Senate Budget and Fiscal Review—Nancy Skinner, Chair

SUBCOMMITTEE NO. 3 Agenda

Senator Susan Talamantes Eggman, Ph.D., Chair
Senator Melissa Melendez
Senator Richard Pan, M.D.

Friday, February 26, 2021
9:00 a.m.
State Capitol - Room 3191

Consultant: Scott Ogus

PUBLIC COMMENT

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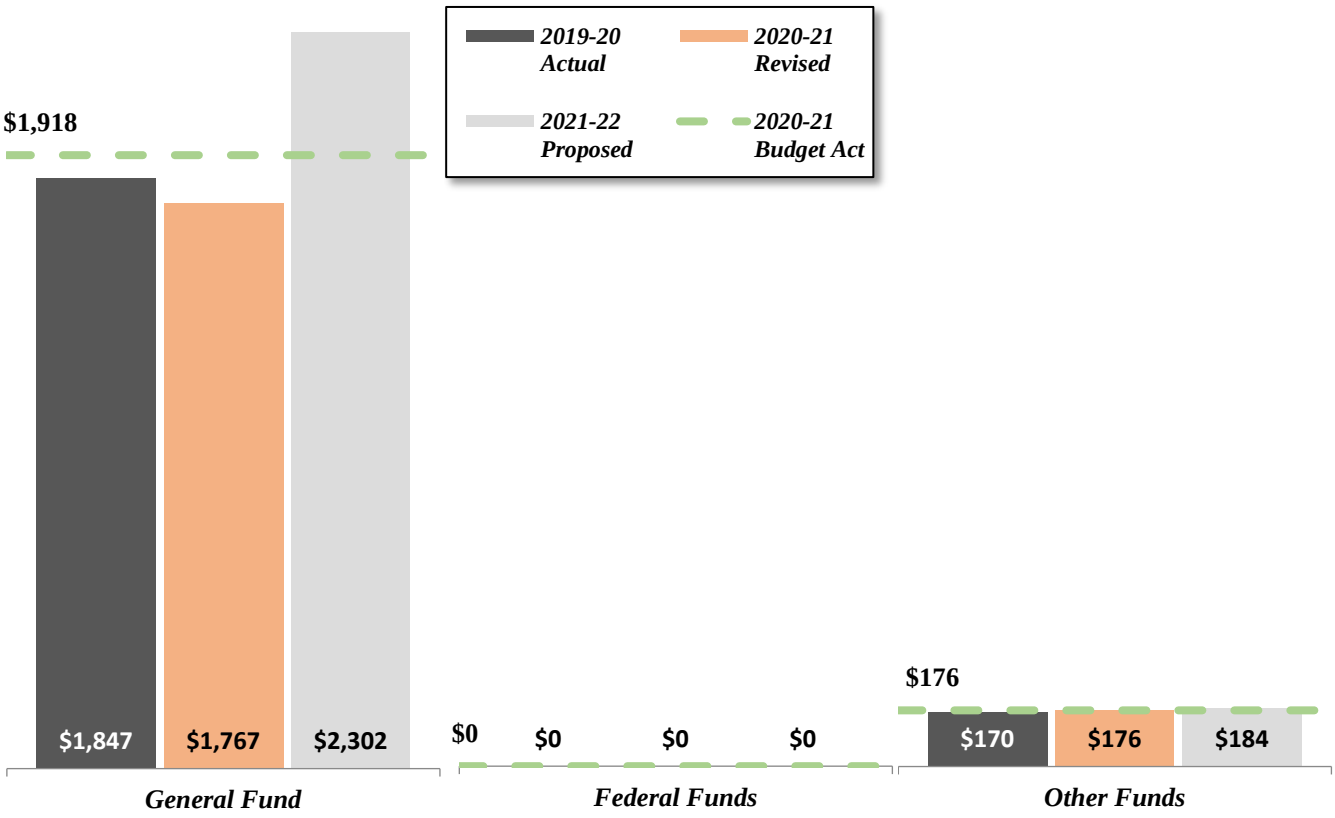
4440 DEPARTMENT OF STATE HOSPITALS

Issue 1: Overview

Department of State Hospitals – *Three-Year Funding Summary*
(dollars in millions)



Department of State Hospitals - *Department Funding Summary*			
Fund Source	**2019-20** ***Actual***	***2020-21 Revised***	***2021-22 Proposed***
General Fund	$1,847,333,000	$1,766,753,000	$2,301,880,000
Federal Funds	$0	$0	$0
Other Funds	$170,433,000	$175,609,000	$183,711,000
Total Department Funding:	**$2,017,766,000**	**$1,942,362,000**	**$2,485,591,000**
Total Authorized Positions:	**10200.4**	**10741.4**	**11158.2**
Other Funds Detail:			
CA State Lottery Education Fund (0814)	*$87,000*	*$27,000*	*$27,000*
Reimbursements (0995)	*$170,346,000*	*$175,582,000*	*$183,684,000*

Background. DSH oversees five state hospitals which comprise the largest inpatient forensic mental health hospital system in the nation. In addition to forensic admissions, which comprise 86 percent of its population, the five state hospitals admit individuals civilly committed under the Lanterman-Petris-Short (LPS) Act because they require physically secure 24-hour care and meet legal criteria that they represent a danger to themselves or others. The categories of individuals admitted to state hospitals for treatment are:

- **Incompetent to Stand Trial (IST)** – IST patients are referred to DSH under Section 1370 of the Penal Code if a court has determined they are unable to understand the nature of criminal proceedings or assist counsel in their defense. IST patients receive competency-based treatment and are returned to court once able to participate in court proceedings. Most IST patients are charged with felonies, with some misdemeanors.

- **Not Guilty by Reason of Insanity (NGI)** – NGI patients are individuals found guilty of an offense, but are admitted to DSH if a court determines the individual was "insane" at the time the crime was committed. NGI patients are committed for a term equal to the maximum sentence which could have been imposed, though may be recommitted for an additional two years if the individual represents a substantial danger of physical harm.

