

LARNED STATE HOSPITAL

DRAFT

Expenditure	Actual FY 2010	Agency Est. FY 2011	Gov. Rec. FY 2011	Agency Req. FY 2012	Gov. Rec. FY 2012
Operating Expenditures:					
State General Fund	\$ 42,466,987	\$ 43,155,120	\$ 43,155,120	\$ 46,956,870	\$ 44,465,747
Other Funds	13,830,856	14,383,828	14,383,828	14,383,828	14,383,828
TOTAL	\$ 56,297,843	\$ 57,538,948	\$ 57,538,948	\$ 61,340,698	\$ 58,849,575
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,174	0	0	0	0
TOTAL	\$ 4,174	\$ 0	\$ 0	\$ 0	\$ 0
GRAND TOTAL	\$ 56,302,017	\$ 57,538,948	\$ 57,538,948	\$ 61,340,698	\$ 58,849,575

Percentage Change:

Operating Expenditures:					
State General Fund	4.9%	1.6%	1.6%	8.8%	3.0%
All Funds	5.6	2.2	2.2	6.6	2.3
FTE Positions	975.2	975.2	975.2	1,005.0	838.2
Non-FTE Perm. Uncl. Pos.	23.0	23.0	23.0	23.0	23.0
TOTAL	998.2	998.2	998.2	1,028.0	861.2

AGENCY OVERVIEW

Larned State Hospital (LSH) provides psychiatric treatment and limited detox facilities to adults from the 59 western counties of the state through collaborative efforts with consumers, community based mental health providers, the judicial system, and Department of Corrections. The State Security Hospital serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. The Sexual Predator Treatment Program (SPTP) provides treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. The Sexual Predator Transition House Program is located on the grounds of Osawatomie State Hospital, but is funded in the LSH budget. The Transition House Program accepts clients in Phases 6 and 7 of their treatment and who have been deemed ready for transition from the treatment program. Larned State Hospital also provides various

support services for Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Kansas Soldiers' Home at Fort Dodge.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** authorized three additions to the State Security Program for FY 2007. First, \$2,674,854 was added to partially annualize the costs of a 90-bed expansion implemented in the last quarter of FY 2006. Second, \$376,425 from the State General Fund and 12.0 FTE positions were added to address staffing issues at the Isaac Ray building. Finally, the Legislature added \$1.6 million to the hospital budget, a portion of which was to fully annualize the additional beds.

Sexual Predator Treatment Program (SPTP). Since 1994, 246 persons have been committed to the SPTP. Of the residents presently assigned to the SPTP, more than two thirds have been received within the past five years. According to the agency, the steady increase in referrals to the program and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge.

In April 2005, Legislative Post Audit concluded that the state will either have to change policies to commit fewer sex offenders to the SPTP, allow clients to be released sooner, or commit to supporting a new class of institutionalized individuals. The report recommended that the Legislature examine these issues and that the Department of Social and Rehabilitation Services (SRS) should develop multi-year forecasts based on several scenarios to address resident capacity, housing costs and staffing costs. The **2005 Legislature** added \$597,665 from the State General Fund and 22.0 FTE positions to address staffing issues. Additionally, the Legislature added \$1,116,296 from the State General Fund and 41.0 FTE positions to address growth in the program with staff being hired gradually as additional clients enter the program. The **2006 Legislature** added 14.0 FTE positions and \$390,145 to reoccupy the Dillon building after remodeling was completed in Spring 2006. **The following summarizes the status of the 246 persons committed to the SPTP:**

- 2 persons have completed the final conditional release stage;
- 3 persons are on conditional release;
- 13 persons were released by the courts due to timely filing issues (these issues were later corrected by legislative action);
- 14 persons have died;
- 15 new commitments have been made so far in FY 2011; and
- 214 persons are currently in the SPTP as of November 30th, 2010:
 - 200 on the campus of Larned State Hospital;
 - 6 in DOC (due to parole violations); and
 - 8 residing at the Transition House on the campus of Osawatomi State Hospital

The **2009 Legislature** passed House Substitute for SB 91 that prohibits the Department of Social and Rehabilitation Services from placing more than eight sexually violent predators in any one county on transitional release or conditional release; stated that these patients be housed only on state property; and required a report to the Governor every year on the status of

transitional persons. The Department of Social and Rehabilitation Services testified that House Substitute for SB 91 created both programmatic and fiscal challenges for the Sexual Predator Treatment Program. The more populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically have the optimal resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for reoffending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to the Department, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight person maximum, and no other county can be found to provide the needed services for that individual, the Department of Social and Rehabilitation Services and the State of Kansas risk contempt of court charges and lawsuits.

Title XIX (Medicaid) Funding Issues. Federal Title XIX funding comprises approximately half of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the five state hospitals in amounts equal to their approved appropriations. State developmental disabilities (DD) hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation (ICFs/MR) and nearly all of the people living in the facilities are covered by Medicaid. The state DD hospitals submit annual cost reports that establish per diem rates which they charge to Medicaid for each day a person covered by Medicaid lives in the facility. LSH is a mental health hospital.

The state MH hospitals establish per diem rates in much the same way as the state DD hospitals but are classified as institutions for mental disease (IMDs). The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital (DSH) program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of DSH funding available to the hospitals has decreased which decreases receipts into the central fund.

As part of a submitted ten percent reduced resources options prepared at the direction of the Senate Ways and Means Committee in 2009, SRS included the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the LSH campus and the option to contract out these services to a private facility. In **FY 2009**, the LSH children/adolescent program experienced 150 days when the census exceeded eight, 26 days when the census exceeded 12, and nine days that the census was less than four. The Request for Proposal (RFP) was issued and two entities submitted proposals. No preference was to be given to any applicant based on location. However, the services must be provided within the LSH catchment area as indicated in the RFP. After an evaluation of the proposals, SRS selected KVC Behavioral HealthCare to provide the private service. The new private program began operation in Spring 2010 in Hays, Kansas. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth was vacated during the Summer of 2010 eleven additional Adult Civil Psychiatric Service beds were opened in the building complex. Funding for the staffing of the newly opened eleven bed unit at LSH is from the savings realized from contracting out of the youth beds at LSH. The opening of the additional adult beds was determined necessary by the Department of Social and Rehabilitation Services (SRS) temporarily suspended voluntary admissions to the three Kansas mental health hospitals during during May 2010 and July 2010. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 Community Mental Health Centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to SRS, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary

admissions. Additional actions were taken such as initiating agreements with community partners to establish alternative inpatient resources but SRS expects census issues to continue in FY 2011 and FY 2012.