community Mental Health Prepaid Health Services

Output Measures

001093 Community - Prepaid Health Services

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package is essential to implement DSHS' strategy to increase the effectiveness of and access to mental health services for individuals, children, and families.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package supports the Governor's priority of providing access to quality health care.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package promotes statewide results by providing the current level of service to mentally ill patients. It rates as

Department of Social and Health Services

DP Code/Title: M1-93 Mandatory Caseload Adjustments
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a high priority in the Priorities of Government process to improve the security of vulnerable children and adults.

What are the other important connections or impacts related to this proposal?

None

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

None

What are the consequences of not funding this package?

This is a reduction based on the most current Medicaid eligibles forecast. This funding is not required based on current standards.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: DBHR M1-93 Mandatory Caseload Adjustments

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Costs in this package are ongoing. Costs associated with the caseload in future biennia will be determined by future caseload forecasts.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(3,014,000)	(2,564,000)	(5,578,000)

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	(1,507,000)	(1,282,000)	(2,789,000)
<i>Total for Fund 001-1</i>	<u>(1,507,000)</u>	<u>(1,282,000)</u>	<u>(2,789,000)</u>
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19TA Title XIX Assistance (FMAP)	(1,507,000)	(1,282,000)	(2,789,000)
<i>Total for Fund 001-C</i>	<u>(1,507,000)</u>	<u>(1,282,000)</u>	<u>(2,789,000)</u>
Total Overall Funding	<u>(3,014,000)</u>	<u>(2,564,000)</u>	<u>(5,578,000)</u>

FY 12 Funding Request (State Plan + b3 Rates X Caseload)												
July 2011 through June 2012												
Medicaid Rate	Children			Adults			Total	Leg Funding	Amount Change	State	Federal	
	Non Disbid	Disbid	Non Disbid	Disbid	Non Disbid	Disbid						
RSN	1,946,944.96	960,349.18	496,741.06	3,509,150.27	6,913,185.46	6,331,751.93	581,433.53	290,716.77	290,716.77	290,716.77	290,716.77	
Chelan Douglas	6,326,362.25	4,304,573.23	2,237,119.90	10,776,822.50	23,644,877.88	22,528,350.67	1,116,527.21	558,263.60	558,263.60	558,263.60	558,263.60	
Clark	831,252.34	326,540.76	650,769.64	4,140,004.56	5,948,567.30	6,009,654.24	(61,086.94)	(30,543.47)	(30,543.47)	(30,543.47)	(30,543.47)	
Grays Harbor	10,061,138.38	8,314,520.61	5,017,184.78	21,332,923.41	44,725,767.17	43,327,742.45	1,398,024.72	699,012.36	699,012.36	699,012.36	699,012.36	
Greater Columbia	18,886,999.94	10,888,630.67	12,399,736.77	58,605,617.59	100,780,984.97	100,780,984.97	0	1,608,922.46	1,608,922.46	1,608,922.46	1,608,922.46	
King	2,992,687.95	1,503,195.30	2,139,881.37	7,993,009.87	14,628,774.49	14,672,594.26	(43,819.77)	(21,909.89)	(21,909.89)	(21,909.89)	(21,909.89)	
North Central	10,032,665.57	5,057,960.34	4,219,986.83	30,496,629.13	49,807,241.87	48,319,654.64	1,487,587.23	743,793.61	743,793.61	743,793.61	743,793.61	
North Sound	3,651,456.46	2,272,107.83	2,346,939.45	12,897,987.18	21,168,490.93	20,429,394.91	739,096.03	369,548.01	369,548.01	369,548.01	369,548.01	
Peminsula	6,115,047.18	4,535,165.96	4,946,091.56	30,924,471.75	46,520,776.45	45,651,868.10	868,908.35	434,454.18	434,454.18	434,454.18	434,454.18	
Pierce	2,305,736.07	930,251.85	985,622.50	3,651,519.29	7,873,129.70	7,768,251.69	104,878.01	52,439.01	52,439.01	52,439.01	52,439.01	
Southwest	8,885,862.77	6,287,390.40	3,051,924.37	19,591,147.88	37,816,325.42	35,986,507.43	1,829,817.99	914,908.99	914,908.99	914,908.99	914,908.99	
Spokane	2,797,794.63	818,316.15	1,764,622.29	10,759,935.67	16,140,668.75	15,744,661.81	396,006.94	198,003.47	198,003.47	198,003.47	198,003.47	
Thurston Mason	1,526,163.22	598,939.93	911,364.36	4,371,234.93	7,407,702.44	7,428,042.75	(20,340.32)	(10,170.16)	(10,170.16)	(10,170.16)	(10,170.16)	
Timberlands	76,360,111.72	46,797,942.21	40,564,216.53	219,050,454.03	382,772,724.48	371,761,614.95	11,011,109.54	5,505,554.77	5,505,554.77	5,505,554.77	5,505,554.77	
Total	\$9.05	\$84.76	\$16.28	\$124.71	\$1,011,109.54	\$1,011,109.54	0	0	0	0	0	

Wtd Avg Rate

\$9.05
\$84.76
\$16.28
\$124.71

Medicaid for PACT 7,620,000
Medicaid for PALS 1,300,000
CPE Adjustment 1,500,000
Hospital SNAF 3,605,000
2011-13 Leg Funding 385,786,615
Difference between New Rates & Leg Funding (3,014,000)

State (1,507,000)
Federal (1,507,000)

FY 13 Funding Request (State Plan + b3 Rates X Caseload)												
July 2012 through June 2013												
Medicaid Rate	Children			Adults			Total	Leg Funding	Amount Change	State	Federal	
	Non Disbid	Disbid	Non Disbid	Disbid	Non Disbid	Disbid						
RSN	2,027,647.29	984,410.39	513,198.56	3,596,624.11	7,121,880.34	6,527,854.71	594,025.64	297,012.82	297,012.82	297,012.82	297,012.82	
Chelan Douglas	6,588,594.71	4,412,422.77	2,311,237.82	10,730,194.49	24,042,449.78	23,205,697.83	836,751.95	418,375.98	418,375.98	418,375.98	418,375.98	
Clark	865,708.37	334,722.12	672,330.26	4,243,203.93	6,115,964.69	6,175,816.81	(59,852.13)	(29,926.06)	(29,926.06)	(29,926.06)	(29,926.06)	
Grays Harbor	10,478,180.11	8,522,837.94	5,183,408.90	21,864,696.80	46,049,123.75	44,599,900.05	1,449,223.69	724,611.85	724,611.85	724,611.85	724,611.85	
Greater Columbia	19,669,880.26	11,161,441.40	12,810,551.87	60,066,500.73	103,708,374.26	100,381,757.62	3,326,616.64	1,663,308.32	1,663,308.32	1,663,308.32	1,663,308.32	
King	3,116,737.11	1,540,857.32	2,210,777.67	8,192,254.48	15,060,626.59	15,099,967.99	(39,341.40)	(19,670.70)	(19,670.70)	(19,670.70)	(19,670.70)	
North Central	10,448,527.08	5,184,685.73	4,359,799.01	31,219,499.91	51,249,841.30	49,704,700.42	1,545,140.89	772,570.44	772,570.44	772,570.44	772,570.44	
North Sound	3,802,812.08	2,329,034.68	2,424,695.80	13,219,499.91	21,776,042.46	21,010,820.99	765,221.47	382,610.73	382,610.73	382,610.73	382,610.73	
Peminsula	6,368,520.48	4,648,792.92	5,109,960.29	31,695,337.09	47,822,610.77	46,906,693.90	915,916.87	457,958.44	457,958.44	457,958.44	457,958.44	
Pierce	2,401,310.56	953,558.98	1,018,277.11	3,742,542.01	8,115,688.66	8,005,983.09	109,705.56	54,852.78	54,852.78	54,852.78	54,852.78	
Southwest	9,254,188.45	6,444,918.71	3,153,037.54	20,079,503.41	38,931,648.10	37,040,093.04	1,891,555.07	945,777.53	945,777.53	945,777.53	945,777.53	
Spokane	2,913,765.32	838,818.77	1,823,085.91	11,028,152.42	16,603,822.42	16,190,430.99	413,391.44	206,695.72	206,695.72	206,695.72	206,695.72	
Thurston Mason	1,589,473.83	613,946.16	941,558.73	4,480,198.26	7,625,126.97	7,643,263.50	(18,136.52)	(9,068.26)	(9,068.26)	(9,068.26)	(9,068.26)	
Timberlands	79,525,295.65	47,970,447.87	42,531,919.47	224,195,537.12	394,223,200.11	382,492,980.94	11,730,219.17	5,865,109.58	5,865,109.58	5,865,109.58	5,865,109.58	
Total	\$9.05	\$84.76	\$16.52	\$124.53	\$1,730,219.17	\$1,730,219.17	0	0	0	0	0	

Wtd Avg Rate

\$9.05
\$84.76
\$16.52
\$124.53

Medicaid for PACT 7,620,000
Medicaid for PALS 1,300,000
CPE Adjustment 1,500,000
Hospital SNAF 3,874,000
2011-13 Leg Funding 396,786,981
Difference between New Rates & Leg Funding (2,564,000.00)

State (1,282,000)
Federal (1,282,000)

Notes: Clark b(3) rate is considered \$0.00 due to funding by Local Match.
FMAP rate used for both fiscal years is 50%.
Funding request does not include Local Match Option.

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests to shift FTEs and funding among programs in the 2012 Supplemental Budget. This transfer will align FTEs and funds within the programs where the costs are incurred. The net impact is zero.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030			
001-1 General Fund - Basic Account-State	1,709,000	475,000	2,184,000
001-C General Fund - Basic Account-Medicaid Federal	240,000	101,000	341,000
Total Cost	1,949,000	576,000	2,525,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 030 FTEs	(119.2)	(178.9)	(149.1)

Package Description:

DSHS requests an internal transfer among several program budgets resulting in a net zero funding change for the department. To align program appropriations with planned expenditures for the current budget, DSHS requests the following adjustments:

Information System Services Division (ISSD) Compensation Adjustment (110 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150): Administration and Supporting Services (Administration) will transfer compensation costs for staff in ISSD to other DSHS programs. Compensation steps associated with staff in ISSD are routinely included within the budget steps for Administration. Administration will distribute \$383,000 (\$303,000 GF-State) of ISSD's costs to the programs. These steps include: 1) savings from ending automatic benefit increases from the Public Employees' Retirement System Plan 1; 2) health insurance decrease in Fiscal Year 2013 to reflect the expected decrease of state employees in 2011-13, (the decrease in the carry forward level has already been adjusted in Fiscal Year 2012); 3) 3 percent cost savings in employee salaries; and 4) employer contributions adjusted to levels adopted by the Pension Funding Council. ISSD's budget resides in programs' budgets at Sub-Object TZ.

Department of Information Services (DIS) Rate Reduction (145 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150): Payments to Other Agencies (PTOA) will distribute \$2,130,000 (\$1,494,000 GF-State) of DIS rate adjustment costs to the various programs. DIS reduced their 2011-13 rates in technology leasing services, storage, and mainframe computing. Also, the Central Service Model reduced the department's funding for DIS services. PTOA does not pay these DIS costs for the entire department; rather, they are paid out of the programs' budgets at the Sub-Object EL levels.

Medicaid Purchasing Administration (MPA) Funding (110 to 010, 020, 030, 040, 050, 060, 070, 100, 135): Administration will distribute \$456,000 (\$296,000 GF-State) in costs to DSHS programs for the funding of positions that were transferred to the Health Care Authority (HCA). The negotiation for the DSHS and MPA transfer required DSHS to provide additional staff funding to HCA. Administration distributes this cost to the programs in this request. (Economic Services Administration (ESA) agreed to provide 3.0 FTEs, which were transferred out of the ESA 2011-13 Biennial Budget.) This distribution will give each program a share of the cost without Administration carrying the full cost as this was the original intent.

Department of Labor and Industries (L&I) Funding from PTOA to Programs (145 to 010, 020, 030, 040, 050, 060, 070, 100, 135, 150):

L&I funding for the various DSHS programs was provided in PTOA's budget and will need to transfer to the respective programs. PTOA will transfer \$9,341,000 (\$6,725,000 GF-State) to the programs.

ISSD Transfer of Email and Blackberry services to DIS (All DSHS Programs):

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

ISSD will no longer provide email and blackberry services for the department and will transfer these services to DIS. Program's funding for these services are in Sub-Object TZ and will need to transfer to Sub-Object EL. The estimated transfer amount is \$624,000 total funds for Fiscal Year 2012 and \$1,208,000 total funds for Fiscal Year 2013. Amounts in the first year are estimates because the transfer timeline may change.

ISSD Staff Transfer to Administration (150 or 020, 030, 040, 050, 060, 070, 100, 135 to 110):
ISSD will transfer 1.0 FTE and \$216,000 (\$126,000 GF-State) to Administration, which fits with the current organizational reporting structure. As mentioned above, because of ISSD's budget residing in the programs' Sub-Object TZ costs, programs will transfer \$176,000 of their ISSD's costs to Administration, which will also reduce their share of ISSD's costs by \$40,000.

Mental Health Category Transfers (030 8000 to 030 9000):
DSHS, Mental Health (MH), is a categorically appropriated program. Thus, MH requests to move 8.6 FTEs and \$671,000 (\$74,000 GF-State) from Category 8000 to Category 9000 to align appropriations where costs are incurred.

Consolidated Field Services FTE Transfer (010, 020, 030, 040, 050, 060, 135 to 110 & 160):
Program 160 - Consolidated Field Services (CFS) will consolidate 343.1 FTEs in Fiscal Year 2012 and 540.2 FTEs in Fiscal Year 2013 from various DSHS Programs, which is designed to centralize services and maximize efficiencies in order to support business functions and maintenance for the regional centers and the institutions. CFS will operate as a chargeback to programs in order to maintain the maximum federal participation rate that DSHS Programs receive. Part of this consolidation is a transfer of 8.0 FTEs and \$704,000 (\$490,000 GF-State) in Fiscal Year 2012 and 13.0 FTEs and \$1,021,000 (\$714,000 GF-State) in Fiscal Year 2013 for payroll staff, Facility Planners and a Fiscal Coordinator from the various programs to Program 110. The consolidation will phase in from November 1, 2011, through March 1, 2012, and has been approved by the Legislative Evaluation and Accountability Program (LEAP) Committee.

These transfers will realign the funding with the DSHS programs to be charged.

Agency contact: Tula Habb (360) 902-8182

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS accounts for the wise use of public dollars by maximizing federal funding sources.

Performance Measure Detail

Program: 030

Activity: C900 Program Support - Mental Health

Outcome Measures

001116 Program Support

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. This request supports our goal to improve health care quality and access and to improve internal and external partnerships.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. This request supports the Governor's priority associated with efficient state government services for the people of Washington State.

Department of Social and Health Services

DP Code/Title: M2-9T Transfers
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes. This request makes key contributions to the Governor's statewide results to "strengthen government's ability to achieve results efficiently and effectively."

This package will rate high in the Priorities of Government (POG) process as it will assist us in ensuring that needed support and funds are in the correct programs. In addition, it will allow DSHS to monitor costs and services efficiently and effectively.

What are the other important connections or impacts related to this proposal?

None

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

None

What are the consequences of not funding this package?

If the funding authority is not transferred between programs, DSHS would be required to develop internal mechanisms to track and transfer costs resulting in reduced efficiency.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: AW M2-9T Transfers.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The transfer is one-time resulting in the funding being in the correct programs. Then, all costs associated with these transfers will be ongoing and will carry-forward into future biennia.

Department of Social and Health Services

DP Code/Title: M2-9T Transfers

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030 Objects			
A Salaries And Wages	(72,000)	(149,000)	(221,000)
B Employee Benefits	2,213,000	921,000	3,134,000
C Personal Service Contracts	(2,000)	(3,000)	(5,000)
E Goods And Services	77,000	170,000	247,000
G Travel	9,000	9,000	18,000
J Capital Outlays	(3,000)	(3,000)	(6,000)
N Grants, Benefits & Client Services	(170,000)	(173,000)	(343,000)
T Intra-Agency Reimbursements	(103,000)	(196,000)	(299,000)
Total Objects	1,949,000	576,000	2,525,000

DSHS Source Code Detail

Program 030		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	1,709,000	475,000	2,184,000
<i>Total for Fund 001-1</i>		1,709,000	475,000	2,184,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	234,000	98,000	332,000
19UL	Title XIX Admin (50%)	6,000	3,000	9,000
<i>Total for Fund 001-C</i>		240,000	101,000	341,000
Total Program 030		1,949,000	576,000	2,525,000