- **Offenders with a Mental Health Disorder (OMD)** – OMD patients are parolees who meet the following six criteria for OMD classification: (1) presence of a severe mental disorder, (2) the mental disorder is not in remission or requires treatment to be kept in remission, (3) the mental disorder was a factor in the commitment offense, (4) the prisoner has been in treatment at least 90 days in the year prior to release, (5) the commitment offense involved force or violence or serious bodily injury, (6) the prisoner continues to be dangerous due to the severe mental disorder. OMD commitments under Section 2962 of the Penal Code span the length of the parole term, but may be extended for up to one year if the patient represents a danger of physical harm to others.

- **Sexually Violent Predators (SVP)** – SVP commitments are civil commitments of prisoners released from prison who meet certain criteria under the Sexually Violent Predator Act, including being convicted of certain sex offenses and diagnosed with a mental disorder that increases the likelihood of engaging in sexually violent criminal behavior. SVP patients undergo an annual review process to evaluate the patient's suitability for release into the community, either conditionally or without supervision.

- **Lanterman-Petris-Short (LPS)** – LPS patients are individuals that require physically secure 24-hour care and are committed through civil court proceedings that determine the individual is a danger to themselves or others or suffers from a grave disability. LPS patients are discharged when their county of residence places them in a different facility, in independent living, or with family, or if a court removes the conservatorship.

- ***Coleman*** **Class Patients (Mentally Ill Prisoners)** – *Coleman* patients are referred by the California Department of Corrections and Rehabilitation (CDCR) when they are found to be mentally ill while in prison. *Coleman* patients return to CDCR custody when they have received the maximum benefit from treatment. If these individuals are still mentally ill at the end of their prison term, they may be committed to DSH as OMD.

- **Conditional Release Program (CONREP)** – CONREP provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. After one year, a court hearing determines if the patient will continue in the program, be sent back to DSH, or be released.

	2020-21	2021-22
Population by Hospital		
Atascadero	1,040	1,000
Coalinga	1,365	1,365
Metropolitan	797	937
Napa	1,090	1,090
Patton	1,445	1,455
Population Total	**5,737**	**5,847**
Population by Commitment Type		
Incomptent to Stand Trial (IST)	1,029	1,115
Not Guilty by Reason of Insanity (NGI)	1,410	1,419
Offender with a Mental Health Disorder (OMD)	1,298	1,307
Sexually Violent Predator (SVP)	942	942
Lanterman-Petris-Short Civil Commitments (LPS)	778	784
Coleman Referrals	280	280
Jail-Based Competency Treatment (JBCT) Programs		
Kern Admission, Evaluation, and Stabilization (AES) Center	60	106
Regional JBCT	237	237
Single County JBCT	133	171
Small County Model JBCT (Mendocino, Mariposa)	N/A	N/A
Total JBCT Programs	**342**	**514**

Figure 1: State Hospital Projected Census by Hospital, Commitment Type and JBCT Programs
Source: *2021-22 Governor's Budget Estimate, Department of State Hospitals, January 2021*

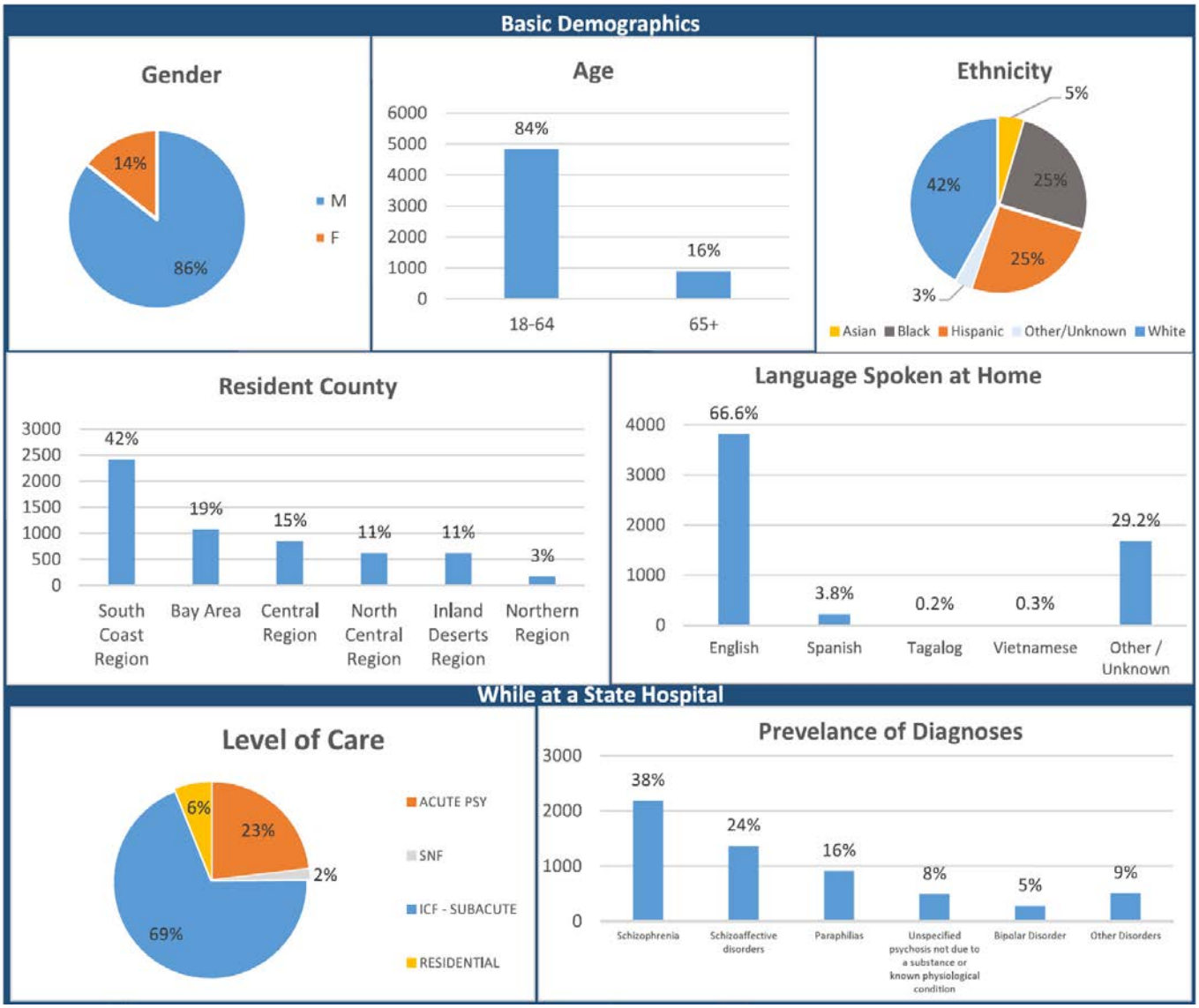


Figure 2: State Hospital Demographic Snapshot: All Commitment Types
Source: *2021-22 Governor's Budget Estimate, Department of State Hospitals, January 2021*