**2012 Supplemental Budget
M2-9T Transfers**

Program	FTEs			FY 2012			FY 2013			2011-13 Biennium		
	FY12	FY13	Total	001-1	Other	Total	001-1	Other	Total	001-1	Other	Total
010 Children's Administration												
ISSD compensation adjustments from Admin			0.0	(19,000)	(9,000)	(28,000)	(23,000)	(13,000)	(36,000)	(42,000)	(22,000)	(64,000)
DIS reductions from PTOA			0.0	(103,000)	(44,000)	(147,000)	(100,000)	(43,000)	(143,000)	(203,000)	(87,000)	(290,000)
MPA costs from Admin			0.0	(24,000)	(13,000)	(37,000)	(24,000)	(13,000)	(37,000)	(48,000)	(26,000)	(74,000)
L&I Funding from PTOA			0.0	192,000	63,000	255,000	80,000	26,000	106,000	272,000	89,000	361,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(6,000)	(9,000)	(15,000)	(6,000)	(9,000)	(15,000)	(12,000)	(18,000)	(30,000)
FTE Consolidation Transfer	(10.9)	(26.2)	(18.6)	(37,000)	(41,000)	(78,000)	(52,000)	(59,000)	(111,000)	(89,000)	(100,000)	(189,000)
			0.0			0			0			0
010 Total	(10.9)	(26.2)	(18.6)	3,000	(53,900)	(50,000)	(125,000)	(111,000)	(236,000)	(122,000)	(164,000)	(286,000)
020 Juvenile Rehabilitation												
ISSD compensation adjustments from Admin			0.0	(5,000)		(5,000)	(7,000)		(7,000)	(12,000)	0	(12,000)
DIS reductions from PTOA			0.0	(8,000)		(8,000)	(8,000)		(8,000)	(16,000)	0	(16,000)
MPA costs from Admin			0.0	(8,000)	(4,000)	(12,000)	(8,000)	(4,000)	(12,000)	(16,000)	(8,000)	(24,000)
L&I Funding from PTOA			0.0	382,000		382,000	179,000		179,000	561,000	0	561,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(3,000)	0	(3,000)	(3,000)	0	(3,000)	(6,000)	0	(6,000)
FTE Consolidation Transfer	(36.0)	(55.1)	(45.6)	(11,000)	0	(11,000)	(15,000)	0	(15,000)	(26,000)	0	(26,000)
			0.0			0			0			0
020 Total	(36.0)	(55.1)	(45.6)	347,000	(4,000)	343,000	138,000	(4,000)	134,000	485,000	(8,000)	477,000
030 Mental Health												
ISSD compensation adjustments from Admin			0.0	(12,000)	1,000	(11,000)	(15,000)	1,000	(14,000)	(27,000)	2,000	(25,000)
DIS reductions from PTOA			0.0	(19,000)	4,000	(15,000)	(18,000)	4,000	(14,000)	(37,000)	8,000	(29,000)
MPA costs from Admin			0.0	(26,000)	(14,000)	(40,000)	(26,000)	(14,000)	(40,000)	(52,000)	(28,000)	(80,000)
L&I Funding from PTOA			0.0	2,011,000	249,000	2,260,000	893,000	110,000	1,003,000	2,904,000	359,000	3,263,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(6,000)	0	(6,000)	(6,000)	0	(6,000)	(12,000)	0	(12,000)
Category 8000	(8.6)	(8.6)	(8.6)	(296,000)	(38,000)	(334,000)	(301,000)	(36,000)	(337,000)	(597,000)	(74,000)	(671,000)
Category 9000	8.6	8.6	8.6	296,000	38,000	334,000	301,000	36,000	337,000	597,000	74,000	671,000
FTE Consolidation Transfer	(119.2)	(178.9)	(149.1)	(239,000)	0	(239,000)	(353,000)	0	(353,000)	(592,000)	0	(592,000)
			0.0			0			0			0
030 Total	(119.2)	(178.9)	(149.1)	1,709,000	240,000	1,949,000	475,000	101,000	576,000	2,184,000	341,000	2,525,000
040 Division of Developmental Disabilities												
ISSD compensation adjustments from Admin			0.0	(9,000)	(2,000)	(11,000)	(10,000)	(3,000)	(13,000)	(19,000)	(5,000)	(24,000)
DIS reductions from PTOA			0.0	(27,000)	(1,000)	(28,000)	(26,000)		(26,000)	(53,000)	(1,000)	(54,000)
MPA costs from Admin			0.0	(31,000)	(17,000)	(48,000)	(31,000)	(17,000)	(48,000)	(62,000)	(34,000)	(96,000)
L&I Funding from PTOA			0.0	1,366,000	1,311,000	2,677,000	670,000	644,000	1,314,000	2,036,000	1,955,000	3,991,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(5,000)	(1,000)	(6,000)	(5,000)	(1,000)	(6,000)	(10,000)	(2,000)	(12,000)
FTE Consolidation Transfer	(144.9)	(219.7)	(182.3)	(62,000)	(105,000)	(167,000)	(92,000)	(152,000)	(244,000)	(154,000)	(257,000)	(411,000)
			0.0			0			0			0
040 Total	(144.9)	(219.7)	(182.3)	1,232,000	1,185,000	2,417,000	506,000	471,000	977,000	1,738,000	1,656,000	3,394,000
050 Long Term Care												
ISSD compensation adjustments from Admin			0.0	(11,000)	(3,000)	(14,000)	(14,000)	(4,000)	(18,000)	(25,000)	(7,000)	(32,000)
DIS reductions from PTOA			0.0	(44,000)	(15,000)	(59,000)	(44,000)	(14,000)	(58,000)	(88,000)	(29,000)	(117,000)
MPA costs from Admin			0.0	(12,000)	(7,000)	(19,000)	(12,000)	(7,000)	(19,000)	(24,000)	(14,000)	(38,000)
L&I Funding from PTOA			0.0	77,000	51,000	128,000	33,000	21,000	54,000	110,000	72,000	182,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(4,000)	(3,000)	(7,000)	(4,000)	(3,000)	(7,000)	(8,000)	(6,000)	(14,000)
FTE Consolidation Transfer	(3.9)	(9.1)	(6.5)	(15,000)	(13,000)	(28,000)	(22,000)	(18,000)	(40,000)	(37,000)	(31,000)	(68,000)
			0.0			0			0			0
050 Total	(3.9)	(9.1)	(6.5)	(9,000)	10,000	1,000	(63,000)	(25,000)	(88,000)	(72,000)	(15,000)	(87,000)
060 Economic Services Administration												
ISSD compensation adjustments from Admin			0.0	(76,000)	(16,000)	(92,000)	(91,000)	(27,000)	(118,000)	(167,000)	(43,000)	(210,000)
DIS reductions from PTOA			0.0	(530,000)	(260,000)	(790,000)	(519,000)	(255,000)	(774,000)	(1,049,000)	(515,000)	(1,564,000)
MPA costs from Admin			0.0	(39,000)	(21,000)	(60,000)	(39,000)	(21,000)	(60,000)	(78,000)	(42,000)	(120,000)
L&I Funding from PTOA			0.0	325,000	90,000	415,000	140,000	39,000	179,000	465,000	129,000	594,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(25,000)	(22,000)	(47,000)	(25,000)	(22,000)	(47,000)	(50,000)	(44,000)	(94,000)
FTE Consolidation Transfer	(11.5)	(27.2)	(19.4)	(72,000)	(55,000)	(127,000)	(101,000)	(78,000)	(179,000)	(173,000)	(133,000)	(306,000)
			0.0			0			0			0
060 Total	(11.5)	(27.2)	(19.4)	(417,000)	(284,000)	(701,000)	(635,000)	(364,000)	(999,000)	(1,052,000)	(648,000)	(1,700,000)
070 Division of Alcohol and Substance Abuse												
ISSD compensation adjustments from Admin			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
DIS reductions from PTOA			0.0		(1,000)	(1,000)		(1,000)	(1,000)	0	(2,000)	(2,000)
MPA costs from Admin			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
L&I Funding from PTOA			0.0	6,000	1,000	7,000	3,000		3,000	9,000	1,000	10,000
Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
ISSD Staff Transfer to Admin			0.0	(1,000)	0	(1,000)	(1,000)	0	(1,000)	(2,000)		(2,000)
			0.0			0			0			0
070 Total	0.0	0.0	0.0	3,000	0	3,000	0	(1,000)	(1,000)	3,000	(1,000)	2,000

**2012 Supplemental Budget
M2-9T Transfers**

	Program	FTEs			FY 2012			FY 2013			2011-13 Biennium		
		FY12	FY13	Total	001-1	Other	Total	001-1	Other	Total	001-1	Other	Total
100	Division of Voc. Rehabilitation												
	ISSD compensation adjustments from Admin			0.0	(2,000)	(2,000)	(4,000)	(2,000)	(3,000)	(5,000)	(4,000)	(5,000)	(9,000)
	DIS reductions from PTOA			0.0	(2,000)	(5,000)	(7,000)	(2,000)	(5,000)	(7,000)	(4,000)	(10,000)	(14,000)
	MPA costs from Admin			0.0	(1,000)	(4,000)	(5,000)	(1,000)	(4,000)	(5,000)	(2,000)	(8,000)	(10,000)
	L&I Funding from PTOA			0.0	30,000		30,000	12,000		12,000	42,000	0	42,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	0	(2,000)	(2,000)	0	(2,000)	(2,000)	0	(4,000)	(4,000)
				0.0			0			0	0	0	0
	100 Total	0.0	0.0	0.0	25,000	(13,000)	12,000	7,000	(14,000)	(7,000)	32,000	(27,000)	5,000
110	Administration & Supporting Services												
	ISSD compensation adjustments from Admin			0.0	137,000	31,000	168,000	166,000	49,000	215,000	303,000	80,000	383,000
	DIS reductions from PTOA			0.0	(21,000)		(21,000)	(21,000)		(21,000)	(42,000)	0	(42,000)
	MPA costs from Admin			0.0	148,000	80,000	228,000	148,000	80,000	228,000	296,000	160,000	456,000
	L&I Funding from PTOA			0.0	37,000	8,000	45,000	16,000	3,000	19,000	53,000	11,000	64,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	51,000	37,000	88,000	51,000	37,000	88,000	102,000	74,000	176,000
	FTE Consolidation Transfer	1.0	1.0	1.0	490,000	214,000	704,000	714,000	307,000	1,021,000	1,204,000	521,000	1,725,000
				0.0			0			0	0	0	0
	110 Total	9.0	14.0	11.5	842,000	370,000	1,212,000	1,074,000	476,000	1,550,000	1,916,000	846,000	2,762,000
135	Special Commitment Center												
	ISSD compensation adjustments from Admin			0.0	(2,000)		(2,000)	(3,000)		(3,000)	(5,000)	0	(5,000)
	DIS reductions from PTOA			0.0	(1,000)		(1,000)	(1,000)		(1,000)	(2,000)	0	(2,000)
	MPA costs from Admin			0.0	(6,000)		(6,000)	(6,000)		(6,000)	(12,000)	0	(12,000)
	L&I Funding from PTOA			0.0	183,000		183,000	90,000		90,000	273,000	0	273,000
	Email & BB to DIS from ISSD (net zero impact)			0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin			0.0	(1,000)	0	(1,000)	(1,000)	0	(1,000)	(2,000)	0	(2,000)
	FTE Consolidation Transfer	(24.7)	(37.0)	(30.9)	(54,000)	0	(54,000)	(79,000)	0	(79,000)	(133,000)	0	(133,000)
				0.0			0			0	0	0	0
	135 Total	(24.7)	(37.0)	(30.9)	119,000	0	119,000	0	0	0	119,000	0	119,000
145	Payments to Other Agencies												
	DIS reductions from PTOA			0.0	755,000	322,000	1,077,000	739,000	314,000	1,053,000	1,494,000	636,000	2,130,000
	L&I Funding from PTOA			0.0	(4,609,000)	(1,773,000)	(6,382,000)	(2,116,000)	(843,000)	(2,959,000)	(6,725,000)	(2,616,000)	(9,341,000)
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	145 Total	0.0	0.0	0.0	(3,854,000)	(1,451,000)	(5,305,000)	(1,377,000)	(529,000)	(1,906,000)	(5,231,000)	(1,980,000)	(7,211,000)
150	Information System Services Division												
	Email & BB to DIS from ISSD	0.0	0.0	0.0	0	0	0	0	0	0	0	0	0
	ISSD Staff Transfer to Admin	(1.0)	(1.0)	(1.0)	0	0	0	0	0	0	0	0	0
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	145 Total	(1.0)	(1.0)	(1.0)	0	0	0	0	0	0	0	0	0
160	Consolidated Field Services												
	FTE Consolidation Transfer	343.1	540.2	441.7	0	0	0	0	0	0	0	0	0
				0.0			0			0	0	0	0
				0.0			0			0	0	0	0
	150 Total	343.1	540.2	441.7	0	0	0	0	0	0	0	0	0
	Agency-Wide:	0	0	0.0	0	0	0	0	0	0	0	0	0

notes:

- Information System Services Division (ISSD) compensation adjustments from Administration & Supporting Services (Admin).
- Department of Information Services (DIS) rate & central service reductions from Payments to Other Agencies (PTOA).
- Additional Medicaid Purchasing Administration (MPA) costs to transfer from Admin.
- L&I funding from PTOA to programs.
- Email and Blackberry (BB) services transfer from ISSD to DIS. Net impact to the programs is zero; however, ISSD's funding will decrease by the amount programs reduce/transfer their TZ costs.
- ISSD Staff Transfer to Admin.
- In Mental Health, move FTEs and funding from Category 8000 to 9000 to align appropriations where costs are incurred.
- FTE Transfer related to the Regional Business Centers, Institutional Business Offices, and Maintenance Operations are consolidated in Program 160.

Department of Social and Health Services

DP Code/Title: M2-CG State Hospital Revenue Adjustment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services, Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery, requests an increase of \$965,000 GF-State in Fiscal Year 2012, and an increase of \$934,000 GF-State in Fiscal Year 2013 in the 2012 Supplemental Budget. This is an annual adjustment to state hospital revenue for patient contributions including Medicare, private pay and insurance.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	965,000	934,000	1,899,000
001-7 General Fund - Basic Account-Private/Local	(1,849,000)	(1,849,000)	(3,698,000)
001-C General Fund - Basic Account-Medicaid Federal	884,000	915,000	1,799,000
Total Cost	0	0	0

Staffing

Package Description:

Due to the most current state hospital revenue projections, based on current client mix, the state psychiatric hospitals (Western State Hospital, Eastern State Hospital, and Child Study and Treatment Center) are expected to over earn federal revenue and under earn local revenue that supports hospital operations. Total non GF-State dollars appropriated in Fiscal Year 2012 to the hospitals is \$45,540,000 and they are projected to over earn GF-Federal by \$884,000 and under earn GF-Local by \$1,849,000. Total non GF-State dollars appropriated in Fiscal Year 2013 to the hospitals is \$45,509,000 and they are projected to over earn GF-Federal by \$915,000 and under earn GF-Local by \$1,849,000.

Hospital revenue is projected monthly based on a 12-month straight-line trend. Available revenue is impacted by many unknowns that are not predictable and may vary from month to month. Changes significant in nature to federal law or resulting from legal decisions may impact the current projection as will changes in patient and payer mix.

Agency Contact: Debbie Schaub (360) 902-8177
Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Washington State mental health hospitals expect to continue to provide institutional-based services at the same operating levels.

Performance Measure Detail

Agency Level

Activity: C063 Mental Health Facilities Services

No measures linked to package

Incremental Changes

<u>FY 1</u>	<u>FY 2</u>
0.00	0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package is essential to implement DSHS's strategy to increase the effectiveness of and access to mental health

Department of Social and Health Services

DP Code/Title: M2-CG State Hospital Revenue Adjustment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

services for individuals, children, and families.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package provides essential support to the Governor's priorities of improving the health of Washingtonians, and supporting and keeping safe our children and adults who are unable to care for themselves.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package makes key contributions to statewide results and ranks high in the Priorities of Government process under the strategy to provide access to appropriate health care.

What are the other important connections or impacts related to this proposal?

None

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

None

What are the consequences of not funding this package?

If revenue adjustments are not funded, reductions in services to achieve state savings may occur.

What is the relationship, if any, to the state's capital budget?

Not applicable

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment 'DBHR M2-CG State Hospital Revenue Adjustment.xlsx'.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Since state hospital revenue is impacted by many unknowns that are not predictable and may vary from month to month, additional revenue adjustments may be requested in future budget sessions depending on variable aspects relating to state hospital payer and patient mix.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
	Program Totals		

Department of Social and Health Services

DP Code/Title: M2-CG State Hospital Revenue Adjustment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	965,000	934,000	1,899,000
	<i>Total for Fund 001-1</i>	965,000	934,000	1,899,000
Fund 001-7, General Fund - Basic Account-Private/Local				
<u>Sources</u>	<u>Title</u>			
5417	Contributions & Grants	(1,849,000)	(1,849,000)	(3,698,000)
	<i>Total for Fund 001-7</i>	(1,849,000)	(1,849,000)	(3,698,000)
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	884,000	915,000	1,799,000
	<i>Total for Fund 001-C</i>	884,000	915,000	1,799,000
	Total Overall Funding	0	0	0

2012 Supplemental Budget
M2-CG State Hospital Revenue Adjustment

Updated: 8/23/11

FY 2012 Appropriated Targets ¹ :					
	FED	LESS DSH	ADJ FED	LOCAL	TOTAL
WSH	46,632,000	(42,929,000)	3,703,000	19,490,000	23,193,000
ESH	22,294,000	(19,287,000)	3,007,000	13,401,000	16,408,000
CSTC	5,913,000	0	5,913,000	26,000	5,939,000
	74,839,000	(62,216,000)	12,623,000	32,917,000	45,540,000

Adjusted Projected Earnings ²			
	FED	LOCAL	TOTAL
WSH	4,334,000	18,343,000	22,677,000
ESH	3,213,000	12,710,000	15,923,000
CSTC	5,960,000	15,000	5,975,000
	13,507,000	31,068,000	44,575,000

Difference:			
	FED	LOCAL	TOTAL
WSH	(631,000)	1,147,000	516,000
ESH	(206,000)	691,000	485,000
CSTC	(47,000)	11,000	(36,000)
	(884,000)	1,849,000	965,000

2012 Supplemental Budget Request for Fiscal Year 2012:				
	FED	LOCAL	GF-S	TOTAL
WSH	631,000	(1,147,000)	516,000	
ESH	206,000	(691,000)	485,000	
CSTC	47,000	(11,000)	(36,000)	
	884,000	(1,849,000)	965,000	

FY 2013 Appropriated Targets ¹ :					
	FED	LESS DSH	ADJ FED	LOCAL	TOTAL
WSH	47,379,000	(43,702,000)	3,677,000	19,490,000	23,167,000
ESH	22,636,000	(19,634,000)	3,002,000	13,401,000	16,403,000
CSTC	5,913,000	0	5,913,000	26,000	5,939,000
	75,928,000	(63,336,000)	12,592,000	32,917,000	45,509,000

Adjusted Projected Earnings ²			
	FED	LOCAL	TOTAL
WSH	4,334,000	18,343,000	22,677,000
ESH	3,213,000	12,710,000	15,923,000
CSTC	5,960,000	15,000	5,975,000
	13,507,000	31,068,000	44,575,000

Difference:			
	FED	LOCAL	TOTAL
WSH	(657,000)	1,147,000	490,000
ESH	(211,000)	691,000	480,000
CSTC	(47,000)	11,000	(36,000)
	(915,000)	1,849,000	934,000

2012 Supplemental Budget Request for Fiscal Year 2013:				
	FED	LOCAL	GF-S	TOTAL
WSH	657,000	(1,147,000)	490,000	
ESH	211,000	(691,000)	480,000	
CSTC	47,000	(11,000)	(36,000)	
	915,000	(1,849,000)	934,000	

¹ Version 4M 2011-13 Enacted Budget

² Source: Revenue Projection Summary, June, 2011. Federal earnings have been adjusted from the FY 11 FMAP rate to the 2011-13 rate of 50%.

Department of Social and Health Services

DP Code/Title: M2-PC Implementing ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), request 75.8 FTEs and \$33,650,000 (\$22,558,000 GF-State) in the 2012 Supplemental Budget to implement Second Substitute House Bill (2SHB) 3076, which passed in the 2010 Legislative Session.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	7,520,000	15,038,000	22,558,000
001-7 General Fund - Basic Account-Private/Local	412,000	824,000	1,236,000
001-C General Fund - Basic Account-Medicaid Federal	3,286,000	6,570,000	9,856,000
Total Cost	11,218,000	22,432,000	33,650,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	50.5	101.0	75.8

Package Description:

2SHB 3076 was passed in the 2010 Legislative Session. Sections 2 and 3 of the law broadened the criteria for involuntary commitment under the state's Involuntary Treatment Act (ITA). A preliminary report by the Washington State Institute for Public Policy (WSIPP) completed in July 2011 indicated that if this legislation were fully implemented, it would have significant impacts on increased civil commitments, increased usage of community beds, and may have a negative impact on Designated Mental Health Professional (DMHP) workload.

DSHS requires additional resources to implement 2SHB 3076 on January 1, 2012, as the legislation requires. According to the WSIPP report, additional bed capacity in the community is 23 to 54 new adult beds at short-term evaluation and treatment (E&T) facilities, an additional 23 to 123 inpatient psychiatric beds at community or state hospitals, and additional bed capacity at the state hospitals for 163 to 352 admissions per year. Using the bed estimates in the WSIPP study, the total cost in the 2011-13 Biennium is \$33,650,000 (\$22,558,000 GF-State).

Agency Contact: Debbie Schaub (360) 902-8177

Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This legislation broadens the criteria for involuntary commitment under ITA. Impact of the legislation is significant in the 2011-13 Biennium for additional resources necessary for the January 1, 2012, implementation.

Performance Measure Detail

Agency Level

Activity: C017 Community Mental Health Prepaid Health Services

Outcome Measures

001095 Community - Prepaid Health Services

Incremental Changes

FY 1 FY 2

0.00% 0.00%

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Department of Social and Health Services

DP Code/Title: M2-PC Implementing ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

This decision package meets the DSHS strategic plan goals of:

- Improving individual and public safety.
- Improving the health status of vulnerable people.

Does this decision package provide essential support to one of the Governor's priorities?

One of the key steps to the Governor's priorities for health care is to create a health care system that works.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This proposal contributes to the health of Washingtonians. It would rate high in the Priorities of Government (POG) process.

What are the other important connections or impacts related to this proposal?

2SHB 3076 was originally passed in the 2010 Legislative Session and originated as request legislation submitted by the Governor. A preliminary study by WSIPP in July 2011 determined that implementation of the expanded ITA requirements would require additional community and state hospital bed capacity. Additional state hospital beds require FTEs to staff the wards.

Prior to the release of the WSIPP study, prosecutors and mental health advocates have argued against delaying implementation of these provisions. This may still be the case if implementation is delayed despite the significant cost of creating residential capacity.

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

A delay in the implementation of 2SHB 3076 until July 2015 would allow the department to take advantage of funding provisions of the Accountable Care Act and to better plan for the impact of the law on involuntary treatment resources.

Language delaying sections 2 and 3 of 2SHB 3076 was included in SB 5114 in the 2011 Legislative Session. SB 5114 did not pass.

What are the consequences of not funding this package?

Without this additional funding, involuntary detentions will increase without the additional resources for placement. This will increase the existing problems with "boarding" involuntary detained patients in emergency rooms without mental health resources as well as put more pressure on the state and community hospitals and E&T facilities.

These issues could be mitigated by delaying implementation of 2SHB 3076 until July 2015.

What is the relationship, if any, to the state's capital budget?

Any projected increase in the utilization of state hospital beds requires an assessment of the availability and appropriateness of existing beds. If the hospitals have existing bed capacity, the capital cost to get these beds ready for occupancy may be relatively low - \$10,000 per bed. If existing capacity is available in older wards that have not been used for some time, or is available in wards not meeting current security requirements, the cost will be much higher - \$50,000 to \$100,000 per bed. If construction of a new hospital wards is required, the costs are likely to reach \$250,000 per bed and could take as long as six years to design, permit, and construct.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Department of Social and Health Services

DP Code/Title: M2-PC Implementing ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

The department would need to make changes to Regional Support Network (RSN) contracts to add incentive funding to increase community capacity.

Expenditure and revenue calculations and assumptions

See attachment: DBHR M2-PC Implementing ITA Changes.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The RSN incentive funding is one-time only. The bed and FTE costs would be ongoing.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	2,171,000	4,341,000	6,512,000
B Employee Benefits	829,000	1,658,000	2,487,000
E Goods And Services	255,000	511,000	766,000
G Travel	2,000	4,000	6,000
J Capital Outlays	2,000	2,000	4,000
N Grants, Benefits & Client Services	7,958,000	15,915,000	23,873,000
T Intra-Agency Reimbursements	1,000	1,000	2,000
Total Objects	11,218,000	22,432,000	33,650,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	7,520,000	15,038,000	22,558,000
<i>Total for Fund 001-1</i>	7,520,000	15,038,000	22,558,000
Fund 001-7, General Fund - Basic Account-Private/Local			
<u>Sources Title</u>			
5417 Contributions & Grants	412,000	824,000	1,236,000
<i>Total for Fund 001-7</i>	412,000	824,000	1,236,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19TA Title XIX Assistance (FMAP)	3,266,000	6,530,000	9,796,000
19UL Title XIX Admin (50%)	20,000	40,000	60,000
<i>Total for Fund 001-C</i>	3,286,000	6,570,000	9,856,000
Total Overall Funding	11,218,000	22,432,000	33,650,000

**2012 Supplemental Budget
M2-PC Implementing ITA Changes**

1. Cost of Beds

Additional bed capacity in the community per WSIPP report, July 2011:

- 1) Between 23 and 54 new adult beds at short-term E&T facilities
- 2) An additional 26 to 123 inpatient psychiatric beds at community or state hospitals

A.

Beds	Setting	Rate	Days	Annual Cost
23	Residential (E&T)	600	365	5,037,000
26	Hospital	1,000	365	9,490,000

Methodology and Assumptions:

- 1) Rate = E&T: \$600/bed day rate, average rounded cost.
- 2) Rate = Hospital: Average, rounded cost (up to \$1,600/day)
- 3) Calculation uses **low-end** of needed beds.

B.

Beds	Setting	Rate	Days	Annual Cost
54	Residential (E&T)	600	365	11,826,000
75	Hospital	1,000	365	27,375,000

Methodology and Assumptions:

- 1) Rate = E&T: \$600/bed day rate, average rounded cost.
- 2) Rate = Hospital: Average, rounded cost (up to \$1,600/day)
- 3) Calculation uses **mid- to high-end** of needed beds.

C.

Beds	Setting	Rate	Days	Annual Cost
49	Residential (E&T)	600	365	10,731,000

Methodology and Assumptions:

- 1) All addition bed capacity is residential beds.
- 1) Rate = E&T: \$600/bed day rate, average rounded cost.
- 2) Calculation uses **low-end** of needed beds.

2. Incentive to RSNs to establish bed capacity (2011-13 Increase Community Capacity DP)

Request	FY 1	FY 2
1 FTE (Program Manager)		113,000
48 Beds		5,184,000
Total Incentive Funding	0	5,297,000

Methodology and Assumptions:

- 1) In order to create the additional 49 beds, the assumption requests funding for residential beds.
- 2) One E&T facility = 16 beds; this assumption will fund 3 facilities (48 beds) for 180 days.

**2012 Supplemental Budget
M2-PC Implementing ITA Changes**

3. Additional bed capacity at the state hospitals per WSIPP report, July 2011:

1 Ward	FTEs	GF-State	Total Funds
	40.4	1,805,597	3,201,981
2 Wards	FTEs	GF-State	Total Funds
	80.8	3,611,194	6,403,962
3 Ward	FTEs	GF-State	Total Funds
	121.2	5,416,791	9,605,943

Methodology and Assumptions:

- 1) 163 to 352 admissions per year, per WSIPP report, July 2011
- 2) Assumption for this calculation is a 6 month stay; 81 to 176 admissions.
- 3) One ward = 30 patients; approximately 3 wards will need to be opened.
- 4) Ward costs assumed from costs provides by WSH for budget exercise.

4. Annual Cost to Implement HB 3076:

Type of Cost	GF-S	Medicaid (FMAP 50/50)		Other	Total
	Only	GF-S	GF-F	(F/L)	
Residential (E&T) Beds	1,609,650	4,560,675	4,560,675		10,731,000
Incentive to RSNs	5,184,000	73,450	39,550		5,297,000
2 Wards	3,611,194			2,792,768	6,403,962
Total	10,404,844	4,634,125	4,600,225	2,792,768	22,431,962

FY 12

	GF-State	GF-F	GF-L	Total
1000/G75	5,677,000	2,281,000	0	7,958,000
2000/G92	1,806,000	985,000	412,000	3,203,000
9000/G70	37,000	20,000	0	57,000
Total	7,520,000	3,286,000	412,000	11,218,000

FY 13

	GF-State	GF-F	GF-L	Total
1000/G75	11,354,000	4,561,000	0	15,915,000
2000/G92	3,611,000	1,969,000	824,000	6,404,000
9000/G70	73,000	40,000	0	113,000
Total	15,038,000	6,570,000	824,000	22,432,000

2011-13

	GF-State	GF-F	GF-L	Total
1000/G75	17,031,000	6,842,000	0	23,873,000
2000/G92	5,417,000	2,954,000	1,236,000	9,607,000
9000/G70	110,000	60,000	0	170,000
Total	22,558,000	9,856,000	1,236,000	33,650,000

To open a ward at the state hospital, 40.4 FTE are required per ward. These FTEs consist of physicians, psychiatrists, registered nurses, rehabilitation staff, social workers, counselors, occupational therapists, licensed practical nurses, mental health technicians, psychologists, and clerical and administrative staff. There are also support staff of dieticians, food service staff and custodians associated with each ward.

Department of Social and Health Services

DP Code/Title: M2-WB Federal Funds Technical Adjustment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests adjustments between types of federal funds, within the current GF-Federal spending authority, to accurately reflect expected types of federal earnings in the 2012 Supplemental Budget.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030			
001-2 General Fund - Basic Account-Federal	(547,000)	(525,000)	(1,072,000)
001-C General Fund - Basic Account-Medicaid Federal	547,000	525,000	1,072,000
Total Cost	0	0	0

Staffing

Package Description:

This adjustment realigns federal funds between fund types that DSHS will be able to earn in the 2012 Supplemental Budget. This decision package nets to zero and impacts programs 010, 030, 040, 050, and 060.

Agency Contact: Jialing Huang (360) 902-7831

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To align budgeted federal funding sources with projected federal earnings.

Performance Measure Detail

Program: 030

Activity: C017 Community Mental Health Prepaid Health Services No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00
Activity: C018 Mental Health Services - Non-Medicaid Recipients No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00
Activity: C063 Mental Health Facilities Services No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00
Activity: C069 Other Community Mental Health Services No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00
Activity: C070 Mental Health Services - Children's Long-term Treatment Programs (CLIP) No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00
Activity: C072 Mental Health Services - Dangerously Mentally Ill Offender Program (DMIO) No measures linked to package	Incremental Changes <u>FY 1</u> <u>FY 2</u> 0.00 0.00

Department of Social and Health Services

DP Code/Title: M2-WB Federal Funds Technical Adjustment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

		Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
Activity: C073	Mental Health Services to Jails - Facilitating Access Services		
	No measures linked to package	0.00	0.00
Activity: C093	Special Projects - Mental Health		
	No measures linked to package	0.00	0.00
Activity: C900	Program Support - Mental Health		
	No measures linked to package	0.00	0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This proposal supports the department's strategic plan to maintain a safety net for people in need by delivering cash, food, medical benefits, child care, and other services to eligible people quickly and accurately.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. This request supports the Governor's priority of holding government accountable.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Yes.

What are the other important connections or impacts related to this proposal?

This request aligns federal funding sources with projected federal earnings.

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

Not applicable

What are the consequences of not funding this package?

Not realigning federal funds will result in less accurate information on fund sources that will be earned.

What is the relationship, if any, to the state's capital budget?

Not applicable

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Not applicable

Expenditure and revenue calculations and assumptions

See attachment: 'AW_M2-WB Federal Funds Technical Adjustment_2011.xls'.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The budget impacts will carry forward.

Department of Social and Health Services

**DP Code/Title: M2-WB Federal Funds Technical Adjustment
Program Level - 030 Mental Health**

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program Totals			
DSHS Source Code Detail			
Program 030			
Fund 001-2, General Fund - Basic Account-Federal			
<u>Sources</u> <u>Title</u>			
ZZ04 001-2 s/b 001-C 19TA	(493,000)	(470,000)	(963,000)
ZZ06 001-2 s/b 001-C 19UL	(54,000)	(55,000)	(109,000)
<i>Total for Fund 001-2</i>	(547,000)	(525,000)	(1,072,000)
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources</u> <u>Title</u>			
19TA Title XIX Assistance (FMAP)	493,000	470,000	963,000
19UL Title XIX Admin (50%)	54,000	55,000	109,000
<i>Total for Fund 001-C</i>	547,000	525,000	1,072,000
Total Program 030	0	0	0

**2012 Supplemental Budget
AW M2-WB Federal Funds Technical Adjustment**

Program	Fund Given As	2012	2013
010	001-2	787,000	977,000
	001-A	-	-
	001-C	-	-
	001-D	-	-
030	001-2	(547,000)	(525,000)
040	001-2	(976,000)	(1,064,000)
050	001-2	(902,000)	(968,000)
060	001-2	(1,264,000)	(1,958,000)
	001-A	-	-
	001-C	-	-
	001-D	-	-
Grand Total		(2,902,000)	(3,538,000)

	2012	2013
Net Impact of DP	-	-

Fund Should Be	2012	2013
001-0	-	-
001-A	(787,000)	(977,000)
001-D	-	-
001-C	-	-
001-A	-	-
001-A	-	-
001-C	547,000	525,000
001-C	976,000	1,064,000
001-C	902,000	968,000
001-A	(489,000)	(303,000)
001-C	1,753,000	2,261,000
001-2	-	-
001-C	-	-
001-A	-	-
001-8	-	-
Grand Total	2,902,000	3,538,000

Department of Social and Health Services

DP Code/Title: M2-WW Technical Corrections

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests a reduction of (\$24,050,000) ((\$18,494,000) GF-State) and 0.6 FTEs in the 2012 Supplemental Budget to make technical corrections throughout the department.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(191,000)	(7,000)	(198,000)
001-7 General Fund - Basic Account-Private/Local	130,000	130,000	260,000
001-C General Fund - Basic Account-Medicaid Federal	359,000	169,000	528,000
Total Cost	298,000	292,000	590,000

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	0.8	0.3	0.6

Package Description:

Children's Administration (CA)

In the 2011-13 Biennial Budget, CA received \$22,000 GF-Local for Pension Rate Adjustments. CA is unable to earn these local dollars, and requests to shift the funds to GF-State.

Mental Health (MH)

Technical corrections for MH include carry forward corrections, adjustments between categories, and a split between fiscal year fund split. In total, MH technical correction request is \$590,000 (a reduction of (\$198,000) GF-State) and 0.6 FTEs.

Division of Developmental Disabilities (DDD)

- 1) RHC Stabilization - This request nets to zero over the course of the biennium. Currently, in base funding, the Residential Habilitation Centers (RHCs) are funded at different levels by fiscal year. This request stabilizes the funding in each year to enable the RHCs to provide a consistent level of service.
- 2) L&I rates are corrected in LTC and DDD based on actual experience. This represents a reduction of (\$4,200,000) (\$2,100,000) GF-State.
- 3) Carry Forward Level (CFL) Correction - DDD has a technical correction in professional services. Service levels will remain the same as the previous biennium, and no clients will lose service. This represents a reduction of (\$10,000,000) GF-State.

Long Term Care (LTC)

- 1) The Legislature's intent for the Family Caregiver Support Program (FCSP) was a single year expansion in the LTC 2011-13 Biennial Budget under Step EC. Partial funding was provided in Fiscal Year 2013 by mistake. This request is to remove the appropriated amount in Fiscal Year 2013 by adding \$2,178,000 GF-Federal in order to meet Legislative intent.
- 2) Adult Family Homes (AFH) - The 2011-13 Biennial Budget included a change in the AFH license fee. The budget assumed additional staffing resource for complaint investigations and quality assurance. However, the calculation for the AFH license fee did not include funding for these positions. This step will allow LTC to match the intent of the 2011-13 Biennial Budget item. This item represents a request for \$182,000 GF-State.
- 3) Department of Labor and Industries (L&I) rates are corrected in LTC and DDD based on actual experience. This represents a reduction of (\$12,800,000) ((\$6,400,000) GF-State).

Agency Contact: Bryce Andersen (360) 902-8284

Department of Social and Health Services

DP Code/Title: M2-WW Technical Corrections

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

DSHS accounts for the wise use of public dollars by maximizing federal funding sources.

Performance Measure Detail

Agency Level

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Yes. This request will improve the ability of state government to achieve results efficiently and effectively.

Does this decision package provide essential support to one of the Governor's priorities?

Not applicable

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Not applicable

What are the other important connections or impacts related to this proposal?

None

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

None

What are the consequences of not funding this package?

DSHS will lack the appropriate mix of funds to meet expected costs.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: AW M2 WW Technical Corrections.xlsx.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are ongoing.

Department of Social and Health Services

DP Code/Title: M2-WW Technical Corrections

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	111,000	106,000	217,000
B Employee Benefits	40,000	39,000	79,000
C Personal Service Contracts	16,000	16,000	32,000
E Goods And Services	60,000	60,000	120,000
G Travel	5,000	5,000	10,000
N Grants, Benefits & Client Services	66,000	66,000	132,000
Total Objects	298,000	292,000	590,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	(191,000)	(7,000)	(198,000)
<i>Total for Fund 001-1</i>	(191,000)	(7,000)	(198,000)
Fund 001-7, General Fund - Basic Account-Private/Local			
<u>Sources Title</u>			
5417 Contributions & Grants	130,000	130,000	260,000
<i>Total for Fund 001-7</i>	130,000	130,000	260,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19TA Title XIX Assistance (FMAP)	223,000	37,000	260,000
19UG Title XIX Admin (75%)	1,011,000	1,011,000	2,022,000
19UL Title XIX Admin (50%)	(875,000)	(879,000)	(1,754,000)
<i>Total for Fund 001-C</i>	359,000	169,000	528,000
Total Overall Funding	298,000	292,000	590,000

**Department of Social and Health Services
M2 - WW Technical Corrections**

Mental Health

FY 2012

	C1000	C2000	C8000	C9000	Total
FTEs	-	0.5	-	0.3	0.8
001-1	(93,000)	-	-	(98,000)	(191,000)
001-2/243C	(750,000)	-	750,000	-	-
001-C/19UG	-	-	-	1,011,000	1,011,000
001-C/19TA	223,000	-	-	-	223,000
001-C/19UL	-	-	-	(875,000)	(875,000)
001-7/5417	130,000	-	-	-	130,000
Total	(490,000)	-	750,000	38,000	298,000

Budget Unit	C1000	C2000	C8000	C9000	Total
G70	-	-	750,000	38,000	788,000
G75	93,000	-	-	-	93,000
G95	(583,000)	-	-	-	(583,000)
Total	(490,000)	-	750,000	38,000	298,000

Object	C1000	C2000	C8000	C9000	Total
A	-	-	82,000	29,000	111,000
B	-	-	31,000	9,000	40,000
C	-	-	16,000	-	16,000
E	-	-	60,000	-	60,000
G	-	-	5,000	-	5,000
N	(490,000)	-	556,000	-	66,000
Total	(490,000)	-	750,000	38,000	298,000

Appr	C1000	C2000	C8000	C9000	Total
501	130,000	-	-	-	130,000
CA1	683,000	-	-	-	683,000
CF1	-	-	-	19,000	19,000
CM1	(683,000)	-	-	-	(683,000)
UA1	(620,000)	-	-	-	(620,000)
UE1	-	-	750,000	-	750,000
UF1	-	-	-	19,000	19,000
Total	(490,000)	-	750,000	38,000	298,000

FY 2013

	C1000	C2000	C8000	C9000	Total
FTEs	-	-	-	0.3	0.3
001-1	93,000	-	-	(100,000)	(7,000)
001-2/243C	(750,000)	-	750,000	-	-
001-C/19UG	-	-	-	1,011,000	1,011,000
001-C/19TA	37,000	-	-	-	37,000
001-C/19UL	-	-	-	(879,000)	(879,000)
001-7/5417	130,000	-	-	-	130,000
Total	(490,000)	-	750,000	32,000	292,000

Budget Unit	C1000	C2000	C8000	C9000	Total
G70	-	-	750,000	32,000	782,000
G75	(93,000)	-	-	-	(93,000)
G95	(397,000)	-	-	-	(397,000)
Total	(490,000)	-	750,000	32,000	292,000

Object	C1000	C2000	C8000	C9000	Total
A	-	-	82,000	24,000	106,000
B	-	-	31,000	8,000	39,000
C	-	-	16,000	-	16,000
E	-	-	60,000	-	60,000
G	-	-	5,000	-	5,000
N	(490,000)	-	556,000	-	66,000
Total	(490,000)	-	750,000	32,000	292,000

Appr	C1000	C2000	C8000	C9000	Total
502	130,000	-	-	-	130,000
CA2	683,000	-	-	-	683,000
CF2	-	-	-	17,000	17,000
CM2	(683,000)	-	-	-	(683,000)
UA2	(620,000)	-	-	-	(620,000)
UE2	-	-	750,000	-	750,000
UF2	-	-	-	15,000	15,000
Total	(490,000)	-	750,000	32,000	292,000

- 1) .5 FTE is requested in Fiscal Year 12 for the Psychiatric Security Review Board. The request was not included in the Carry Forward Level.
- 2) Funding is provided to cover the annual cost of the external quality review organization audits and publication enrollee benefit books required by federal rules for Medicaid managed care programs. A technical correction between funding sources is requested to align costs where they are incurred.
- 3) In the 2009-11 Biennium, a fund swap occurred between the non-Medicaid funding proviso and the Mental Health Federal Block Grant. The proviso was not reduced; the main appropriation in Category 1000 was instead. This request will fix that error.
- 4) Federal authority was provided in the 2011-13 Biennium for the PORCH grant. The funding was placed in Category 1000. Since this funding pays for a part-time FTE, we are requesting to move it to Category 8000, where all grant and FTE expenses are incurred.
- 5) The funding per year in the budget step, CX1 Medicaid for PALS Alternative, should be split evenly.
- 6) Cowlitz County Integration - Funds were provided for the Department to provide administrative assistance and data analysis that will facilitate and support integrated delivery of medical and behavioral health services in Cowlitz County. The funds were provided in Medical Purchasing Administration's budget.
- 7) Transfer local and federal authority from the Health Care Authority to fund DBHR portion of the Professional Services Supplemental Payment (PSSP) program. This program is for Government owned hospitals upper payment limit gap on professional services. During the SFY10 gross adjustment claims detail report, it shows approximately \$260,000 (federal and local) of the paid claims belonged to program 030.