The five state hospitals operated by DSH are:

- **Atascadero State Hospital –** Located on the Central Coast in San Luis Obispo County, Atascadero is a self-contained psychiatric hospital with an all-male population primarily composed of OMD, *Coleman*, IST, and NGI patients. Atascadero has a licensed bed capacity of 1,275 beds.

- **Coalinga State Hospital** – Located in the Central Valley in Fresno County, Coalinga is a self-contained psychiatric hospital with an all-male population primarily composed of OMD, *Coleman*, and SVP patients. Coalinga has a licensed bed capacity of 1,500 beds.

- **Metropolitan State Hospital** – Located in Norwalk in Los Angeles County, Metropolitan is an "open" style campus within a security perimeter. Due to community concerns, a formal agreement with the City of Norwalk and the county sheriff prohibits Metropolitan from accepting patients charged with murder or a sex crime, or at high risk for escape. Metropolitan primarily serves LPS, IST, OMD, and NGI patients and has a licensed bed capacity of 1,106 beds.

- **Napa State Hospital** – Located in Napa County, Napa has an "open" style campus within a security perimeter. Napa primarily treats IST, NGI and LPS patients and has a licensed bed capacity of 1,418 beds.

- **Patton State Hospital** – Located in the town of Highland in San Bernardino County, Patton is an "open" style campus within a security perimeter operated by correctional officers from CDCR due to concerns from the surrounding community. Patton primarily serves LPS, IST, OMD, and NGI patients and has a licensed bed capacity of 1,287 beds.

Subcommittee Staff Comment. This is an informational item.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of the State Hospital system, including major inpatient categories, treatment programs, and significant organizational changes.

Issue 2: COVID-19 Pandemic – State Hospitals' Response

Oversight – COVID-19 Pandemic: State Hospitals' Response. The state of California, like much of the rest of the nation and the world, has been responding for more than a year to a pandemic outbreak of novel coronavirus (COVID-19), which causes respiratory illness with symptoms similar to the flu, including fever, cough, and shortness of breath. COVID-19 can also cause more severe respiratory illness, which may result in hospitalization and the need for mechanical ventilation or other critical medical interventions. The California Office of Emergency Services (CalOES), the Department of Public Health (DPH), and local health departments have been leading the public response to the pandemic, including mitigation strategies to slow the spread of COVID-19 such as stay-at-home orders and other restrictions, managing hospital and health system surge capacity, COVID-19 testing capacity and logistics, contact tracing of confirmed cases and contacts, and the distribution and administration of two recently approved COVID-19 vaccines.

Due to high rates of COVID-19 transmission in congregate settings, the State Hospital system implemented several infection control measures. Shortly after the Governor's shelter-in-place order was announced in March 2020, State Hospitals temporarily suspended nearly all patient admissions until May 2020. At that time, State Hospitals decreased inpatient census to allow the establishment of Admission Observation Units (AOUs) and isolation units. State Hospitals utilized AOUs to isolate new patients for 14 days, as well as newly positive patients during a COVID-19 outbreak. According to DSH, these measures reduced the State Hospitals' patient census by approximately nine percent, from 6,235 on March 1, 2020, to 5,724 on July 1, 2020.

In addition to the creation of AOUs and isolation units, DSH reports the State Hospitals have implemented the following additional protocols to prevent COVID-19 infection:

- Primary and secondary screening of all staff entering the hospitals
- AOUs to house newly admitted patients for a quarantine period
- Isolation units to separate COVID-19 positive patients from other patients
- Patient Under Investigation (PUI) units for patients suspected, but not confirmed positive
- Increased cleaning and sanitation protocols
- Limitation of movement of staff between quarantine and non-quarantine units
- Dedicated staff for isolation units
- Observation and auditing of staff compliance with infection control protocols
- Public health teams to perform contact tracing, testing, reporting and coordination with county public health departments
- Coordinating return to work functions for staff returning from COVID-19 related leave
- Provision of all meals on unit for high risk populations and quarantined units
- Suspension of all in-person patient visits and switch to virtual visitation experience

According to DSH, 1,859 patients and 1,910 staff have tested positive for COVID-19 since May 16, 2020. 55 patients have died since May 30, 2020. The positive patients and staff, as well as deaths by hospital/location are as follows:

- Atascadero – 212 positive patients, 232 positive staff, 1 patient death
- Coalinga – 501 positive patients, 410 positive staff, 20 patient deaths
- Metropolitan – 398 positive patients, 418 positive staff, 12 patient deaths
- Metro-Norwalk ACS – 8 positive staff
- Napa – 167 positive patients, 214 positive staff, 3 patient deaths
- Patton – 581 positive patients, 624 positive staff, 19 patient deaths
- Sacramento Headquarters – 4 positive staff

Subcommittee Staff Comment—This is an informational item.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of the State Hospitals' response to the COVID-19 pandemic, including the adoption of infection control protocols, changes to admissions, as well as cumulative case and mortality rates, and current vaccination rates of patients and staff.

2. Please provide a brief accounting of allocations, if any, of state or federal funding to DSH for pandemic related expenditures in 2019-20 and 2020-21 from the following sources: SB 89, DREOA, FEMA, the Coronavirus Relief Fund, CDC grant funding, or other federal funding sources.

Issue 3: COVID-19 Direct Response Expenditures

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $52 million in 2021-22. If approved, these resources would support response activities to the COVID-19 pandemic, primarily for staffing, supplies, testing, and logistics.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$51,982,000	$-
Total Funding Request:	**$51,982,000**	**$-**
Total Requested Positions:	**0.0**	**0.0**

Background. The state's response to the COVID-19 pandemic has required rapid deployment of state and federal resources to support a wide variety of activities designed to mitigate the spread of the virus, while maintaining vital services and protecting the most vulnerable Californians.