Department of Social and Health Services

DP Code/Title: M2-ZZ Unemployment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS) requests \$2,893,000 (\$2,245,000 GF-State) in the 2012 Supplemental Budget to offset increased Unemployment Insurance reimbursement to the Employment Security Department (ESD).

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	199,000	107,000	306,000
001-C General Fund - Basic Account-Medicaid Federal	24,000	13,000	37,000
Total Cost	223,000	120,000	343,000

Staffing

Package Description:

Unemployment expenditures have increased significantly since 2008. DSHS has not been funded for this increase costs attributed to reductions to overall staffing levels. This decision package request funds related to the increase from 2008 which cannot be absorbed.

DSHS is self-insured for its unemployment insurance obligations, reimbursing the ESD for all unemployment benefits paid out to former employees. As DSHS has reduced its staffing level, its most current ESD quarterly bill, 2nd Quarter Calendar Year 2011, shows a 60 percent increase above its average quarterly ESD reimbursement from State Fiscal Year 2008. DSHS has reduced its FTEs by 2,400 or 13 percent since 2008 with no additional funding provided for its unemployment insurance obligations.

Agency contact: Edd Giger (360) 902-8067

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request is necessary to ensure DSHS has adequate funds to reimburse the ESD for increased Unemployment Insurance billings due to mandated staff reduction.

Performance Measure Detail

Agency Level

Activity: C063 Mental Health Facilities Services
No measures linked to package

Incremental Changes		
FY 1	FY 2	
0.00	0.00	

Activity: C900 Program Support - Mental Health
No measures linked to package

Incremental Changes		
FY 1	FY 2	
0.00	0.00	

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request contributes to the agency goal of strong management to increase public trust.

Does this decision package provide essential support to one of the Governor's priorities?

Department of Social and Health Services

DP Code/Title: M2-ZZ Unemployment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Yes. This request supports priority for economic security to promote practices and programs that protect workers.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package makes key contributions to the following statewide results: Commitment to promote practices and programs that protect workers.

What are the other important connections or impacts related to this proposal?

All DSHS programs are impacted by this request.

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

None. Given the large reductions undertaken by DSHS, the department is no longer able to absorb the increase costs associated with unemployment insurance compensation above funded levels.

What are the consequences of not funding this package?

If this decision package is not funded, then DSHS will have to divert funds for client services to offset this expense.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: AW M2 - ZZ Unemployment.xls

To develop the Unemployment model, the department looked at the Unemployment Rate Forecast completed by the state of Washington Revenue Forecast Council. The Unemployment Rate Forecast predicts unemployment will decline by an average of 0.6 percent each year. The department assumption is to dampened the trend by 75 percent given the current unemployment rate and the potential of additional reductions in Fiscal Year 2012 and Fiscal Year 2013.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

These costs are ongoing.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
B Employee Benefits	223,000	120,000	343,000

Department of Social and Health Services

DP Code/Title: M2-ZZ Unemployment

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	199,000	107,000	306,000
<i>Total for Fund 001-1</i>		199,000	107,000	306,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	24,000	13,000	37,000
<i>Total for Fund 001-C</i>		24,000	13,000	37,000
Total Overall Funding		223,000	120,000	343,000

2012 Supplemental Budget
M2-ZZ Unemployment

Program	2012			2013			BIENNIUM 2011-13		
	State	Federal	Total	State	Federal	Total	State	Federal	Total
010	\$ 254,000	\$ 85,000	\$ 339,000	\$ 174,000	\$ 58,000	\$ 232,000	\$ 428,000	\$ 143,000	\$ 571,000
020	\$ 337,000	\$ -	\$ 337,000	\$ 248,000	\$ -	\$ 248,000	\$ 585,000	\$ -	\$ 585,000
030	\$ 199,000	\$ 24,000	\$ 223,000	\$ 107,000	\$ 13,000	\$ 120,000	\$ 306,000	\$ 37,000	\$ 343,000
030 - 2000	\$ 197,000	\$ 24,000	\$ 221,000	\$ 106,000	\$ 13,000	\$ 119,000	\$ 303,000	\$ 37,000	\$ 340,000
030 - 9000	\$ 2,000	\$ -	\$ 2,000	\$ 1,000	\$ -	\$ 1,000	\$ 3,000	\$ -	\$ 3,000
040	\$ 258,000	\$ 233,000	\$ 491,000	\$ 180,000	\$ 162,000	\$ 342,000	\$ 438,000	\$ 395,000	\$ 833,000
040 - 1000	\$ 53,000	\$ 35,000	\$ 88,000	\$ 37,000	\$ 25,000	\$ 62,000	\$ 90,000	\$ 60,000	\$ 150,000
040 - 2000	\$ 203,000	\$ 195,000	\$ 398,000	\$ 141,000	\$ 136,000	\$ 277,000	\$ 344,000	\$ 331,000	\$ 675,000
040 - 9000	\$ 3,000	\$ 2,000	\$ 5,000	\$ 2,000	\$ 2,000	\$ 4,000	\$ 5,000	\$ 4,000	\$ 9,000
050	\$ 9,000	\$ 6,000	\$ 15,000	\$ (3,000)	\$ (2,000)	\$ (5,000)	\$ 6,000	\$ 4,000	\$ 10,000
060	\$ 28,000	\$ 23,000	\$ 51,000	\$ (18,000)	\$ (15,000)	\$ (33,000)	\$ 10,000	\$ 8,000	\$ 18,000
070	\$ 15,000	\$ 2,000	\$ 17,000	\$ 11,000	\$ 2,000	\$ 13,000	\$ 26,000	\$ 4,000	\$ 30,000
100	\$ 33,000	\$ -	\$ 33,000	\$ 22,000	\$ -	\$ 22,000	\$ 55,000	\$ -	\$ 55,000
110	\$ 139,000	\$ 33,000	\$ 172,000	\$ 104,000	\$ 24,000	\$ 128,000	\$ 243,000	\$ 57,000	\$ 300,000
135	\$ 91,000	\$ -	\$ 91,000	\$ 57,000	\$ -	\$ 57,000	\$ 148,000	\$ -	\$ 148,000
Total	\$ 1,363,000	\$ 406,000	\$ 1,769,000	\$ 882,000	\$ 242,000	\$ 1,124,000	\$ 2,245,000	\$ 648,000	\$ 2,893,000

Department of Social and Health Services

DP Code/Title: PL-21 Reduce Community Services
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), reduces (\$402,000) GF-State in the 2012 Supplemental Budget for the Offender Reentry Community Safety Program (ORCSP) and (\$2,824,000) GF-State for Involuntary Treatment Act (ITA) ancillary services.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(1,613,000)	(1,613,000)	(3,226,000)
Total Cost	(1,613,000)	(1,613,000)	(3,226,000)

Staffing

Package Description:

ORCSP provides mental health treatment and services for mentally ill offenders designated and released from the Department of Corrections (DOC) while adjusting to living in the community. These services are provided through contracts with the Regional Support Networks (RSNs), community mental health providers and protective payees. The DBHR is seeing a decrease in expenditures for the ORCSP due to less than anticipated expansion of service contract areas and a decrease in participants due to fewer ORCSP-designated mentally ill offenders released from DOC.

Actual ancillary services for ITA individuals are below projections. These community-based non-RSN service expenditures are not reaching expected funding levels.

These under-expenditures provide a savings to help the agency meet the 10 percent reduction for the 2012 Supplemental Budget.

Agency Contact: Debbie Schaub (360) 902-8177
Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Achieve savings to help the agency meet the 10 percent reduction directed by the Office of Financial Management (OFM) for the 2012 Supplemental Budget.

Performance Measure Detail

Agency Level

Activity:	C069 Other Community Mental Health Services	Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
	No measures linked to package	0.00	0.00
Activity:	C072 Mental Health Services - Dangerously Mentally Ill Offender Program (DMIO)	Incremental Changes	
		<u>FY 1</u>	<u>FY 2</u>
	No measures linked to package	0.00	0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

Department of Social and Health Services

DP Code/Title: PL-21 Reduce Community Services
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

No

Does this decision package provide essential support to one of the Governor's priorities?

Yes, this decision package helps the agency meet the 10 percent reduction target set by OFM for the 2012 Supplemental Budget.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No

What are the other important connections or impacts related to this proposal?

There should be no negative concerns since current expenditures are not meeting expected levels.

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

None

What are the consequences of not funding this package?

The agency will not be able to meet its budget reduction targets.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Based on recent expenditures levels, the DBHR anticipates the ORCSP will under spent by \$201,000 in Fiscal Year 2012 and \$201,000 in Fiscal Year 2013, and ITA ancillary services will be under spent by \$1,412,000 in Fiscal Year 2012 and \$1,412,000 in Fiscal Year 2013. These are all GF-State funds.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This reduced funding level would continue into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(1,613,000)	(1,613,000)	(3,226,000)

Department of Social and Health Services

DP Code/Title: **PL-21 Reduce Community Services**

Program Level - **030 Mental Health**

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	(1,613,000)	(1,613,000)	(3,226,000)
<i>Total for Fund 001-1</i>		(1,613,000)	(1,613,000)	(3,226,000)
Total Overall Funding		(1,613,000)	(1,613,000)	(3,226,000)

Department of Social and Health Services

DP Code/Title: PL-22 RSN Payments
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), reduces (\$27,276,000), (\$13,638,000) GF-State, to reduce Medicaid capitation rates and to eliminate funding for additional services (the Social Security Act (SSA) Section 1915(b)(3) waives certain requirements of Title XIX to provision for the "(b)(3) services" in the 2012 Supplemental Budget. Assumed implementation of these reductions is January 2012.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(4,634,000)	(9,004,000)	(13,638,000)
001-C General Fund - Basic Account-Medicaid Federal	(4,634,000)	(9,004,000)	(13,638,000)
Total Cost	(9,268,000)	(18,008,000)	(27,276,000)

Staffing

Package Description:

There are two components to this decision package.

1. Medicaid Capitation Rates.

Regional Support Network (RSN) Medicaid capitation rates will be reduced to bring all rates to the Lower Bound of the actuarially set rate ranges. Any savings are based on current rate ranges, which are effective through December 2011. Washington State rate ranges are certified through December 2011. Preliminary discussions have occurred with the actuary for the next Centers for Medicare and Medicaid (CMS) mandatory rate setting process which may change rate ranges that will be effective from January 2012 forward. The reduction amount identified under the current rate ranges will reduce state and federal funding for community mental health services by approximately 4 percent.

2. SSA Section 1915(b)(3) Services.

RSNs receive Medicaid capitation rates set within an actuarially sound rate range for respite, clubhouses, and supported employment. This request eliminates the state and federal funding associated with these additional waiver services for adults.

These reductions provide a savings to help the agency meet the 10 percent reduction targets set by the Office of Financial Management (OFM) for the 2012 Supplemental Budget.

Agency Contact: Debbie Schaub (360) 902-8177

Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To achieve savings to meet the 10 percent reduction targets set by OFM for the 2012 Supplemental Budget.

Performance Measure Detail

Agency Level

Department of Social and Health Services

DP Code/Title: PL-22 RSN Payments

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Activity: C017 Community Mental Health Prepaid Health Services

Incremental Changes

Output Measures

FY 1

FY 2

001093 Community - Prepaid Health Services

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this decision package provide essential support to one of the Governor's priorities?

Yes, this decision package helps the agency meet the 10 percent reduction targets set by OFM for the 2012 Supplemental Budget.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No

What are the other important connections or impacts related to this proposal?

1. Reduce the Medicaid capitation rates to the Lower Bound of the rate range.

The bottom of the rate range constitutes the least amount of money that a system needs to operate or sustain services at the level at the time of rebasing. This means that all efficiencies are assumed and there would be no expectations of savings or reinvestment. Innovation will slow across the state. There will be a tightening of utilization management with shorter treatment plans and fewer authorizations for voluntary inpatient stays. Reduced service may lead to increased risk of further decompensation and possible need for involuntary inpatient care.

2. Eliminate the funding to provide for respite, clubhouses, and supported employment.

These services are at the core of the recovery and resiliency models. Without these service we will likely see an increased need for crisis services and concern from stakeholders.

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

None

What are the consequences of not funding this package?

The agency will not be able to meet its budget reduction targets.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachment: DBHR PL-C9 RSN Payments.xls

Department of Social and Health Services

DP Code/Title: PL-22 RSN Payments

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This reduced funding level will continue into future biennia.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	(9,268,000)	(18,008,000)	(27,276,000)

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	(4,634,000)	(9,004,000)	(13,638,000)
<i>Total for Fund 001-1</i>	<u>(4,634,000)</u>	<u>(9,004,000)</u>	<u>(13,638,000)</u>
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources</u> <u>Title</u>			
19TA Title XIX Assistance (FMAP)	(4,634,000)	(9,004,000)	(13,638,000)
<i>Total for Fund 001-C</i>	<u>(4,634,000)</u>	<u>(9,004,000)</u>	<u>(13,638,000)</u>
Total Overall Funding	<u>(9,268,000)</u>	<u>(18,008,000)</u>	<u>(27,276,000)</u>

2012 Supplemental Budget
 PL-22 RSN Payments

2011-13 Biennium

State Plan Rate Reduction

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 12	1000/G75/C017	0.0	(4,010,000)	(4,010,000)	(8,020,000)
FY 13	1000/G75/C017	0.0	(7,724,000)	(7,724,000)	(15,448,000)
Biennium Total		0.0	(11,734,000)	(11,734,000)	(23,468,000)

Account Coding by Object:		N	Total
FY 12	1000/G75/C017	(8,020,000)	(8,020,000)
FY 13	1000/G75/C017	(15,448,000)	(15,448,000)
Biennium Total		(23,468,000)	(23,468,000)

b(3) Elimination

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 12	1000/G75/C017	0.0	(624,000)	(624,000)	(1,248,000)
FY 13	1000/G75/C017	0.0	(1,280,000)	(1,280,000)	(2,560,000)
Biennium Total		0.0	(1,904,000)	(1,904,000)	(3,808,000)

Account Coding by Object:		N	Total
FY 12	1000/G75/C017	(1,248,000)	(1,248,000)
FY 13	1000/G75/C017	(2,560,000)	(2,560,000)
Biennium Total		(3,808,000)	(3,808,000)

State Plan Rate Reduction and b(3) Elimination Total

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 12	1000/G75/C017	0.0	(4,634,000)	(4,634,000)	(9,268,000)
FY 13	1000/G75/C017	0.0	(9,004,000)	(9,004,000)	(18,008,000)
Biennium Total		0.0	(13,638,000)	(13,638,000)	(27,276,000)

Account Coding by Object:		N	Total
FY 12	1000/G75/C017	(9,268,000)	(9,268,000)
FY 13	1000/G75/C017	(18,008,000)	(18,008,000)
Biennium Total		(27,276,000)	(27,276,000)

2013-15 Biennium

State Plan Rate Reduction

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 14	1000/G75/C017	0.0	(3,714,000)	(3,714,000)	(7,428,000)
FY 15	1000/G75/C017	0.0	0	0	0
Biennium Total		0.0	(3,714,000)	(3,714,000)	(7,428,000)

Account Coding by Object:		N	Total
FY 14	1000/G75/C017	(7,428,000)	(7,428,000)
FY 15	1000/G75/C017	0	0
Biennium Total		(7,428,000)	(7,428,000)

b(3) Elimination

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 14	1000/G75/C017	0.0	(656,000)	(656,000)	(1,312,000)
FY 15	1000/G75/C017	0.0	0	0	0
Biennium Total		0.0	(656,000)	(656,000)	(1,312,000)

Account Coding by Object:		N	Total
FY 14	1000/G75/C017	(1,312,000)	(1,312,000)
FY 15	1000/G75/C017	0	0
Biennium Total		(1,312,000)	(1,312,000)

State Plan Rate Reduction and b(3) Elimination Total

Account Coding by Fund:		FTEs	GF-S	GF-F	Total
FY 14	1000/G75/C017	0.0	(4,370,000)	(4,370,000)	(8,740,000)
FY 15	1000/G75/C017	0.0	0	0	0
Biennium Total		0.0	(4,370,000)	(4,370,000)	(8,740,000)

Account Coding by Object:		N	Total
FY 14	1000/G75/C017	(8,740,000)	(8,740,000)
FY 15	1000/G75/C017	0	0
Biennium Total		(8,740,000)	(8,740,000)

Department of Social and Health Services

DP Code/Title: PL-PD Delay Implementation of ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), requests a delay in the implementation date of criteria in Second Substitute House Bill (2SHB) 3076 in the 2012 Supplemental Budget. This would be a reduction of (75.8) FTEs and (\$33,650,000) ((\$22,558,000) GF-State).

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	(7,520,000)	(15,038,000)	(22,558,000)
001-7 General Fund - Basic Account-Private/Local	(412,000)	(824,000)	(1,236,000)
001-C General Fund - Basic Account-Medicaid Federal	(3,286,000)	(6,570,000)	(9,856,000)
Total Cost	(11,218,000)	(22,432,000)	(33,650,000)

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Agency FTEs	(50.5)	(101.0)	(75.8)

Package Description:

DSHS is proposing a delay in the implementation date of criteria in Second Substitute House Bill (2SHB) 3076 (C 280 L 10) passed in the 2010 Legislative Session from the current date of January 1, 2012, to July 1, 2015. This will provide the department sufficient time to plan for the increased demand and request the necessary resources at a time when funding in the state budget may be available to accommodate the costs associated with implementation. This delay will also allow the department to take advantage of the provisions in the federal Affordable Care Act (ACA) scheduled to begin in 2014.

The department will submit an implementation plan to the Legislature by December 2013 to address how the department intends to manage the increased demand for inpatient capacity created by the change in the involuntary commitment criteria.

A preliminary report by the Washington Institute for Public Policy (WSIPP) indicated that if this legislation were fully implemented, there would be significant impacts on increased civil commitments, increased usage of community beds, and may have a negative impact on Designated Mental Health Professional (DMHP) workload. Using the bed estimates generated in the WSIPP study, the department calculates that the costs to implement 2SHB 3076 on January 1, 2012, would be \$33,650,000 (\$22,558,000 GF-State) in the 2011-13 Biennium.

Agency Contact: Debbie Schaub (360) 902-8177
Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The delay has three advantages:

1. It allows the state economy three more years to recover from the current recession so that new funding may be available to meet the added costs of implementation (bed capacity).
2. A delay creates an opportunity for the department to take advantage of the Affordable Care Act (ACA) provisions scheduled to begin in 2014 which would expand the number of individuals with health benefits under the Healthcare

Department of Social and Health Services

DP Code/Title: PL-PD Delay Implementation of ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Exchanges and Medicaid Expansion.

3. DSHS would have more time and specific information to prepare an implementation plan that builds on the provisions of the ACA.

Performance Measure Detail

Agency Level

Activity: C063 Mental Health Facilities Services

Incremental Changes

FY 1 FY 2

Outcome Measures

001103 State Hospitals Services

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package meets the DSHS strategic plan goals of:

- Improving individual and public safety.
- Improving the health status of vulnerable patients.

Does this decision package provide essential support to one of the Governor's priorities?

One of the key steps to the Governor's priorities for health care is to create a health care system that works efficiently and effectively. If the provisions of 2SHB 3076 are delayed until July 2015, then DSHS will have sufficient time to plan for the increased demand. It will also allow the department to take advantage of the provisions in the federal ACA scheduled to begin in 2014.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No

What are the other important connections or impacts related to this proposal?

2SHB 3076 was originally passed in the 2010 Legislative Session and originated from request legislation submitted by the Governor. A preliminary study by the Washington State Institute for Public Policy in July 2011 determined that implementation of the expanded Involuntary Treatment Act (ITA) requirements would require additional community and state hospital bed capacity.

Prior to the release of the WSIPP study, prosecutors and mental health advocates have argued against delaying implementation of these provisions. This may still be the case if implementation is delayed despite the significant costs of creating residential capacity.

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

The alternative is to implement 2SHB 3076 in January 2012. This would require 101.0 FTEs and \$33,650,000 (\$22,558,000 GF-State) for the necessary increase in community and state hospital bed capacity.

Language delaying sections 2 and 3 from 2SHB 3076 was included in Senate Bill (SB) 5114 in the 2011 Legislative Session That legislation did not pass.

The delay requested in this decision package gives the department more time to plan for increased demand, request the necessary resources at a time when funding in the state budget may be available to accommodate the costs associated with implementation, and take advantage of the provisions of the federal ACA, which will provide additional eligibility and a higher federal match rate.

Department of Social and Health Services

DP Code/Title: PL-PD Delay Implementation of ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

What are the consequences of not funding this package?

If the implementation is not delayed, the following undesired results would occur:

1. DSHS will need to adopt revised ITA protocols and train DMHPs, evaluation and treatment (E&T) facilities staff, hospital staff, courts, and county prosecutors to begin implementing the law on January 1, 2012.
2. Involuntary detentions will increase, without the additional resources for placement. This will increase the existing problems with "boarding" involuntarily detained patients in emergency rooms as well as put more pressure on the state/community hospitals and E&Ts.
3. The department will be in a vulnerable position after January 1, 2012, when the legislation takes effect without the resources to accomplish implementation.

These consequences would be mitigated by delaying implementation of 2SHB 3076 until July 2015.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Changes to RCW 2010 c 280 s 5 (uncodified) would be required. Suggested amended language to read as follows: Sections 2 and 3 of this act take effect July 1, 2015.

The department shall provide an implementation plan to the legislature by December of 2013.

Expenditure and revenue calculations and assumptions

See attachment: DBHR PL-PD Delay Implementation of ITA Changes.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This reduction is to delay implementation until July 1, 2015.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
A Salaries And Wages	(2,171,000)	(4,341,000)	(6,512,000)
B Employee Benefits	(829,000)	(1,658,000)	(2,487,000)
E Goods And Services	(255,000)	(511,000)	(766,000)
G Travel	(2,000)	(4,000)	(6,000)
J Capital Outlays	(2,000)	(2,000)	(4,000)
N Grants, Benefits & Client Services	(7,958,000)	(15,915,000)	(23,873,000)
T Intra-Agency Reimbursements	(1,000)	(1,000)	(2,000)
Total Objects	(11,218,000)	(22,432,000)	(33,650,000)

Department of Social and Health Services

DP Code/Title: PL-PD Delay Implementation of ITA Changes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

DSHS Source Code Detail

Overall Funding		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	(7,520,000)	(15,038,000)	(22,558,000)
<i>Total for Fund 001-1</i>		(7,520,000)	(15,038,000)	(22,558,000)
Fund 001-7, General Fund - Basic Account-Private/Local				
<u>Sources</u>	<u>Title</u>			
5417	Contributions & Grants	(412,000)	(824,000)	(1,236,000)
<i>Total for Fund 001-7</i>		(412,000)	(824,000)	(1,236,000)
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	(3,266,000)	(6,530,000)	(9,796,000)
19UL	Title XIX Admin (50%)	(20,000)	(40,000)	(60,000)
<i>Total for Fund 001-C</i>		(3,286,000)	(6,570,000)	(9,856,000)
Total Overall Funding		(11,218,000)	(22,432,000)	(33,650,000)

**2012 Supplemental Budget
PL-PD Delay Implementation of ITA Changes**

Annual Cost Provided in M2 PC Implementing ITA Changes

Type of Cost	GF-S		Medicaid (FMAP 50/50)		Other (F/L)	Total
	Only	GF-F	GF-S	GF-F		
Residential (E&T) Beds	1,609,650	4,560,675	4,560,675	4,560,675		10,731,000
Incentive to RSNS	5,184,000	73,450		39,550		5,297,000
2 Wards	3,611,194				2,792,768	6,403,962
Total	10,404,844	4,634,125	4,634,125	4,600,225	2,792,768	22,431,962

FY 12

	GF-State	GF-F	GF-L	Total
1000/G75	(5,677,000)	(2,281,000)		(7,958,000)
2000/G92	(1,806,000)	(985,000)	(412,000)	(3,203,000)
9000/G70	(37,000)	(20,000)		(57,000)
Total	(7,520,000)	(3,286,000)	(412,000)	(11,218,000)

FY 13

	GF-State	GF-F	GF-L	Total
1000/G75	(11,354,000)	(4,561,000)		(15,915,000)
2000/G92	(3,611,000)	(1,969,000)	(824,000)	(6,404,000)
9000/G70	(73,000)	(40,000)	0	(113,000)
Total	(15,038,000)	(6,570,000)	(824,000)	(22,432,000)

2011-13

	GF-State	GF-F	GF-L	Total
1000/G75	(17,031,000)	(6,842,000)		(23,873,000)
2000/G92	(5,417,000)	(2,954,000)	(1,236,000)	(9,607,000)
9000/G70	(110,000)	(60,000)	0	(170,000)
Total	(22,558,000)	(9,856,000)	(1,236,000)	(33,650,000)

FTEs consist of physicians, psychiatrists, registered nurses, rehabilitation staff, social workers, counselors, occupational therapists, licensed practical nurses, mental health technicians, psychologists, and clerical and administrative staff. There are also support staff of dietitians, food service staff and custodians associated with each ward.

Department of Social and Health Services

DP Code/Title: PL-PE Community Redesign
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), Division of Behavioral Health and Recovery (DBHR), requests reducing the number of existing Regional Support Networks (RSNs) from 13 to between four and six. This would generate savings of \$3,047,000 (\$1,797,000 GF-State) in the 2011-13 Biennium.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	(1,797,000)	(1,797,000)
001-C General Fund - Basic Account-Medicaid Federal	0	(1,250,000)	(1,250,000)
Total Cost	0	(3,047,000)	(3,047,000)

Staffing

Package Description:

In an effort to increase efficiency in the community mental health system, the department proposes reducing the number of existing RSNs from 13 to between four to six. This will create RSN administrative savings and will likely yield more uniformity in utilization rates and practices across the state.

The process to change the current system would likely take approximately 12 months to implement, resulting in savings in the 2011-13 Biennium for six months.

Reducing the number of RSNs will benefit infrastructure and economy of scale by promoting greater capacity to leverage limited resources. A more consolidated RSN system will provide greater accountability and oversight, reduce administrative overhead, improve consistency in rate setting, and promote consistency in level of care assessment. Improved evidence-based and promising practices along with simplification of the revenue and expenditures (R&E) reporting process will be achieved.

As DSHS moves towards health care reform including National Health Care Reform, children's mental health, and performance and accountability management, having fewer RSNs will make coordination between them easier to facilitate. Covered populations of a larger scale allow the RSNs more ability and flexibility to manage utilization within their populations. This approach will make the RSNs less vulnerable to minor impacts and allow for better management and coordination between the RSNs, hospitals, and the State.

Reducing the number of RSNs will position both the RSNs and the department to take advantage of the provisions in the federal Affordable Care Act (ACA) scheduled to begin in 2014.

Agency Contact: Debbie Schaub (360) 902-8177

Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

1. Infrastructure and Economy of Scale

- A reduced entity RSN system will facilitate development of infrastructure and specialized resources (e.g., involuntary treatment facilities, residential facilities) that are difficult to fund in a small RSN.

Department of Social and Health Services

DP Code/Title: PL-PE Community Redesign

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

- Greater capacity to leverage limited resources and reduce/share the risks associated with maintaining a managed care entity and sustaining financial viability.
- Facilitate system reform to take advantage of the provisions in the federal ACA.

2. Accountability & Oversight

- Improved efficiency in state oversight processes will allow the state to provide more technical assistance and support.
- A reduced number of RSNs with greater resources will be better able to consistently provide all state plan modalities, thereby, reducing the risk of non-compliance with federal requirements.

3. Administrative Overhead and Improved Consistency In Rate Setting

- Decreased administrative overhead and increase shared resources among counties.
- Facilitate improved evidence-based and promising practices.

4. Level of Care Standard Consistency and Public Safety

- A reduced entity RSN system facilitates adoption of a standard level of care assessment and greater clarity of services for county residents.
- Greater planning and administrative capacity to partner with counties to work on common issues such as ending homelessness, assisting those with co-morbid conditions, and linking mental health and public health.

Performance Measure Detail

Agency Level

Activity: C017 Community Mental Health Prepaid Health Services

Outcome Measures

001095 Community - Prepaid Health Services

Incremental Changes

FY 1

FY 2

0.00%

0.00%

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package meets the DSHS strategic plan goals of:

- Improving individual and public safety,
- Improving the health status of vulnerable patients, and
- Increase public trust through strong management practices that ensure quality and leverage resources.

Does this decision package provide essential support to one of the Governor's priorities?

One of the Governor's priorities for health care is to create a health care system with viable evidence-based and promising practices that works. A consolidated RSN system will provide better infrastructure, accountability and oversight, level of care standard consistency and public safety.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Ensure the public's health and safety.

What are the other important connections or impacts related to this proposal?

Improved positioning to take advantage of the ACA in 2014.

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

The alternative is to remain with the current 13 RSN system; however, the department has on several occasions examined the benefits of reducing the number of RSNs and believes the increased efficiency in the system, the administrative savings,

Department of Social and Health Services

DP Code/Title: PL-PE Community Redesign
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

more uniformity in utilization rates, improved evidence-based and promising practices, and position the system to take advantage of the provisions in the ACA upon its start in 2014 provide a compelling reason to propose the consolidated RSN system at this time.

What are the consequences of not funding this package?

Funding for specialized resources is difficult in small RSNs because of economies of scale issues. Several RSNs are currently below what is considered critical mass to sustain financial viability as a managed care entity and a consolidated RSN system would resolve this. The department would not be as well positioned to take advantage of ACA provisions in 2014 with the current system of 13 RSNs. Under the current 13 RSN system, there would be a continued lack of consistency in practices and limited ability to partner with counties on such issues as co-morbid conditions and linking mental and physical health.

What is the relationship, if any, to the state's capital budget?

Not applicable

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Substantial changes would have to occur to RCS 71.24, WAC, federal funding documentation, and contracts. This process would likely require the state to publish Request for Proposals (RFP) to secure the new level of RSNs and may require additional administrative supports in the short term.

Expenditure and revenue calculations and assumptions

The savings equals 1 percent of the 2011-13 Medicaid and Non-Medicaid funding.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The savings bowwave into Fiscal Year 14 = \$6,094,000 (\$3,594,000 GF-State) and Fiscal Year 15 = \$3,047,000 (\$1,797,000 GF-State).

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
N Grants, Benefits & Client Services	0	(3,047,000)	(3,047,000)

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	0	(1,797,000)	(1,797,000)
<i>Total for Fund 001-1</i>	<u>0</u>	<u>(1,797,000)</u>	<u>(1,797,000)</u>
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19TA Title XIX Assistance (FMAP)	0	(1,250,000)	(1,250,000)
<i>Total for Fund 001-C</i>	<u>0</u>	<u>(1,250,000)</u>	<u>(1,250,000)</u>
Total Overall Funding	<u>0</u>	<u>(3,047,000)</u>	<u>(3,047,000)</u>

Department of Social and Health Services

DP Code/Title: PL-PF State Data Center Equipment
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Information System Services Division (ISSD), requests \$512,000 (\$291,000 GF-State) in the 2012 Supplemental Budget for startup equipment required to migrate systems from the Office Building 2 (OB2) to the new State Data Center (SDC) located in the 1500 Jefferson Building.

Fiscal Detail:

<u>Operating Expenditures</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	10,000	17,000	27,000
Total Cost	10,000	17,000	27,000

Staffing

Package Description:

The Washington State Legislature enacted Engrossed Substitute Senate Bill 5931, during the 2011 Legislative Session, to address the high costs of Information Technology (IT) services. This legislation requires certain IT equipment to be housed in the new SDC located in the 1500 Jefferson Building complex. This investment facilitates the migration and consolidation of IT assets into the SDC in support of this legislation and the Governor's directive to consolidate data centers.

DSHS has a large computer equipment presence in the OB2 Data Center (approximately 85 server racks with 600 devices). Migrating this equipment to the new SDC building located in the 1500 Jefferson Building complex is part of a statewide initiative in support of the legislation.

To enable the migration of some systems, startup equipment is necessary. This startup equipment supports network operations and provides a landing pad for systems in the SDC. Existing equipment supporting these systems cannot be shutdown and physically moved for various reasons:

1. Shutting down and moving the hardware has a high risk of long outages of critical systems.
2. Data storage shared across many systems cannot be shut down and moved without significant system outages. These systems are critical to business operations and impact service to citizens.
3. Virtual host platforms need a starting point (e.g., landing pad) in the State Data Center. This equipment would be supplemented with existing hardware as virtual systems are migrated off the hardware freeing up capacity. Initial servers are needed to start the process.
4. Network components are needed to maintain performance and operations. These network components are needed during the migration period of dual operations and will be used ongoing after the migration.

The funding provides servers, storage and network equipment. DSHS has evaluated existing equipment and is only requesting new equipment where existing equipment will not work or makes business/financial sense (too old, not enough capacity, incompatible, etc.). The vast majority of existing DSHS equipment will be used or replaced by virtual capacity without additional funding. This request represents the exceptions where existing equipment is either not available or impractical to use.

The implementation schedule is driven by the Consolidated Technology Services OB2 Move project. This equipment is targeted for procurement approximately June 2012.

If the funding request is not approved, then more of the computer systems and equipment will be dependent on a Physical Move approach, which will increase the duration and risk of outages. There will be a higher probability that application availability will be impacted by the migration.

Department of Social and Health Services

DP Code/Title: PL-PF State Data Center Equipment

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Agency contact: Tula Habb (360) 902-8182

Program contact: Cheryl Adams (360) 902-7551

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Desired Results:

1. The computer servers and storage equipment will allow the agency to increase the number of systems using a virtual to virtual migration approach. This approach is significantly quicker and less risky than physically moving equipment, which can impact services to clients/citizens.
2. The network equipment supports optimization, monitoring and trouble shooting. The desired result of the optimization is to keep network traffic, for 35 DSHS field offices across the state, flowing with the same performance as completed currently. Without this equipment, the network lines will become saturated causing work slowdowns and stoppages.
3. The desired results of the equipment for monitoring and trouble shooting is to resolve system problems quickly. In many cases, problems can be resolved before they become major problems causing work stoppage. Without tools to monitor and trouble shoot production problems, work stoppages will increase in duration causing productivity loss and service impacts to clients/citizens.

Overall, this funding will minimize business disruption (unplanned outages) caused from moving systems and equipment from OB2 to the SDC.

Negative Consequences, if this request is not funded:

1. Without computer servers and storage, systems will require longer outages to move to the SDC causing impacts to worker productivity and service to clients/citizens.
2. Without optimization equipment, the network lines will become saturated causing work slowdowns and stoppages.
3. Without tools to monitor and trouble shoot production problems, work stoppages will increase in duration causing productivity loss and service impacts to clients/citizens.
4. Impact to clients and citizens.
5. Moving equipment into the SDC has positive impacts including:
 - a. Leveraging a state-of-the-art facility.
 - b. Leveraging new shared services.
 - c. Reducing the cost of IT.

Performance Measure Detail

Agency Level

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package supports the agency's strategic plan as follows:

Goal H: Reinforce strong management to increase public trust

Objective 1: Improve information technology capacity to support management needs

Strategy: Maintain and update existing or implement new core applications, systems, and infrastructure to meet changing needs and take advantage of changes in technology (DSHS).

Department of Social and Health Services

DP Code/Title: PL-PF State Data Center Equipment
Program Level - 030 Mental Health

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The funding obtained by this decision package will allow the department to minimize impacts to existing systems performance and operations. Moving into the SDC will take advantage of a state-of-the-art facility and position the department to take advantage of future shared services.

Does this decision package provide essential support to one of the Governor's priorities?

This funding supports the new legislation and the consolidation of data centers into the SDC. This supports the statewide result to "improve state government efficiency" by reducing the overall cost of information technology.

The OB2 Move project is one of several phases in Washington State's IT Transformation Initiative. The other components of the IT initiative include implementation of shared services and data center consolidation.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

This decision package supports the Priorities of Government (POG) critical value statement to improve state government efficiency. SDC has three mandated outcomes that align with this statewide result:

1. Improve security.
2. Reduce operational costs.
3. Improve service quality, availability, and performance.

What are the other important connections or impacts related to this proposal?

This is related to new Legislation, ESSB 5931, requiring consolidation of data centers and moving all servers into the SDC building.

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

The department is using multiple options for migrating computer equipment and systems from OB2 to SDC. These are listed below and align with a study performed by INX Metagyre Inc. (INX) for DIS. The INX study included an analysis of alternatives for moving equipment out of OB2. One alternative looked at Physical Relocation of all systems. This alternative was dismissed due to the long system outage it would require and the risks of breaking systems. The other alternative looked at Individualize System Moves based on each system's requirements and interrelationships. This alternative was recommended as it has the least risk and allows better management of risks, resources, testing, problem resolution, and ability to fallback.