The Administration is requesting total General Fund expenditure authority of $1.8 billion to continue its response and mitigation of the impacts of the COVID-19 pandemic. $1.4 billion of this request is allocated specifically to several departments. The remaining $400 million would be allocated through the Disaster Response-Emergency Operations Account (DREOA), pursuant to proposed budget control section language included in this request. The specified allocations for each department or entity are as follows:

- **Department of Public Health (DPH)** – DPH requests General Fund expenditure authority of $820.5 million in 2021-22 for statewide testing efforts at the Valencia Branch testing laboratory, testing specimen collection through OptumServe, and other miscellaneous services and procurements related to testing.
- **Department of General Services (DGS)** – DGS requests General Fund expenditure authority of $84.4 million in 2021-22 for three key pandemic-related programs: 1) Hotels for Healthcare Workers, which provides hotel rooms to healthcare workers providing critical care to COVID-19 patients to help them avoid bringing the virus home; 2) Housing for the Harvest, which provides hotel rooms for agricultural workers to isolate safely if they are exposed to, or test positive for COVID-19; and 3) Project Hope, which provides hotel rooms to individuals released from prison that need to quarantine safely. This request also includes DGS' contract with FedEx for testing specimen transportation costs, which would be shifted to the DPH budget.
- **Department of Corrections and Rehabilitation (CDCR)** – CDCR requests General Fund expenditure authority of $281.3 million in 2021-22 to support the California Correctional Health Care Services' (CCHCS) efforts to treat COVID-19 and minimize exposure to inmates and staff through testing, vaccinations, medical surge capacity, and personal protective equipment (PPE).
- **Department of Veterans Affairs** – The Department of Veterans Affairs requests General Fund expenditure authority of $5.3 million in 2021-22 to continue efforts to mitigate impacts of the pandemic in veterans' homes. These resources would support enhanced cleaning protocols, testing of staff and residents, procurement of PPE and cleaning products, and procurement of thermometers and medical devices.

- **Department of Social Services (DSS)** – DSS requests General Fund expenditure authority of $5 million in 2021-22 for its Rapid Response Program to support entities that provide assistance and services to immigrants during emergent situations when federal funding is not available.
- **Department of State Hospitals (DSH)** – DSH requests General Fund expenditure authority of $52 million in 2021-22 to support staff costs for cleaning, staffing coverage, environmental projects, custody tasks, screening and isolation. The request also covers commodity purchases, such as PPE, sanitation supplies, changes in food service, as well as equipment for heating and air, filtration, and information technology solutions. In addition, though most testing costs would be shifting to DPH, DSH expects some costs from a contractor hired to work onsite to collect, process, and report staff testing results.
- **Board of State and Community Corrections (BSCC)** – BSCC requests General Fund expenditure authority of $12.1 million in 2021-22 to support county probation departments with increased number of individuals released from state prison on Post-Release Community Supervision to reduce institutional populations in response to the pandemic.
- **Department of Developmental Services (DDS)** – DDS requests General Fund expenditure authority of $36.7 million in 2021-22 for development of surge sites to serve consumers diagnosed with, exposed to, or at high risk of COVID-19. The funding would support an average of 25 beds each at Fairview and Porterville Developmental Centers for six months.
- **Governor's Office of Emergency Services (CalOES)** – CalOES requests General Fund expenditure authority of $119.7 million in 2021-22 to reimburse local governments for eligible costs associated with emergency activities undertaken in response to the COVID-19 pandemic.

According to the Administration, the remaining $400 million would be allocated through the DREOA process for statewide hospital and medical surge preparation, contact tracing, and emergency operations costs. The Administration indicates it would release the departmental allocations for these funds once additional information is available.

Department of State Hospitals – Resource Request. DSH requests total General Fund expenditure authority of $52 million in 2021-22 to support response activities to the COVID-19 pandemic, primarily for staffing, supplies, testing, and logistics. Specifically, DSH requests resources in the following three categories:

- Personal Services – DSH requests General Fund expenditure authority of $10.2 million in 2021-22 for staff time directly related to COVID-19 including cleaning, sanitization, staffing coverages, environmental projects, performing custody tasks, screening staff, and isolation staff. Of this amount, $2.5 million would support regular time for staff, while $7.7 million would support overtime. The request assumes half-year costs consistent with a December 31, 2021, end date for the public health emergency.
- Operating Expense and Equipment (OE&E) – DSH requests General Fund expenditure authority of $35.2 million in 2021-22 for commodity purchases of consumable and non-consumable items. Consumable items include personal protective equipment, sanitation supplies, food, and food supplies to support safer meal provision. Non-consumable items are related to modifications of existing space, new temporary space to support COVID-19 response activities, equipment, heating and air filters, and information technology solutions. Of this amount, $12.5 million would support commodity purchases, $300,000 would support service contracts, and $22.3 million would support other operating costs. The

request assumes half-year costs consistent with a December 31, 2021, end date for the public health emergency.

- Testing – DSH requests General Fund expenditure authority of $6.6 million for testing of patients and employees. According to DSH, although most testing would be shifting to the Department of Public Health's Valencia Branch Laboratory, some testing costs would continue to be borne by the State Hospitals. A contractor works onsite at all State Hospitals to collect, process, and report staff testing results. Patient testing is conducted by DSH staff and processed at contracted laboratories. Of this amount, $5.2 million would support testing of staff, while $1.4 million would support testing of patients. The request assumes half-year costs consistent with a December 31, 2021, end date for the public health emergency.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of the DSH-related components of this proposal.

Issue 4: State Hospitals Program and Caseload Updates

Program and Caseload Updates – Governor's Budget. DSH requests resources to support the following program and caseload updates in its Governor's Budget Estimate.