The three primary move scenarios that DSHS will use include:

1. Virtual to Virtual: Migrating virtual systems in OB2 to a virtual platform in the SDC. This requires seed equipment or some form of existing hardware platform (e.g., landing pad) in the SDC to work.
2. Physical Move: Unplugging existing equipment, moving, and installing it in the SDC. This is higher risk and requires a system outage.
3. Logical Move: Installing startup equipment in the SDC, loading systems on the equipment, and doing a cut-over. This is lower risk and can be done quicker than a physical move. This option requires startup equipment.

Each system is examined to determine which migration option best meets the business need and level of risk. The agency also put stringent requirements around what could be requested in this decision package. Equipment at end-of-life was not allowed on the funding list as these should already have a funding source for them (required regardless of the move). Only items required to make the move happen without a funding source were put on the list.

Department of Social and Health Services

DP Code/Title: PL-PF State Data Center Equipment

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

What are the consequences of not funding this package?

If the funding request is not approved, then more of the computer systems and equipment will be dependent on a Physical Move approach, which will increase the duration and risk of system outages. These would cause work stoppages and impact service to clients/citizens.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

Costs estimates are based on vendor budgetary quotes.

See attachments: ISSD PL-PF State Data Center equipment.xlsx and ISSD PL PF State Data Center Transition IT Addendum.doc

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

The costs are one-time costs. Once equipment reaches end-of-life, the agency intends to migrate to a statewide shared service to provide this function.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
T Intra-Agency Reimbursements	10,000	17,000	27,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
Sources Title			
0011 General Fund State	10,000	17,000	27,000
<i>Total for Fund 001-1</i>	10,000	17,000	27,000
Total Overall Funding	10,000	17,000	27,000

2012 Supplemental Budget PL-PF State Data Center equipment

Department of Social & Health Services

COST SUMMARY

	FY 2012	FY 2013	TOTAL
STORAGE		\$250,000	\$250,000
SERVERS		\$75,000	\$75,000
NETWORK	\$187,000		\$187,000
TOTAL	\$187,000	\$325,000	\$512,000

Total Funds	State	Federal
\$512,000	\$291,000	\$221,000

Biennial Total		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	30,000	41,000	71,000	-	-	-	30,000	41,000	71,000
020	JRA	13,000	-	13,000	-	-	-	13,000	-	13,000
030	MH	27,000	-	27,000	-	-	-	27,000	-	27,000
040	DD	21,000	6,000	27,000	-	-	-	21,000	6,000	27,000
050	LTC	17,000	16,000	33,000	-	-	-	17,000	16,000	33,000
060	ESA	119,000	107,000	226,000	-	-	-	119,000	107,000	226,000
070	ASA	2,000	1,000	3,000	-	-	-	2,000	1,000	3,000
100	VR	1,000	9,000	10,000	-	-	-	1,000	9,000	10,000
110	ADMIN	57,000	41,000	98,000	-	-	-	57,000	41,000	98,000
135	SCC	4,000	-	4,000	-	-	-	4,000	-	4,000
150	ISSD	-	-	-	-	-	-	-	-	-
		291,000	221,000	512,000	512,000	-	512,000	(512,000)	-	(512,000)
		57%	43%							

Total Funds	State	Federal
\$187,000	\$106,000	\$81,000

FY 2012		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	11,000	15,000	26,000	-	-	-	11,000	15,000	26,000
020	JRA	5,000	-	5,000	-	-	-	5,000	-	5,000
030	MH	10,000	-	10,000	-	-	-	10,000	-	10,000
040	DD	8,000	2,000	10,000	-	-	-	8,000	2,000	10,000
050	LTC	6,000	6,000	12,000	-	-	-	6,000	6,000	12,000
060	ESA	43,000	39,000	82,000	-	-	-	43,000	39,000	82,000
070	ASA	1,000	-	1,000	-	-	-	1,000	-	1,000
100	VR	-	4,000	4,000	-	-	-	-	4,000	4,000
110	ADMIN	21,000	15,000	36,000	-	-	-	21,000	15,000	36,000
135	SCC	1,000	-	1,000	-	-	-	1,000	-	1,000
150	ISSD	-	-	-	-	-	-	-	-	-
		106,000	81,000	187,000	187,000	-	187,000	(187,000)	81,000	-
		57%	43%							

Total Funds	State	Federal
\$325,000	\$185,000	\$140,000

FY 2013		All Objects			Object J			Object TZ		
DSHS Programs		State	Federal	Total	State	Federal	Total	State	Federal	Total
010	CA	19,000	26,000	45,000	-	-	-	19,000	26,000	45,000
020	JRA	8,000	-	8,000	-	-	-	8,000	-	8,000
030	MH	17,000	-	17,000	-	-	-	17,000	-	17,000
040	DD	13,000	4,000	17,000	-	-	-	13,000	4,000	17,000
050	LTC	11,000	10,000	21,000	-	-	-	11,000	10,000	21,000
060	ESA	76,000	68,000	144,000	-	-	-	76,000	68,000	144,000
070	ASA	1,000	1,000	2,000	-	-	-	1,000	1,000	2,000
100	VR	1,000	5,000	6,000	-	-	-	1,000	5,000	6,000
110	ADMIN	36,000	26,000	62,000	-	-	-	36,000	26,000	62,000
135	SCC	3,000	-	3,000	-	-	-	3,000	-	3,000
150	ISSD	-	-	-	-	-	-	-	-	-
		185,000	140,000	325,000	325,000	-	325,000	(325,000)	140,000	-
		57%	43%							

2012 Supplemental Budget
PL-PF State Data Center equipment
Department of Social & Health Services
Estimated Costs Breakout

Item	Area	Description	Total
1	ISSD Storage	This device will replicate the Storage Area Network (SAN) used by the Information Systems Services Division (ISSD). The existing Net App storage device cannot be moved to the State Data Center (SDC) until all the systems data is migrated off the device. Once all the systems data is migrated, the existing equipment can be repurposed by another group to avoid another purchase.	\$250,000
2	ISSD Servers	Three physical servers are needed to support the initial virtual platform at the SDC. Once virtual servers in the A-la-Carte 2 computer room are migrated to the SDC, the existing compute infrastructure (physical servers) can be used (i.e. repurposed) for the next round of system migrations.	\$45,000
3	ISSD Shared SQL database	Two servers are needed to support the ISSD Shared SQL environment. One for Production and one for the Quality Assurance (QA) environment.	\$30,000
4	ISSD Network	One Steelhead device to support Wide Area Network (WAN) optimization. This is a second device that will support the migration to the SDC reducing risk to local office disruption. This will also provide some redundancy in the architecture.	\$127,000
5	ISSD Network	Devices that tap into networks in support of network traffic monitoring (also known as TAPs), are needed to support DSHS network operations during the migration. Some of the existing TAPs equipment needs to remain attached to the DSHS Core network in OB2 during the migration. DSHS needs additional TAP equipment to monitor components on the SDC side of the network.	\$60,000
	TOTAL		\$512,000

Department of Social and Health Services

DP Code/Title: PL-WD Major Eligibility/ Prgm Reductions
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA) eliminates and reduces services for more than 80,000 people, (\$532,524,000) ((\$273,886,000) GF-State) in the 2012 Supplemental by a) increases in the eligibility thresholds for core Medicaid programs that support people with needs related to developmental disabilities and/or long-term care, and b) limits on the type and scope of Medicaid-funded community supports for people with needs related to mental health. These changes will eliminate or reduce core services for people with less needs, while continuing service to person with greater needs, and are necessary to reduce ADSA's 2011-13 Biennial Appropriation by (\$273,886,000) GF-State.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030			
001-1 General Fund - Basic Account-State	(7,238,000)	(62,266,000)	(69,504,000)
001-7 General Fund - Basic Account-Private/Local	0	(1,876,000)	(1,876,000)
001-C General Fund - Basic Account-Medicaid Federal	1,037,000	(53,377,000)	(52,340,000)
Total Cost	(6,201,000)	(117,519,000)	(123,720,000)

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 030 FTEs	0.0	(139.9)	(70.0)

Package Description:

Core Medicaid programs will be changed so that only people with higher levels of physical and/or developmental disabilities will be served. Those currently receiving services who do not meet those higher thresholds will lose them and only persons with higher level of need will enter remaining services. Mental health services will be modified to establish statewide service levels that limits entry level of treatment and limits services for lower need consumers to three months in duration.

These cuts constitute a 7.8 percent reduction in ADSA's overall state funding. These changes remove or limit services for more than 80,000 people. These changes result in a reduction of (\$273,886,000) GF-State and (\$532,524,000) Total Funds for 2011-13. Most reductions would not begin until April 2012 at the earliest, and many require phase-in, so the cuts must be deeper to reach a 10 percent target for the current biennium than if implementation occurred over a full biennium. In the 2013-15 Biennium, after the changes are fully phased in, they will reduce ADSA's budget by 17 percent from the current level, a total of (\$595,748,000) GF-State, (\$1,177,550,000) Total Funds.

The changes will be achieved as follows:

1. Long-Term Care (LTC): The eligibility standard for Medicaid personal care, home and community-based long-term care waivers, and nursing facilities will all be changed to a single, higher level, so that only people who need extensive or total assistance to perform daily activities such as bathing, mobility, personal hygiene, and eating, qualify for services. Approximately 17,000 people (29 percent of current levels) who need intermittent assistance, or who need supervision rather than hands-on assistance in performing daily tasks will no longer be eligible, including 11,700 in homecare, 1,000 in adult family homes, 2,700 in assisted living, 1,000 in other boarding homes, and about 450 in nursing homes.

After the changes, 41,000 people (71 percent of current levels) in long-term care will retain services including: 24,000 in homecare, 4,500 in adult family homes, 1,700 in assisted living, 1,800 in other boarding homes or managed care and 9,400 in nursing homes. Those who retain services are those who require extensive assistance with most daily activities, are medically complex, and are likely to have major cognitive issues.

Department of Social and Health Services

DP Code/Title: PL-WD Major Eligibility/ Prgm Reductions
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Changes will be implemented provided early action is granted and federal permission is provided. Fiscal estimates assume that an aggressive implementation begins April, 2012 and takes 9 months. Each client will first be assessed by a case manager to determine eligibility under the new standards.

These changes will reduce long-term care expenditures in the 2011-13 biennium by (\$124,857,000) GF-State, (\$249,754,000) Total Funds, (9.5) FTEs by the end of Fiscal Year 2013. This includes service expenditures, some caseload avoidance, and state staffing and Area Agency on Aging (AAA) impacts due to reduced workload. In the 2013-15 biennium, once the changes are fully implemented, the impact will be (\$261,000,000) GF-State and (\$523,000,000) Total Funds, with a reduction of (144.1) FTEs by the end of the biennium. DDD fiscal impacts related to this eligibility change are outlined below.

2. Developmental Disabilities: There are currently about 21,000 people with developmental disabilities receiving paid services from DDD. Two changes in eligibility thresholds, described below, will mean approximately 8,600 people (41 percent) of the paid services caseload will lose services, and a total reduction of (\$80,000,000) GF-State (\$159,000,000 Total Funds). 12,500 people (59 percent of paid services caseload) will continue to receive services, either Medicaid-based or State Supplemental Payments (SSP). Those changes are:

a) The higher functional eligibility standards described above for long-term care also means 3,000 people with developmental disabilities will no longer be eligible for Medicaid personal care (48 percent of current Medicaid personal care clients) : 2,800 living at home, 250 in adult family homes, and 50 in adult residential care boarding homes.

About 3,200 people with developmental disabilities (52 percent of current Medicaid personal care clients) will retain Medicaid personal care services: 2,800 in-home, 350 in adult family homes, and fewer than 20 in adult residential care boarding homes.

Changes will be implemented provided early action is granted and federal permission is provided. Fiscal estimates assume that aggressive implementation begins April, 2012 and takes twelve months due to larger caseloads per caseworker and the need for other eligibility changes to meet reductions (see below). Each client will be assessed by a case manager to determine if they are eligible under the new standards.

These changes will reduce DDD expenditures in the 2011-13 biennium by (\$17,000,000) GF-State, (\$33,000,000) Total Funds, and (9) FTEs by the end of FY13. This includes service expenditures and staffing impacts due to reduced workload. In the 2013-15 biennium, once the changes are fully implemented, the impact will be (\$45,000,000) GF-State and (\$89,000,000) Total Funds.

b) Changes will be made in the eligibility standard for the DDD waivers and Intermediate Care Facilities(ICF/ID). Only individuals who have been assessed as having a "high need" with medical or behavior supports or who have need for around the clock, seven day-per week support will retain services. 5,600 people currently receiving DDD home and community-based waiver services (48 percent of waiver clients) will be ineligible. 36 percent of those losing services live at home with family members, 28 percent in supported living or group homes, 24 percent live on their own, with a spouse, or with Alternative Living supports, 10 percent live in an adult family homes or boarding home, and fewer than 2 percent live in other settings.

The DDD waivers are currently up for federal renewal with applications due this fall. Changes could be implemented in April with early action and if federal permission is provided. Fiscal estimates assume that implementation will take 12 months. Each client will first be reassessed by a case manager in order to determine if they are eligible under the new standards and assessments and some transition for clients will take time.

These changes will reduce DDD expenditures in the 2011-13 biennium by (\$63,000,000) GF-State and (\$126,000,000) Total Funds, and (4) FTEs by the end of Fiscal Year 2013. This includes service expenditures and staffing impacts due to reduced workload. In the 2013-15 biennium, once the changes are fully implemented, the impact will be (\$165,000,000) GF-State and (\$329,000,000) Total Funds.

3. Mental Health: Mental health changes include a combination of Medicaid and non-Medicaid service reductions and eligibility changes that affect over 59,000 people, as follows:

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a) Regional Support Network (RSN) non-Medicaid funding (\$6,500,000) GF-State. RSNs receive state funding for community mental health for persons and services not eligible for federal Medicaid matching funds. Funding would be reduced by 3 percent per year in the 2011-13 Biennium. RSNs have already received Non-Medicaid reductions equaling 14.5 percent from the level of funding initially budgeted for such services in Fiscal Year 2009. More than 26,000 clients, most of whom would be eligible for Medicaid with 2014 expansion under the Affordable Care Act, could receive a reduced service or services could be eliminated. RSNs are expected to prioritize the use of the remaining funds for crisis response, involuntary commitment, emergency hospitalization, and residential support services.

b) Investing in community-based mental health services as an alternative to hospitalization. (\$8,399,000) GF-State. Capacity at the Mental Health state hospitals would be reduced by closing four civil wards and moving patients into community settings. Western State Hospital (WSH) would close three civil wards and one civil ward would close at Eastern State Hospital (ESH).

In order to close the four civil wards at the state mental hospitals, mental health community capacity must be available before patients are moved and wards permanently closed. Money to fund capacity would come from the current Non-Medicaid allocations to the RSNs and be directed through contract to build the appropriate community supports for the populations leaving the wards during the ward closure process. Capacity for these supports is phased in and correlates with the phased in ward closure. Additional necessary supports include Evaluation and Treatment facilities, Adult Residential beds, Program for Assertive Community Treatment (PACT) teams and shelter/hotel beds and would need to be developed through the RSN system or through direct contracts for services. Community capacity would be developed through a request for proposal successful bidder process coordinated by ADSA.

Additional community capacity cost estimates rely on changing the process in which RSNs are allocated beds at the state hospitals. Currently, RSNs are directed by RCW 71.24.310 to use a certain number of beds for which they pay a daily rate if they go over their allocation. That money is collected and split - 50 percent to the state hospital and 50 percent is divided between the RSNs who did not over-utilize their bed allocation. Under a new process created through budget proviso, the approximately \$2,000,000 collected in Fiscal Year 2011 for over capacity payments would be taken out of the RSN funding and provided to RSNs through a bid proposal process aimed to build community bed capacity.

Community supports would be funded in part with Spokane RSN dollars used to implement services to reduce utilization and the census at ESH. Funding of \$1,125,000 GF-State is appropriated each fiscal year and would be redirected to offset the cost of building additional community capacity. Elimination of provisos for PACT, PALS, Jail Services, are necessary in order to allow the RSNs maximum flexibility in administering their remaining Non-Medicaid funding.

c) Standardization and utilization management of community-based mental health services. (\$5,461,000) GF-State. A statewide assessment tool for Level of Care would be adopted, along with rigorous statewide continued stay and discharge criteria. RSNs will review all current long-term low-need cases to determine if eligibility and appropriateness for discharge.

d) Change in RSN eligibility standards and benefits package. (\$49,144,000) GF-State. The overall number of adult admissions to RSN services would be reduced by changing the functional impairment criteria necessary for those with less severe diagnosis ("B-level" diagnoses). Currently 7,100 of the 33,000 adults served through the RSN system enter with a B level diagnosis per year. This change would affect approximately 50 percent of these individuals or 3,550 people who would no longer receive services through the RSN system. Those not receiving services will likely show up at some point in other systems such as Healthy Options, emergency rooms, jails, and the community crisis system, or become hospitalized.

The community mental health services provided to approximately 29,000 individuals would be changed through a benefit package redesign. Package details will be developed with stakeholders to meet reduction targets. Possible approaches include: 1) statewide service levels at lower frequency 2) service levels that correspond to diagnosis (A or B) and to level of need as established by a standardized tool with the lowest level of treatment providing for six sessions including a prescriber visit. Some consumers would be discharged from continuing services. Others would be expected to adjust to a less frequent visit schedule. As a result, these consumers would be at risk of entering the crisis system, ending up in emergency departments, increasing rates of psychiatric

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hospitalizations, and/or possible attempt of self harm.

Agency Contact: Edd Giger (360) 902-8067

Program Contacts:

- LTC - Bill Moss, Director, Home and Community Services (360) 725-2311
- DDD - Linda Rolfe, Director, Division of Developmental Disabilities (360) 725-3461
- Behavioral Health - David Dickinson, Director, Division of Behavioral Health (360) 725-3770

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Achieve savings to help the agency meet the 10 percent reduction targets set by the Office of Financial Management (OFM) for the 2012 Supplemental Budget.

Performance Measure Detail

Program: 030

Activity: C017 Community Mental Health Prepaid Health Services

	Incremental Changes	
	<u>FY 1</u>	<u>FY 2</u>

Outcome Measures

001095 Community - Prepaid Health Services	0.00%	0.00%
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Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No.

Does this decision package provide essential support to one of the Governor's priorities?

Yes, this decision package helps the agency meet the 10 percent reduction targets set by OFM for the 2012 Supplemental Budget.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No.

What are the other important connections or impacts related to this proposal?

See discussion of alternatives below.

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

Four specific alternatives, outlined below, were considered. However, the alternatives did not meet the 10 percent reduction target or were in conflict with other measures necessary to meet the 10 percent reduction. In total, all of the alternative options below generate approximately (\$120,000,000) GF-State in savings, equivalent to a 3.3 percent reduction to ADSA's budget (compared to the 7.8 percent described in this package necessary to reach the target).

Two alternatives involved methods to generate additional revenues:

1. Refinancing personal care under the Community-First Choice Option (CFCO) and smaller eligibility changes for LTC and DDD: The Affordable Care Act passed by Congress created a new home and community-based option for long-term care and

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developmental disabilities known as the CFCO. Washington State has the opportunity to make changes to its existing personal care programs and refinance them under the CFCO at a higher federal match (56 percent rather than the current 50 percent). Refinancing personal care under CFCO beginning in April 2012 is estimated to yield a net increase of \$31,000,000 GF-Federal Medicaid revenue that would reduce an equal amount of state funds currently spend on those programs.