Program Update – Lanterman-Petris-Short (LPS) and Misdemeanor Incompetent to Stand Trial (MIST) Population and Personal Services Adjustment. LPS patients are individuals that require physically secure 24-hour care and are committed through civil court proceedings that determine the individual is a danger to themselves or others or suffers from a grave disability. LPS patients are discharged when their county of residence places them in a different facility, in independent living, or with family, or if a court removes the conservatorship. Counties reimburse state hospitals for the costs of treatment for LPS patients.

According to DSH, the focus of treatment for the LPS population is on psychiatric stabilization and psychosocial treatments to reduce the risk of danger to themselves or others and develop basic life skills to function optimally in a lower level of care in the community. In addition, patients may be admitted under Penal Code Section 1370.01 as misdemeanor incompetent to stand trial (MIST) and are reimbursed through the same reimbursement mechanism as LPS patients. In 2019-20, DSH had a budgeted LPS and MIST population of 741. DSH estimates a 2021-22 LPS and MIST population of 784.

DSH requests additional reimbursement expenditure authority of $8.1 million in 2021-22 and annually thereafter. This additional authority would allow DSH to have sufficient authority to accept the expected LPS and MIST caseload from county commitments.

Program Update – Metropolitan: Increased Secure Bed Capacity. DSH estimates a reduction of 120.6 positions and General Fund savings of $18.6 million in 2020-21 due to delays in the activation of newly secured units at Metropolitan State Hospital to provide increased capacity for the treatment of IST patients. The 2016 Budget Act included capital outlay construction funding to securely enclose existing patient buildings that previously housed civilly committed patients under the Lanterman-Petris-Short (LPS) Act. Once secured, the LPS patients currently housed in these units will be transferred to non-secured buildings elsewhere on the Metropolitan campus and allow for additional secured capacity for the treatment of IST patients currently in county jails awaiting state hospital treatment.

According to DSH, of the five units under construction, Unit 1 was activated September 23, 2019 and Unit 2 was activated on January 29, 2020. Units 3 and 4 were scheduled to be activated in November 2020 and Unit 5 in January 2021. Due to COVID-19 and further construction delays, all three units are now scheduled to be activated in July 2021. In the interim, these units are being used for AOUs and isolation units to allow isolation of newly admitted patients and existing patients testing positive for COVID-19.

Program Update – Enhanced Treatment Program (ETP) Staffing. DSH estimates a reduction of 30.1 positions and General Fund savings of $4.7 million in 2020-21 and 11.6 positions and $1.8 million in 2021-22 due to delayed completion of Enhanced Treatment Program (ETP) units at Atascadero and Patton State Hospitals. AB 1340 (Achadjian), Chapter 718, Statutes of 2014, authorized DSH to establish an ETP pilot project to expand the range of clinical treatment options for patients determined to be at the highest risk of dangerous behavior or violence against other patients or hospital staff and cannot be safely

treated in a standard treatment environment. According to DSH, the risk of violence against other patients or hospital staff imposes both a threat to health and safety, as well as a barrier to the effective treatment of other patients who may fear for their physical safety in a standard treatment environment with a potentially violent patient. The pilot project period extends approximately five years from the first patient admitted to the ETP and imposes certain requirements on admission and treatment within an ETP.

Patients are evaluated for admission to an ETP based on requirements contained in AB 1340. A patient referred to an ETP by state hospital clinical staff is assessed by a dedicated forensic psychologist within three business days to make an initial determination regarding the appropriateness of the referral. If the referral is appropriate, the patient is further assessed by a panel comprised of a state hospital medical director, psychiatrist, and psychologist to certify admission to the ETP within seven days of the original referral. Upon admission, a forensic needs assessment team psychologist conducts a violence risk assessment and develops a treatment plan in writing and, if possible, with the collaboration of the patient. The treatment plan, which must be reviewed and updated every ten days, must include information about the patient's mental health status and diagnoses, prescribed medications, goals of treatment, planned interventions and methods, documentation of success in meeting objectives, evaluation of the factors contributing to or detracting from the patient's progress, an activity plan, plans for other services needed by the patient, discharge criteria, goals for an aftercare plan in a standard treatment environment upon discharge, and a plan for post-discharge follow up.

In addition to the admission and treatment criteria, each ETP has specified staff-to-patient ratios, housing and facility requirements, and accessibility requirements. Each ETP is also required to maintain an independent patients' rights advocate to provide advocacy services to patients admitted to an ETP.

According to DSH, various code issues and COVID-19 cases led to delayed completion of Atascadero Unit 29 until December 2020. Construction on Atascadero Units 33 and 34 was suspended temporarily due to COVID-19, with an expected resumption date of July 2021 and an expected completion date of February 2022. Construction of Patton Unit U-06 was also suspended due to COVID-19. DSH expects to resume fire sprinkler installation on Patton Unit U-06, which was in progress when construction was suspended, in July 2021. The remaining construction would resume January 2022 with expected completion in May 2022. The expected construction timelines are as follows:

Units/Hospital	Construction Initiated (Scheduled)	Construction Completion (Scheduled)
DSH-Atascadero Unit 29	September 24, 2018	December 2020
DSH-Atascadero Unit 33	July 2021	February 2022
DSH-Atascadero Unit 34	July 2021	February 2022
DSH-Patton Unit U-06	July 2021	May 2022

Program Update – Vocational Services and Patient Minimum Wage Caseload. DSH estimates General Fund savings of $100,000 in 2020-21 due to lower than expected referrals to its Vocational Rehabilitation Program. This program serves as a therapeutic program to provide a range of vocational skills and therapeutic interventions for patients, including the development of social, occupational, life, and career skills, and confidence. Patients are paid an hourly wage for the work performed in the following jobs: custodial, kitchen worker, product assembler, laundry attendant, landscaper, painter, plumbing, barber, horticulture, multimedia production, peer mentor, office clerk, and repair technician.

The 2019 Budget Act included $3.2 million annually to implement a uniform wage structure for the DSH Vocational Rehabilitation Program, paying participants at the federal minimum wage. DSH estimates of General Fund savings in 2020-21 are due to the reduction in referrals to the program, as well as restrictions on patient work due to COVID-19.

Program Update – Mission Based Review: Direct Care Nursing. DSH reports no change in positions or General Fund expenditures compared to the 2020 Budget Act for staffing changes to implement methodologies to provide appropriate 24-hour nursing care, administration of medication, and an afterhours nursing supervisory structure. The 2019 Budget Act included a total of 379.5 positions and General Fund expenditure authority of $46 million, phased in over three years, to implement the direct care nursing staffing methodology changes. Due to the pandemic-induced recession, and resulting General Fund deficit, the 2020 Budget Act shifted these resources to be phased in across a longer time frame. DSH reports the following updates to the phase in of positions:

- Medication Pass Psychiatric Technicians – The 2019 Budget Act included 335 positions for medication pass staffing. The 2020 Budget Act adjusted the positions to be phased-in over five years. As of November 2020, 51.5 positions have been established and 51.5 positions have been filled.
- Afterhours Supervising Registered Nurses – The 2019 Budget Act included 44.5 positions for afterhours nursing supervision. The 2020 Budget Act adjusted these positions to be phased-in over two years. As of November 2020, nine positions have been established and nine positions have been filled, with an additional four positions administratively established to be made permanent under the phased in position authority in the 2021-22 fiscal year.

In addition to phasing in positions, the 2019 Budget Act reallocated position authority between hospitals to provide the appropriate level of staffing needs for each hospital. As of November 2020, the status of hospital position shifts are as follows:

- Atascadero – 112.0 positions have shifted of 132.0 proposed
- Coalinga – 55.0 positions shifted out of 76.1 proposed
- Patton – 27.4 positions shifted out of 27.4 proposed
- Metropolitan – Gain of 142.5 positions once proposed shifts are complete
- Napa – Gain of 93.0 positions once proposed shifts are complete

The 2019 Budget Act also authorized temporary help position authority equivalent to 254.0 positions to support intermittent staffing needs. DSH reports the combination of permanent positions, temporary help, and overtime will allow all hospitals to meet 100 percent of their staffing needs.

Program Update – Workforce Development for Psychiatric Residency Programs and Psychiatric Technicians. DSH estimates General Fund savings of $425,000 in 2020-21 related to delays in workforce development programs for psychiatry residents, nursing staff, and psychiatric technicians. The 2019 Budget Act included eight positions and General Fund expenditure authority of $1.8 million in 2019-20, $2.2 million in 2020-21, $2.4 million in 2021-22 and 2022-23, and $2.6 million annually thereafter to implement a Psychiatric Residency Program and expand resources for nursing recruitment. DSH expected four residents would have been recruited in July 2020. However, the implementation of the program has been delayed until July 2021. DSH expects one-time General Fund savings of $239,000 due to this delay,

as well as a delay in recruitment of an Assistant Program Director. Delays in programs for nursing and psychiatric technician recruitment will result in one-time General Fund savings of $186,000.

Program Update – Mission-Based Review: Court Evaluations and Reports. DSH estimates General Fund savings of $314,000 in 2020-21 related to delays in filling positions to support court evaluation and report workload. The 2019 Budget Act included 94.6 positions and General Fund expenditure authority of $40.2 million over three years to support forensic services workload associated with court-directed patient treatment. Due to the COVID-19 pandemic, the 2020 Budget Act shifted some of these resources and positions to be phased in across a four-year period. According to DSH, the categories of positions for which savings are expected are as follows:

- Evaluations, Court Reports and Testimony – 20.8 positions have been established out of a total of 53.1 proposed to be phased in for evaluations of patients, court reports, and testimony. 19.8 positions have been filled, resulting in General Fund savings of $76,000 in 2020-21.
- Forensic Case Management and Data Tracking – 6.5 positions have been established out of a total of 16.3 positions proposed to be phased in for forensic case management and data tracking. 5.5 positions have been filled, resulting in General Fund savings of $39,000 in 2020-21.
- Neuropsychological Service – Thirteen positions have been established out of a total of 25.2 positions proposed to be phased in for conducting neuropsychological assessments and implementing a cognitive remediation pilot program. Ten positions have been filled, resulting in a General Fund savings of $199,000 in 2020-21.

Program Update – Mission Based Review: Treatment Team and Primary Care. DSH requests ten positions to support its Clinical Operations Advisory Council (COAC). In 2020-21, DSH proposed changes to its staffing methodologies for its treatment and primary care teams, including a total of 250.2 positions and General Fund expenditure authority of $64.2 million over a five year period. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act only included 12.5 positions and General Fund expenditure authority of $5 million in 2020-21 and 30 positions and General Fund expenditure authority of $10 million annually thereafter to support implementation of these staffing changes.

According to DSH, the 2020 Budget Act positions and resources required a prioritization on implementation of its clinical executive structure and partial implementation of primary care positions, with the remaining components delayed pending further resources. In addition, DSH administratively established ten positions to support its Clinical Operations Advisory Council (COAC), an interdisciplinary leadership team of clinicians responsible for developing best practices that can be standardized and deployed system-wide. This request would allow DSH to make the positions supporting the COAC permanent.

Program Update – Mission Based Review: Protective Services. DSH requests 12 positions annually to support hospital police officers to provide protective services in the State Hospitals. In 2020-21, DSH proposed a new staffing standard to support protective services functions including 46.3 positions and General Fund expenditure authority of $7.9 million in 2020-21, and 47.8 positions and General Fund expenditure authority of $13.4 million annually thereafter. However, due to the pandemic induced recession and resulting General Fund shortfall, the 2020 Budget Act included no positions or expenditure authority for this purpose.

According to DSH, the Department of Finance authorized the use of overtime to administratively establish positions and utilize its overtime budget to support twelve hospital police officer positions in 2020-21. This requests seeks to permanently establish authority for those positions and redirect the overtime resources to support the permanent staff costs. As a result, the request is for position authority only and no additional expenditure authority. The position request includes one position at Atascadero, seven positions at Napa, and four positions at Metropolitan.