Eligibility for CFCO includes a maintenance of effort (MOE) requirement that requires spending the same or greater state expenditure personal care in the year after implementation of CFCO as before. It is estimated the greatest eligibility change that could be made without endangering MOE would be increasing the eligibility threshold for the Medicaid personal care program to match the current level nursing facility level of care (NFLOC) used for Home and Community-Based LTC waivers and nursing homes. Approximately 1,100 people (1.4 percent of 78,000 total LTC and DDD clients) would lose eligibility. If implemented in April, 2012, the NFLOC eligibility change would reduce GF-State in DDD and LTC by approximately (\$5,500,000) and total funds by (\$11,000,000).

Together, the CFCO savings and NFLOC eligibility change would yield a 2.1 percent reduction to the LTC and DDD programs, and a 1.0 percent reduction to all ADSA programs combined. These options were not chosen because they are not high enough in themselves, and they are mutually exclusive with other cuts needed to meet the 10 percent reduction target.

2. Implementation of a public utility assessment on community residential providers in DDD, boarding home providers, adult family homes, and home care agencies. Nursing homes and hospitals currently pay assessments. A similar type of assessment could be extended to home and community-based providers, Adult family home (AFH), boarding home (BH), home care agencies, and DD community residential providers would be assessed approximately 5 percent on their gross receipts, as allowed under the current statute for public utilities. Medicaid rates paid to providers would be increased to reimburse them for the cost of the assessment, using new federal matching funds drawn down by the assessment. The net increase in revenues would then offset current GF-State expenditures on these programs by \$65,000,000, assuming implementation in April, 2012 (requiring early enactment of legislation). This revenue is equivalent to "buying back" the cuts for LTC and DDD outlined in this package for 7,800 clients.

Two alternatives involve additional investments in community-based care and yield a net savings. These alternatives were not chosen because the level of reductions in this proposal required to reach the 10 percent threshold would weaken the community-based infrastructure too severely for those approaches to be viable:

1. Additional investments in the home and community system of care for people with developmental disabilities that build new community supports and allow continued consolidation of state-run Residential Habilitation Centers (RHCs). (See Decision Package Q0 - DD System of Care - SERA). New community supports would include additional planned respite based in communities throughout the state, state-operated short term crisis stabilization, treatment consulting teams, and other supports. Remaining RHCs - Fircrest on the west side of the state and Lakeland Village on the east side - would be strengthened to become regional centers offering professional services more broadly to the community such as consultation and access to specialized medical/health services. RHC capacity would be gradually downsized over four years, with residents transitioned to other RHCs, community-based State Operated Living Alternatives (SOLAs), or Supported Living.

In order to finance the investments needed to build community supports the Department proposes utilizing the State Efficiency and Restructuring Account (SERA) to replace GF-State. In the last three years, the SERA financing mechanism has been used by the Legislature with facility closures for Juvenile Rehabilitation and the Department of Corrections. The estimated biennial savings for 2011-13 would be \$4,000,000 GF-State (net of investments), with continuing savings in subsequent biennia.

This option was not chosen because the need to reach a 10 percent reduction would require fundamentally changing the eligibility for DDD home and community-based waivers, which are the basis for the underlying system of community-based supports.

2. Additional investment in the LTC Family Caregiver Support program to divert people from more costly Medicaid

Department of Social and Health Services

DP Code/Title: PL-WD Major Eligibility/ Prgm Reductions
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Services. With an additional investment in support for unpaid family caregivers, it is estimated a net of (\$700,000) GF State would be saved in by providing evidence based interventions to caregivers that avoids placement of care recipients in costly Medicaid services by preventing burnout and improving caregiving outcomes (for both the caregiver and the individual receiving care). This option was rejected because reductions in LTC HCBS waiver eligibility beyond about 30 percent of what is proposed in this package leaves mostly heavier care people who may be later in their disability process and who are the most difficult to divert from paid care.

What are the consequences of not funding this package?

The agency will not be able to meet its budget reduction targets.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Multiple revisions will be required to WAC and contracts for each program. Federal permission will be required to change Medicaid State Plans and waiver services.

Expenditure and revenue calculations and assumptions

See attachments: ADSA PL - WD Major Eligibility/Program Reductions.xls

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All decreases are ongoing. In nearly all cases the decreases will be even greater in the 2013-15 Biennium, after full phase-in is completed. See above and attached for detail.

Object Detail	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030 Objects			
A Salaries And Wages	0	(7,339,000)	(7,339,000)
B Employee Benefits	0	(3,039,000)	(3,039,000)
E Goods And Services	0	(1,089,000)	(1,089,000)
N Grants, Benefits & Client Services	(6,201,000)	(106,052,000)	(112,253,000)
Total Objects	(6,201,000)	(117,519,000)	(123,720,000)

Department of Social and Health Services

DP Code/Title: PL-WD Major Eligibility/ Prgm Reductions
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

DSHS Source Code Detail

		<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030				
Fund 001-1, General Fund - Basic Account-State				
<u>Sources</u>	<u>Title</u>			
0011	General Fund State	(7,238,000)	(62,266,000)	(69,504,000)
	<i>Total for Fund 001-1</i>	<u>(7,238,000)</u>	<u>(62,266,000)</u>	<u>(69,504,000)</u>
Fund 001-7, General Fund - Basic Account-Private/Local				
<u>Sources</u>	<u>Title</u>			
5417	Contributions & Grants	0	(1,876,000)	(1,876,000)
	<i>Total for Fund 001-7</i>	<u>0</u>	<u>(1,876,000)</u>	<u>(1,876,000)</u>
Fund 001-C, General Fund - Basic Account-Medicaid Federal				
<u>Sources</u>	<u>Title</u>			
19TA	Title XIX Assistance (FMAP)	1,037,000	(53,377,000)	(52,340,000)
	<i>Total for Fund 001-C</i>	<u>1,037,000</u>	<u>(53,377,000)</u>	<u>(52,340,000)</u>
	Total Program 030	<u>(6,201,000)</u>	<u>(117,519,000)</u>	<u>(123,720,000)</u>

2012 Supplemental Budget
ADSA PL - WD Major Eligibility and Program Reductions

DDD Total (all in Category 1000)				
	FY12	FY13	11-13 Biennium	13-15 Biennium
FTEs	-	(5.6)	(2.8)	(102.3)
GF-State	(4,173,000)	(75,352,000)	(79,525,000)	(209,603,000)
GF-Federal	(4,173,000)	(75,352,000)	(79,525,000)	(208,603,000)
Total	(8,346,000)	(150,704,000)	(159,050,000)	(418,206,000)

LTC Total				
	FY12	FY13	11-13 Biennium	13-15 Biennium
FTEs	-	(18.9)	(9.5)	(144.1)
GF-State	(5,320,000)	(119,537,000)	(124,857,000)	(261,359,000)
GF-Federal	(5,320,000)	(119,577,000)	(124,897,000)	(262,012,000)
Total	(10,640,000)	(239,114,000)	(249,754,000)	(523,371,000)

Mental Health Total				
	FY12	FY13	11-13 Biennium	13-15 Biennium
FTEs	-	(139.9)	(70.0)	(320.2)
GF-State	(7,238,000)	(62,266,000)	(69,504,000)	(124,786,000)
GF-Local	-	(1,876,000)	(1,876,000)	(4,164,000)
GF-Federal	1,037,000	(53,377,000)	(52,340,000)	(107,023,000)
Total	(6,201,000)	(117,519,000)	(123,720,000)	(235,973,000)

Total Aging and Disabilities Services Administration				
Total ADSA	FY12	FY13	11-13 Biennium	13-15 Biennium
FTEs	-	(164.4)	(82.2)	(566.6)
GF-State	(16,731,000)	(257,155,000)	(273,886,000)	(595,748,000)
GF-Local	-	(1,876,000)	(1,876,000)	(4,164,000)
GF-Federal	(8,456,000)	(248,306,000)	(256,762,000)	(577,638,000)
Total	(25,187,000)	(507,337,000)	(532,524,000)	(1,177,550,000)

**2012 Supplemental Budget
PL-WD ADSA - Eligibility Changes**

		DDD Total Objects		11-13 Biennium	13-15 Biennium
	FY12	FY13			
A - Salaries	-	(266,000)	(266,000)	(9,886,000)	
B - Benefits	-	(104,000)	(104,000)	(3,864,000)	
E - Goods & Services	-	(72,000)	(72,000)	(2,637,000)	
G - Travel	-	(19,000)	(19,000)	(738,000)	
J - Equipment	-	(9,000)	(9,000)	(336,000)	
N - Client Services	(8,346,000)	(150,228,000)	(158,574,000)	(400,534,000)	
TZ - ISSD	-	(6,000)	(6,000)	(211,000)	
Total	(8,346,000)	(150,704,000)	(159,050,000)	(418,206,000)	

		LTC Total Objects		11-13 Biennium	13-15 Biennium
	FY12	FY13			
A - Salaries	-	(1,004,000)	(1,004,000)	(13,206,000)	
B - Benefits	-	(363,000)	(363,000)	(4,780,000)	
E - Goods & Services	-	(271,000)	(271,000)	(3,546,000)	
G - Travel	-	(79,000)	(79,000)	(1,038,000)	
J - Equipment	-	(180,000)	(180,000)	(2,364,000)	
N - Client Services	(10,640,000)	(237,198,000)	(247,838,000)	(498,141,000)	
TZ - ISSD	-	(19,000)	(19,000)	(296,000)	
Total	(10,640,000)	(239,114,000)	(249,754,000)	(523,371,000)	

		MH Total Objects		11-13 Biennium	13-15 Biennium
	FY12	FY13			
A - Salaries	-	(7,339,000)	(7,339,000)	(15,702,000)	
B - Benefits	-	(3,039,000)	(3,039,000)	(6,503,000)	
E - Goods & Services	-	(1,089,000)	(1,089,000)	(2,330,000)	
G - Travel	-	-	-	-	
J - Equipment	-	-	-	-	
N - Client Services	(6,201,000)	(106,052,000)	(112,253,000)	(241,712,000)	
TZ - ISSD	-	-	-	-	
Total	(6,201,000)	(117,519,000)	(123,720,000)	(266,247,000)	

		ADSA Total Objects		11-13 Biennium	13-15 Biennium
	FY12	FY13			
A - Salaries	-	(8,609,000)	(8,609,000)	(38,794,000)	
B - Benefits	-	(3,506,000)	(3,506,000)	(15,147,000)	
E - Goods & Services	-	(1,432,000)	(1,432,000)	(8,513,000)	
G - Travel	-	(98,000)	(98,000)	(1,776,000)	
J - Equipment	-	(189,000)	(189,000)	(2,700,000)	
N - Client Services	(25,187,000)	(493,478,000)	(518,665,000)	(1,140,387,000)	
TZ - ISSD	-	(25,000)	(25,000)	(507,000)	
Total	(25,187,000)	(507,337,000)	(532,524,000)	(1,207,824,000)	

Department of Social and Health Services

DP Code/Title: PL-WH Hospital Re-sizing
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), reduces (46.6) FTEs and (\$2,622,000) ((\$5,119,000) GF-State) by closing two decertified wards at Western State Hospital (WSH) and increasing services in community Long Term Care (LTC) settings in the 2012 Supplemental Budget.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030			
001-1 General Fund - Basic Account-State	(846,000)	(6,770,000)	(7,616,000)
Total Cost	(846,000)	(6,770,000)	(7,616,000)

Staffing

	<u>FY 1</u>	<u>FY 2</u>	<u>Annual Avg</u>
Program 030 FTEs	(10.7)	(85.3)	(48.0)

Package Description:

Two decertified wards at Western State Hospital (WSH) funded solely with General-Fund State dollars would be permanently closed, moving 52 patients to Skilled Nursing Facilities and Adult Family Homes within the Long Term Care system. Long-term care providers would be paid enhanced rates consistent with past use of "expanded community services." Beginning in January 2012, patients will be transitioned to the community; followed by implementation of revisions to the Involuntary Treatment Act (ITA) for civil commitment of individuals who do not have a primary psychiatric diagnosis. Regional staff will coordinate with evaluation and treatment (E&T's) facilities to divert up to thirty additional individuals to long-term care settings instead of WSH. LTC settings will provide appropriate care for these individuals and prevent new admissions of this type to the state hospitals.

Many patients in the state hospitals suffer from traumatic brain injury or have a primary diagnosis of dementia. The broad application of Washington's Involuntary Treatment Act leads to the civil commitment of people who are not best served in a psychiatric inpatient setting. The state hospitals and, to some degree, community psychiatric inpatient settings become providers of last resort. This approach is neither effective nor efficient.

Once hospitalized, the ability to discharge persons with "non-psychiatric illnesses" to another setting is compromised by the inability of the facility to actively treat or otherwise affect the course of the disorder. By reworking the definition of RCW 71.05.24.020 to exclude individuals with dementia and traumatic brain injuries, patients will be cared for in more appropriate settings and remaining state hospital beds will be available for those that can benefit from active treatment.

Agency Contact:

Debbie Schaub (360) 902-8177
Edd Giger (360) 902-8067

Program Contact:

Kelly Sawka (360) 725-2055
Eric Mandt (360) 725-2579

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

To achieve savings to meet the 10 percent reduction targets set by the Office of Financial Management (OFM) for the 2012

Department of Social and Health Services

DP Code/Title: PL-WH Hospital Re-sizing

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Supplemental Budget.

The agency expects to begin a change in the process of how mental health treatment is delivered in the state of Washington. The first step is lowering the census at the state hospitals by placing patients in community settings suited to meet their needs

Performance Measure Detail

Program: 030

Activity: C063 Mental Health Facilities Services

Outcome Measures

001103 State Hospitals Services

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

No

Does this decision package provide essential support to one of the Governor's priorities?

Yes, this decision package helps the agency meet the 10 percent reduction targets set by OFM for the 2012 Supplemental Budget.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

No

What are the other important connections or impacts related to this proposal?

This proposal makes changes to the current ITA laws and redirects clients to community settings when appropriate and reduces the bed capacity at WSH.

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

None

What are the consequences of not funding this package?

The agency will not be able to meet its budget reduction targets.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

This decision package requires changes in RCW 71.05.

Expenditure and revenue calculations and assumptions

See attachment: ADSA PL - WH Hospital Re-sizing.xlsx

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This reduced funding level would continue into future biennia.

Department of Social and Health Services

DP Code/Title: PL-WH Hospital Re-sizing

Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Program 030 Objects			
A Salaries And Wages	(541,000)	(4,333,000)	(4,874,000)
B Employee Benefits	(225,000)	(1,794,000)	(2,019,000)
E Goods And Services	(80,000)	(643,000)	(723,000)
Total Objects	(846,000)	(6,770,000)	(7,616,000)

DSHS Source Code Detail

Program 030	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	(846,000)	(6,770,000)	(7,616,000)
Total for Fund 001-1	(846,000)	(6,770,000)	(7,616,000)
Total Program 030	(846,000)	(6,770,000)	(7,616,000)

**2012 Supplemental Budget
PL - WH Hospital Re-sizing**

Summary - ADSA

	FY12	FY13	2011-13 Bien.
*FTE	(9.4)	(81.2)	(46.6)
A	\$ (433,000)	\$ (4,010,000)	\$ (4,443,000)
B	\$ (194,000)	\$ (1,702,000)	\$ (1,896,000)
E	\$ (71,000)	\$ (615,000)	\$ (686,000)
ED	\$ 7,000	\$ 20,000	\$ 27,000
G	\$ 5,000	\$ 16,000	\$ 21,000
J	\$ 3,000	\$ 8,000	\$ 11,000
N	\$ 164,000	\$ 4,175,000	\$ 4,339,000
TZ	\$ 1,000	\$ 4,000	\$ 5,000
TOTAL	\$ (518,000)	\$ (2,104,000)	\$ (2,622,000)
GF-State	\$ (682,000)	\$ (4,437,000)	\$ (5,119,000)
Federal	\$ 164,000	\$ 2,333,000	\$ 2,497,000

Department of Social and Health Services

DP Code/Title: PL-WT Implementing ICD 10 Compliant Codes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Recommendation Summary Text:

The Department of Social and Health Services (DSHS), Aging and Disability Services Administration (ADSA), requests \$802,000 (\$757,000 GF-State) in the 2012 Supplemental Budget to plan and implement the International Classification of Diseases, Tenth Revision (ICD-10) compliant codes within systems that support DSHS psychiatric facilities, Residential Habilitation Centers, and Juvenile Rehabilitation Institutions.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	51,000	706,000	757,000
001-C General Fund - Basic Account-Medicaid Federal	3,000	42,000	45,000
Total Cost	54,000	748,000	802,000

Staffing

Package Description:

ICD-10 is a change to the coding structure for medical/Medicaid billing that becomes mandatory in the United States on October 1, 2013.

Failure to use ICD-10 on this date will result in rejected billings that will substantially impact the \$100 million in revenue flow through the DSHS institutions.

ICD-10 is an international classification of diseases used world-wide for diagnosis, classification and billing.

Funding is requested to plan and implement ICD-10 compliant codes within information technology systems that already support DSHS Psychiatric Facilities, Residential Habilitation Centers, Juvenile Rehabilitation Institutions and the Office of Financial Recovery.

Instead of purchasing a new Hospital Information System at great cost, the department proposes to:

- Reprogram all charge capture and payment systems to accept the new ICD-10 coding and change processes.
- Upgrade our out-of-date VistA software with the latest version of VistA (free, open source software from the Veteran's Administration (VA).
- Implement VistA modules currently not in use.
- Leverage the VAs nation-wide public domain network to adapt DSHS systems.
- Train staff to capture and input the new more detailed codes. The acute specificity of the ICD-10 coding requires training for clinicians and coders. At this time there are about 500 staff that would require ICD-10 training before it can be implemented.

ICD-10 compliance is the goal but this enhancement also supplies Electronic Health Record capabilities for DSHS facilities. This is important because DSHS business processes and systems cannot support the requirements of the federal Healthcare Reform Act without modification. At the end of this project, the state hospitals will have an upgraded Electronic Health Record that will be positioned to comply with the meaningful use requirements of the Health Information Technology for Economic and Clinical Health (HITECH) Act.

This solution also positions the department to benefit from current and future changes to the nationwide VistA system. DSHS will receive all VistA upgrades the VA will be making to comply with ICD-10 and Healthcare Reform for no cost.

This project includes implementing the VistA Pharmacy module which will replace the current DSHS Mediware (MediMAR and

Department of Social and Health Services

DP Code/Title: PL-WT Implementing ICD 10 Compliant Codes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

Worx) pharmacy solution.

DSHS proposes to use current and contracted staff to upgrade the out-of-date VISTA software in the Hospitals to accomplish this task. This proposal is for the contracted staff that are needed.

Agency Contact: Debbie Schaub (360) 902-8177

Program Contact: Kelly Sawka (360) 725-2055

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

- Compliance with Federal Mandates to institute ICD-10.
- Uninterrupted Billing and Payment.

Performance Measure Detail

Agency Level

Activity: C063 Mental Health Facilities Services

Outcome Measures

001103 State Hospitals Services

Incremental Changes

FY 1

FY 2

0.00

0.00

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This request relates to the Aging and Disability Services Administration (ADSA) Strategic Plan Goal Number 2 to continue efforts to enhance quality of services. Applicable objectives in this goal are to (1) develop programmatic changes necessary to improve service quality, and (2) support quality assurance processes.