Program Update – Telepsychiatry Resources. DSH estimates a reduction of 6.5 positions and General Fund savings of $911,000 in 2020-21 due to delays in filling positions authorized to support telepsychiatry services for patients. The 2019 Budget Act included eleven positions and General Fund expenditure authority of $2.2 million in 2019-20 and 21 positions and General Fund expenditure authority of $3.7 million annually thereafter for the telepsychiatry expansion. According to DSH, the seven positions allocated to Atascadero were never filled due to more recent success in hiring on-site psychiatrists. As a result, these positions were shifted to Coalinga, for a total of 13 allocated positions. DSH reports only three positions have been filled, resulting in General Fund savings of $570,000 in 2020-21. In addition, Napa has filled three of its five allocated positions, resulting in General Fund savings of $114,000 in 2020-21. DSH also reports a Senior Psychiatrist Supervisor in the Sacramento headquarters, authorized to provide oversight and guidance to the telepsychiatry program, is currently vacant resulting in General Fund savings of $445,000 in 2020-21.

Caseload Update: Forensic Conditional Release Program (CONREP) – General/Non-Sexually Violent Predator (Non-SVP) Program. The Forensic Conditional Release Program (CONREP) was established in 1986 and provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. The CONREP population includes patients committed to state hospitals as Not Guilty by Reason of Insanity (NGI), Offenders with a Mental Health Disorder (OMD), and felony Incompetent to Stand Trial (IST). After one year, a court hearing determines if the patient will continue in the program, be sent back to DSH, or be released.

According to DSH, when a patient is discharged to CONREP, the goal is to provide an independent living environment in the least restrictive setting. However, if the patient has not demonstrated the ability to live in the community without direct staff supervision, the patient is referred to a Statewide Transitional Residential Program (STRP), a resource used by CONREP to provide patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision.

DSH requests General Fund expenditure authority of $1.2 million in 2021-22 and annually thereafter to fund its contracted CONREP caseload of 810 clients. DSH reports its county CONREP providers have negotiated salary increases for staff through collective bargaining contracts, resulting in increased costs for operation of the program. These resources would allow DSH to support its CONREP population.

Caseload Update – Forensic CONREP: Sexually Violent Predator (SVP) Program. Beginning in 1996, Sexually Violent Predators (SVP) were added to the CONREP population and are conditionally released to their county of domicile by court order with sufficient funding to provide treatment and supervision services. According to DSH, the CONREP-SVP program offers patients direct access to an array of mental health services with a forensic focus, as well as regularly scheduled sex offender risk

assessments, polygraph testing, and review of Global Position System (GPS) data and surveillance. DSH estimates a total caseload of 21 SVPs will be conditionally released into the community by June 30, 2022. Currently, there are 16 current participants in the CONREP-SVP program and less than eleven individuals with court-approved petitions for release into the program who are awaiting placement. (Due to de-identification guidelines for protected health information, DSH does not refer to numbers of individuals less than eleven). DSH is not requesting additional resources or positions for its CONREP-SVP program.

Program Update – Forensic CONREP Continuum of Care: Step-Down Transitional Program. DSH requests 0.3 positions and estimates General Fund savings of $6.6 million in 2020-21 and 0.5 positions and expenditure authority of $7.3 million annually thereafter. If approved, these positions and resources would support expansion of the CONREP Continuum of Care step-down program. The 2019 Budget Act included $5.1 million in 2019-20 and $11 million in 2020-21 to establish a 78 bed step-down program for patients ready to participate in CONREP in 18 to 24 months. DSH has identified a facility in Southern California owned and operated by a private contractor with experience working with the CONREP population and a strong interest in increasing capacity to serve clients with behavioral health challenges. The 2020 Budget Act assumed activation of this facility and patient admissions would begin in August 2020. However, regulatory approvals and other delays due to the COVID-19 pandemic have resulted in an estimated completion of construction by April 2021, depending on regulatory approvals. DSH estimates General Fund savings from this delay of $9.8 million in 2020-21.

DSH reports during the COVID-19 pandemic, its need to expand the availability of beds for patients referred to State Hospitals resulted in execution of an emergency contract with a facility in Northern California for 10 beds for treatment of state hospital patients ready for step-down into a CONREP program in 18 to 24 months. The Northern California facility was activated in July 2020 and is currently interviewing and evaluating patients for admission. DSH also reports the facility has expressed interest in expanding to a 20 bed program in 2021-22. DSH utilized the one-time savings from delayed activation of the Southern California step-down facility to support $1.7 million of General Fund costs to support the activation of the 10 bed Northern California facility. DSH requests General Fund expenditure authority of $3.6 million in 2021-22 and annually thereafter to expand the Northern California facility to 20 beds.

DSH reports it is also in negotiations with a 20 bed Mental Health Rehabilitation Center (MHRC) in Northern California to provide timely access for evaluation and treatment of individuals referred as incompetent to stand trial (IST). DSH expects program activation to occur in February 2021, and plans to utilize the one-time savings from the delayed activation of the Southern California step-down facility to support $1.5 million of General Fund costs to support the new 20 bed MHRC in 2020-21. DSH requests General Fund expenditure authority of $3.6 million in 2021-22 and annually thereafter to support the full-year costs of the 20 bed IST program at the Northern California MHRC.

DSH also requests **0.5 Staff Services Manager I, Specialist** position to serve as project manager for these positions. The position would be established January 1, 2021, resulting in augmentation of 0.3 position in 2020-21 and 0.5 position annually thereafter.

Program Update – Jail-Based Competency Treatment (JBCT) Programs and Admission, Evaluation, and Stabilization (AES) Center. DSH reports net General Fund savings of $3.2 million in 2020-21 composed of one-time cost savings of $2.2 million for COVID-19 pandemic related delays in activation of additional beds at the Kern Admission, Evaluation, and Stabilization (AES) Center, and

$960,000 for delayed activation of a jail-based competency treatment (JBCT) program in Calaveras County. DSH also requests General Fund expenditure authority of $62,000 in 2021-22 and annually thereafter to support travel reimbursement for a contracted mobile psychologist who will travel to multiple JBCT locations to deliver services. DSH contracts with county jail facilities to provide restoration of competency services in JBCT programs, treating IST patients with lower acuity and that are likely to be quickly restored to competency. DSH expects these programs to increase bed capacity by 427 in 2020-21 and 483 in 2021-22.

DSH also requests General Fund expenditure authority of $785,000 in 2020-21 and $6.3 million in 2021-22 and annually thereafter to support the proposed activation of new JBCT programs. DSH proposes: 1) a December 2020 activation of an eight bed JBCT program in a Southern California county; 2) a July 2021 activation of a six bed and a 12 bed JBCT program in a Central California county, and a five bed JBCT program in a Northern California county; and 3) a July 2021 activation of three small county JBCT programs with flexible bed counts to support local needs. According to DSH, the cost estimate is based on an expected per diem rate of $420 per patient.