Does this decision package provide essential support to one of the Governor's priorities?

Yes. This request meets the goal to "Create a health care system that works" by increasing health care quality by utilizing health information technology.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

Improving state government efficiency is one of the priorities of government. One of the key indicators under this priority is "Improve adequacy of tools/resources to execute government functions."

In addition, an upgraded VistA system will allow DSHS to participate in the state-wide efforts to upgrade Health Information Technology as part of the HITECH Act and state health information infrastructure activities. Specifically the states push to get all health care providers to adopt Electronic Health Records as part of the eHealth Collaborative Enterprise.

What are the other important connections or impacts related to this proposal?

None

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

- This alternative represents the lowest risk and is the most cost effective approach to becoming ICD-10 compliant.
- The upfront investment will lead to savings down the road (By implementing the VistA Pharmacy module, the department can eliminate current annual Mediware system maintenance fees).

Department of Social and Health Services

DP Code/Title: PL-WT Implementing ICD 10 Compliant Codes
Program Level - 030 Mental Health

Budget Period: 2011-13 Version: C2 030 - 2012 Sup Agency Request

- This alternative has the added benefit of supplying the department with an upgraded Electronic Health Record that complies with the HITECH Act.

Alternative #1: DSHS issued a Request for Information to Vendors who supply solutions for ICD-10 compliance. 20 responses were received ranging in estimated costs from indeterminate to \$17,000,000. All responses proposed installing new commercial off-the-shelf Electronic Health Records.

Alternative #2: DSHS could try and modify its current version of VistA and the OFR Residential Payment System to become ICD-10 compliant using a series of work-a-rounds. This alternative would cost \$570,000 and would be very risky.

What are the consequences of not funding this package?

Failure to implement ICD-10 codes by October 1, 2013 will result in rejected billings of Medicaid, Medicare, Disproportionate Share Hospital funding and private insurance that will substantially impact the \$100,000,000 in cash flow through the DSHS institutions.

What is the relationship, if any, to the state's capital budget?

None

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None

Expenditure and revenue calculations and assumptions

See attachments: DBHR PL-WT Implementing ICD 10 Complaint Codes.xls and Information Technology (IT) Addendum.doc

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

All costs are one time. Ongoing maintenance and training will be assumed by current staff.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods And Services	54,000	748,000	802,000

DSHS Source Code Detail

<u>Overall Funding</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources Title</u>			
0011 General Fund State	51,000	706,000	757,000
<i>Total for Fund 001-1</i>	51,000	706,000	757,000
Fund 001-C, General Fund - Basic Account-Medicaid Federal			
<u>Sources Title</u>			
19TA Title XIX Assistance (FMAP)	3,000	42,000	45,000
<i>Total for Fund 001-C</i>	3,000	42,000	45,000
Total Overall Funding	54,000	748,000	802,000

**2012 Supplemental Budget
PL-WT Implementing ICD Compliant Codes**

All Projects Total

Account Coding by Fund:		FTEs	GF-S	GF-F	GF-L	Total
FY 12	2000/G91/C063	0.0	13,000	1,000	0	14,000
FY 12	2000/G92/C063	0.0	38,000	2,000	0	40,000
FY 12	2000/G94/C063	0.0	0	0	0	0
FY 12 Total		0.0	51,000	3,000	0	54,000
FY 13	2000/G91/C063	0.0	140,000	8,000	0	148,000
FY 13	2000/G92/C063	0.0	545,000	33,000	0	578,000
FY 13	2000/G94/C063	0.0	21,000	1,000	0	22,000
FY 13 Total		0.0	706,000	42,000	0	748,000
Biennium Total		0.0	757,000	45,000	0	802,000

Account Coding by Object:		E	Total
FY 12	2000/G91/C063	14,000	14,000
FY 12	2000/G92/C063	40,000	40,000
FY 12	2000/G94/C063	0	0
FY 12 Total		54,000	54,000
FY 13	2000/G91/C063	148,000	148,000
FY 13	2000/G92/C063	578,000	578,000
FY 13	2000/G94/C063	22,000	22,000
FY 13 Total		748,000	748,000
Biennium Total		802,000	802,000

Information Technology (IT) Addendum

Complete one IT Addendum for each decision package. See Section 12.3 of the 2011-13 Operating Budget Instructions for more guidance. This form is located at <http://www.ofm.wa.gov/budget/forms.asp>

I. Complete questions 1 through 9 for every IT-related Decision Package:

1. Provide a brief description of the Information Technology (IT) components of this decision package (e.g., the project or commodity investment):

Funding is requested to plan and implement ICD-10 compliant codes within IT systems that already support DSHS Psychiatric Facilities, Residential Habilitation Centers, Juvenile Rehabilitation Institutions and the Office of Financial Recovery.

Instead of purchasing a new Hospital Information System at great cost, we propose to:

Modify several of our IT systems to accept the new ICD-10 coding and change processes

Train staff to capture and input the new more detailed codes

In addition, DSHS business processes and systems cannot support the requirements of the federal Healthcare Reform Act without at least some modification. At the end of this project, the state hospitals will have an upgraded system that will be positioned to comply with the meaningful use requirements of the HITECH Act.

The proposed ICD-10 Migration Project components DSHS needs help with will, at a minimum, involve the following:

Reprogramming of all charge capture and payment systems to integrate ICD-10 Coding .

Staff Readiness/Training: The acute specificity of the ICD-10 coding requires training for clinicians and coders. At this time there are about 500 staff, coders and clinicians that would require ICD-10 training before it can be implemented.

This solution will also position the Hospital to benefit from current and future changes to the nationwide VISTA system. VISTA is a medical software system developed by the United States Department of Veterans Affairs (VA), which is publicly available under the Freedom of Information Act. When DSHS updates its current out of date VISTA system, they will receive all VISTA upgrades the VA will be making to comply with ICD-10 and Healthcare Reform for free.

Finally, this project includes implementing the VISTA Pharmacy module which will replace the current DSHS Mediware (MediMAR and Worx) pharmacy solution. This will eliminate the annual Mediware maintenance fee of \$148,000 (for WSH/ESH). It could also lead to savings if the DDD facilities also start using the VISTA Pharmacy module (\$78,000 annually). Making this capital investment up front will lead to substantial savings down the road.

DSHS proposes to use current and contracted staff to upgrade our out-of-date VISTA software in the Hospitals to accomplish this task. This proposal is for the contracted staff that are needed.

2. Is the project or commodity investment in the agency's IT Portfolio: Yes No
3. What is the oversight level for this project or commodity investment? Attach a copy of the completed severity risk matrix : Project has been rated a Level 2 Assessment Attached
4. What common services will be utilized for this project or commodity investment?
A list of common services is available at <http://techmall.dis.wa.gov/>.
- Network Services
 - Portfolio Management
 - Project Management Framework
5. Is a 904 consultation e-mail confirmation for this project or commodity investment attached to the decision package? Yes No
6. Breakdown of Implementation Costs/FTEs of the IT Project or Commodity Investment:
Note: Do not include any on-going maintenance costs, since they will be asked for in Question # 7 below. Please provide this information using the InfoPath form at: <http://sharepoint.dis.wa.gov/ofm/dut/OFMSAF/IT%20Addendum/Forms/allitems.aspx>. Specific instructions for completing this form can be found at Appendix A-3 of the Budget Instructions. If you need access, please email a request to SharePointHelpDesk@ofm.wa.gov, with the Subject: Request for IT Addendum SharePoint Site Access.
7. Breakdown of Ongoing Maintenance and Support Costs for the Project or Commodity Investment: Provide the IT costs and IT FTE breakdown for *ongoing* maintenance and support of this project or commodity investment in the table (below). These costs should not duplicate implementation costs provided in Question # 6 (above).

Cost Breakdown (maintenance)						
	Year 1 FY13	Year 2 FY14	Year 3 FY15	Year 4 FY16	Year 5 FYxx	Totals
IT FTEs – (For each job type, list the number of staff and the total salary and benefits) <i>Examples:</i>						
▪ 2 ITAS6	0	\$46,353	\$46,353	\$46,353	\$46,353	\$185,411
▪ 3 ITSS5		\$205,531	\$205,531	\$205,531	\$205,531	\$822,125
▪ 4 ITSS4		\$100,719	\$100,719	\$100,719	\$100,719	\$402,877
Purchased Services Contracts						
Personal Services Contracts						
Hardware Purchase or Upgrades						
Hardware Maintenance						
Software License Purchase or Upgrades						
Software Maintenance						
Hardware Lease or Finance (including servers)						
Maintenance & Operations (including DIS)						

Training						
Travel						
Other (specify)						
Annual Total	0	\$1,410,413	\$1,410,413	\$1,410,413	\$1,410,413	\$5,641,652

8. Was a quote provided to you for this project or commodity investment? Yes No
 If yes, who provided the quote and when? Please attach a copy of the quote.

9. Is this investment an e-commerce investment? Yes No
 If yes, a copy of the approved Economic Feasibility Study must be attached to the decision package.

II. Continue completing questions 10 through 14 if the IT request pertains to a project (versus a commodity investment):

10. Is this a new project or a continuation of an existing project?
 New Continuation

11. Describe how the Project Manager and Quality Assurance will be acquired (i.e., existing state employees , hire new staff, or contract with vendor):

ADSA will utilize the Section Chief of its Project Management Office to manage this project.

ADSA will rely on external Quality Assurance (QA) services from ISSD during the CITS Project. The additional oversight external QA will bring to the project is a key success factor. The quality assurance activities will include:

A QA Plan including tasks to be preformed, related timelines, deliverable associated roles and responsibilities and how the QA staff fit into the organization structure of the project.

- Routine project schedule monitoring.
- Project Management Plan reviews and comments.
- Review and comment on all project deliverables.
- Routine project issue identification and resolution suggestions.
- Routine risk identification, prioritization and recommended risk mitigation strategies.
- Routine QA reporting to include briefing of key agency and/or project executives such as the project sponsor and project steering committee.

12. Describe your project management approach.

Oversight

Project oversight is provided by the IT Assistant Director and the PMP certified Project Office Section Chief.

Staffing

ADSA subscribes to ISB Policy 300-P1 that states: "It is ISB policy that agencies shall ensure that IT projects are conducted in a disciplined, well-managed, and consistent manner that promotes the delivery of quality products completed on time and within budget. It shall be accomplished through the hiring of experienced project managers or through training." 80% of ADSA Project Management staff are certified Project Managers. They have been selected and skill sets developed so that our Project Manager knowledge, skills and abilities include:

- Demonstrated effective management and leadership skills.
- Knowledge of IT Project Management best practices and principles
- Experience communicating with management, business and technical staff, end users and stakeholders in a project environment through all phases of the project lifecycle.
- Experience developing project schedules including defining work breakdown structures, estimating resources, and task scheduling as well as maintaining project schedules throughout the project lifecycle.
- Experience defining, developing, implementing and monitoring critical project management plan components such as change management, communications management, risk management, issue management, stakeholder management and resource management.
- Proven ability to define, communicate and maintain an effective project organization and governance structure throughout the project lifecycle.
- Proficiencies in the technical tools and techniques that are required to support IT projects
- Experience building cohesive teams within a complex, political environment

Processes

ADSA's Project Office has created and adopted a Project Management Methodology that again supports the ISB Policy in that "IT projects are conducted in a disciplined, well-managed, and consistent manner that promotes the delivery of quality products completed on time and within budget." Our Methodology has consistently proven itself in recent years as evidenced by our successful project deliveries – within scope, schedule and budget.

The Methodology incorporates DIS Project Management Framework components, Project Management Institute best practices as well as ISB Policy and ISSD Standards content. ADSA Project Managers are held to the highest standards as outlined in our Methodology areas of emphasis:

- Documentation
- Requirements & Testing
- Change management and scope control
- Risk and issue management
- Budget and schedule management
- Communication Planning
- Resource management

13. Provide the estimated project duration and estimated start date.

Project duration will be 15 months. Project expected start date is July 1 2012 and the end date is October 30th, 3013.

14. Where will the system be hosted?

Components of the system will be hosted at the State Data Center and Western State Hospital

	Impact on Clients	Visibility	Impact on State Operations	Failure or Nil Consequences
High	<input type="checkbox"/> Direct contact with citizens, political subdivisions, and service providers – including benefits payments and transactions.	<input checked="" type="checkbox"/> Highly visible to public, trading partners, political subdivisions and Legislature. <input type="checkbox"/> Likely subject to hearings. <input checked="" type="checkbox"/> System processes sensitive / confidential data (e.g. medical, SSN, credit card #'s).	<input type="checkbox"/> Statewide or multiple agency involvement / impact. <input type="checkbox"/> Initial mainframe acquisitions or network acquisitions.	<input type="checkbox"/> Inability to meet legislative mandate or DSHS mission. <input type="checkbox"/> Loss of significant federal funding.
Medium	<input type="checkbox"/> Indirect impacts on citizens through management systems that support decisions that are viewed as important by the public. <input type="checkbox"/> Access by citizens for information and research purposes.	<input type="checkbox"/> Some visibility to the Legislature, trading partners, or public the system / program supports. <input type="checkbox"/> May be subject to legislative hearing.	<input type="checkbox"/> Multiple administrations, within DSHS.	<input type="checkbox"/> Potential failure of aging systems.
Low	<input checked="" type="checkbox"/> Impact on DSHS systems that support service delivery.	<input type="checkbox"/> Internal DSHS only. <input type="checkbox"/> Visible to multiple administrations. <input type="checkbox"/> Visible to multiple divisions within the same administration.	<input type="checkbox"/> Single administration. <input type="checkbox"/> Improve or expand existing wide area networks or mainframes with similar technology.	<input type="checkbox"/> Loss of opportunity for improved service delivery efficiency. <input type="checkbox"/> Failure to resolve customer service complaints or requests.
Very Low	<input type="checkbox"/> Impact on systems that are operational or administrative only.	<input type="checkbox"/> Visible to single division only.	<input type="checkbox"/> Single division. <input type="checkbox"/> Improve or expand existing local area network.	<input type="checkbox"/> Loss of opportunity for improved operational or administrative efficiency.

	Functional Impact on Business Processes or Rules	Development Effort and Resources	Technology	Capability and Management
High	<input type="checkbox"/> Significant change to business rules. <input type="checkbox"/> Replacement of a mission critical system. <input type="checkbox"/> Multiple organizations involved. <input type="checkbox"/> Requires extensive and substantial job training for work groups.	<input type="checkbox"/> Over \$5 million. <input type="checkbox"/> Development and implementation exceeds 24 months.* <input type="checkbox"/> Requires a second decision package. * Clock starts after feasibility study or project approval and release of funding.	<input type="checkbox"/> Emerging. <input type="checkbox"/> Unproven. <input type="checkbox"/> Two or more of the following are new for agency technology staff or integrator, or are new to the agency architecture: <input type="checkbox"/> Programming language <input type="checkbox"/> Operating systems <input type="checkbox"/> Database products <input type="checkbox"/> Development tools <input type="checkbox"/> Data communications technology. <input type="checkbox"/> Requires PKI certificate. <input type="checkbox"/> Complex architecture – greater than 2 tier.	<input type="checkbox"/> Minimal executive sponsorship. <input type="checkbox"/> Organization uses ad-hoc processes. <input type="checkbox"/> Organization and/or vendor track record suggests inability to mitigate risk on project requiring a given level of development effort.
Medium	<input checked="" type="checkbox"/> Moderate change to business rules. <input type="checkbox"/> Major enhancement or moderate change of mission critical system. <input type="checkbox"/> Medium complexity business process(es). <input checked="" type="checkbox"/> Requires moderate job training.	<input type="checkbox"/> Under \$5 million but over agency delegated authority. <input checked="" type="checkbox"/> 12 to 24 months for development and implementation.*	<input type="checkbox"/> New in DSHS with 3rd party expertise and knowledge transfer. <input type="checkbox"/> One of the technologies listed above is new for agency development staff.	<input type="checkbox"/> Executive sponsor knowledgeable but not actively engaged. <input type="checkbox"/> System integrator under contract with organization technical participation. <input type="checkbox"/> Organization and/or vendor record indicates good level of success but without the structure for repeatability.
Low	<input type="checkbox"/> Insignificant change to business rules. <input type="checkbox"/> Low complexity business process(es). <input type="checkbox"/> Some job training could be required.	<input checked="" type="checkbox"/> Within agency delegated authority (\$1.73 million). <input type="checkbox"/> Under 12 months for development and implementation.*	<input checked="" type="checkbox"/> Standard, proven DSHS technology. <input type="checkbox"/> New in administration or division with 3rd party expertise and knowledge transfer. Third party may include another DSHS administration or division.	<input checked="" type="checkbox"/> Strong executive sponsorship. <input checked="" type="checkbox"/> Organization and vendor have strong ability to mitigate risk on a development project.
Very Low	<input type="checkbox"/> No training required, but may require brief orientation. <input type="checkbox"/> No change to business rules or processes.	<input type="checkbox"/> Under \$50,000 total and no single purchase greater than \$10,000. <input type="checkbox"/> Under three staff-months for development and implementation.*	<input type="checkbox"/> Standard, proven administration or division technology. <input type="checkbox"/> Development staff possesses high degree of expertise in chosen technology.	<input type="checkbox"/> Project staff uses documented and repeatable processes for tracking status, problems, and change. <input type="checkbox"/> Project management practices are appropriate for nature and scope of this effort.

Project Approval and Oversight Matrix

	Level 1	Level 2	Level 2	Level 2	Level 3
High Severity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Medium Severity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Low Severity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Very Low Severity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Very Low Risk	Low Risk	Low Risk	Medium Risk	High Risk

Oversight Requirements			
	Justification and Approval Decision	Feasibility Study and Project Management Approach/Execution	Oversight
Level 0 <input type="checkbox"/>	<ul style="list-style-type: none"> Administration or division approval with option of e-Center consultation 	<ul style="list-style-type: none"> Administration- or division-defined methods using industry best practices. 	<ul style="list-style-type: none"> Administration or division discretion.
Level 1 <input type="checkbox"/>	<ul style="list-style-type: none"> DSHS Executive* approval with option of DIS consultation. <p>*May be administration Assistant Secretary or CIO.</p>	<ul style="list-style-type: none"> DSHS-defined methods using industry best practices. 	<ul style="list-style-type: none"> Internal QA at DSHS determination. Reported as part of portfolio. DSHS determines internal oversight required.
Level 2 <input checked="" type="checkbox"/>	<ul style="list-style-type: none"> DSHS CIO approval. DIS Director review and approval. 	<ul style="list-style-type: none"> DSHS executive approval. DIS consultation. 	<ul style="list-style-type: none"> Internal or external QA at DSHS discretion. DIS and DSHS determine oversight required. ISB oversight optional. Reported as part of portfolio.
Level 3 <input type="checkbox"/>	<ul style="list-style-type: none"> DSHS Secretary approval. DIS executive review and comment. ISB approval. 	<ul style="list-style-type: none"> DSHS presents feasibility study to ISB. Prototype required at discretion of ISB. Private sector participation encouraged or required. 	<ul style="list-style-type: none"> ISB oversight required. External QA required. ISB audit as necessary. Other ISB discretionary actions as needed. Reported as part of portfolio.