DSH is also requesting General Fund expenditure authority of $3,000 in 2020-21, and $22,000 in 2021-22 and annually thereafter to support patients' rights advocates. Existing law requires patients' rights advocates to provide advocacy services for, and conduct investigations of alleged or suspected abuse and neglect of, including deaths of, persons with mental disabilities residing in state hospitals. According to DSH, these requirements include patients in JBCT programs. If approved, these resources would allow for 0.6 patients' rights advocate based on a 60 patient caseload for each advocate and an expected expanded JBCT caseload of 34 patients.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding these items open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of each of the program updates referenced in this item.

Issue 5: Incompetent to Stand Trial (IST) Diversion Program Expansion and Reappropriation

Local Assistance and Reappropriation – Governor's Budget. DSH requests three positions and General Fund expenditure authority of $47.6 million in 2021-22 and $1.2 million in 2022-23. If approved, these positions and resources would allow DSH to expand its community-based diversion program for individuals with potential to be determined incompetent to stand trial on felony charges.

DSH also requests reappropriation of up to $8 million of General Fund expenditure authority previously authorized in the 2018 Budget Act. If approved, this reappropriation would allow DSH to provide additional funding to county diversion programs until June 30, 2020, and to liquidate all funding to counties through June 30, 2024.

Program Funding Request Summary – Local Assistance Funding		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$47,584,000	$1,230,000
Total Funding Request:	**$47,584,000**	**$1,230,000**

Background. The 2018 Budget Act included General Fund expenditure authority of $100 million, available for encumbrance and expenditure until 2022-23, to establish an IST Diversion Program, which would contract with counties to serve individuals with serious mental illnesses with potential to be determined to be incompetent to stand trial (IST) on felony charges. The program prioritized $91 million of funding for these programs in the 15 counties with the highest referrals of ISTs to DSH in 2016-17, including Alameda, Contra Costa, Fresno, Kern, Los Angeles, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Santa Clara, Solano, Sonoma, and Stanislaus. These counties were not required to submit a competitive application. In May 2020, Stanislaus County chose not to participate due to COVID-19 related economic issues and lack of other county resources to establish the program.

Of the remaining funding, $8.5 million was made available to other counties under a competitive funding process. In June 2019, DSH awarded funding to the following counties: Del Norte, Marin, Placer, San Francisco, San Luis Obispo, Santa Cruz, and Yolo. In November 2019, DSH awarded a second round of funding to Humboldt, San Mateo, Siskiyou, and Ventura counties.

According to DSH, it used the following assumptions for establishing grant awards for each county:

- 20 to 30 percent of the three-year average of a county's felony IST referrals would be eligible for diversion.
- A three-year allocation rate of $142,000 per estimated diversion client would determine maximum funding.
- Counties must submit a program implementation plan detailing program housing and services, stablish a contract with DSH, and report data on a quarterly basis.

The funding status, population, and program start date for each county are as follows:

IST Diversion Program – County Program Status (December 2020)			
County	***Funding***	***Population (Capacity)***	***Program Start Date***
Del Norte	$426,000	9	6/1/2020
Humboldt	$979,800	23	7/1/2020
Kern	$7,891,400	56	1/13/2020
Los Angeles	$25,864,100	200	3/1/2019
Marin	$531,476	12	6/12/2020
San Bernardino	$7,464,800	53	1/1/2020
San Diego	$3,328,000	30	10/27/2020
San Francisco	$2,300,400	30	7/1/2020
San Luis Obispo	$1,278,000	9	8/20/2019
Santa Barbara	$2,644,500	18	9/22/2020
Santa Clara	$2,840,000	20	7/1/2020
Santa Cruz	$1,362,536	45	10/1/2020
Sonoma	$3,839,100	27	1/1/2020
Alameda	$3,114,100	22	Winter 2021
Contra Costa	$3,114,100	22	Winter 2021
Fresno	$5,843,700	42	Winter 2021
Placer	$1,065,000	21	Winter 2021
Sacramento	$4,478,900	32	Winter 2021
Ventura	$2,428,200	18	Winter 2021
Yolo	$1,100,000	8	Winter 2021
San Mateo	$835,757	12	TBD
Riverside	$6,910,100	48	TBD
San Joaquin	$2,986,000	21	TBD
Siskiyou	$194,000	40	TBD
Solano	$3,242,300	23	TBD
TOTAL	**$96,062,269**	**841**	

According to DSH, as of June 30, 2020, 144 individuals have been diverted to a county run diversion program, and the department is collecting data to evaluate the success of these programs. DSH reports it has provided technical assistance and training opportunities to counties participating in the program, including: 1) appropriate medications and psychopharmacology considerations for prescribers in diversion programs; 2) how to use risk assessments to inform client treatment plans; and 3) case plan review sessions with DSH, county, and external experts to assist evaluations of more difficult cases. DSH also reports it has partnered with the Department of Health Care Services and the California Institute for Behavioral Health Solutions to provide additional trainings to counties across the state.

Staffing and Resource Request. DSH requests three positions and General Fund expenditure authority of $47.6 million in 2021-22 and $1.2 million in 2022-23 to expand the IST Diversion Program. These resources would support expansion of existing programs to new clients, as well as establishing programs in new counties. DSH would utilize the same maximum funding criteria to expand to new counties as was used previously, including the 20 to 30 percent calculation of three-year felony IST referrals multiplied by the $142,000 three-year allocation. For existing counties, DSH assumes additional funding would support a ten to 20 percent increase in clients served. DSH expects $29 million would support 33

new county programs serving as many as 204 new clients, and $17.4 million would support expansion of 25 existing county programs to serve 123 new clients.

In addition to increased expenditure authority for county grants, DSH requests three positions and General Fund expenditure authority of $560,000 for five years to support administration of the expanded program. Specifically, DSH requests **one Senior Psychologist (Supervisory)**, **one Staff Services Manager II (Specialist)**, and **one Associate Governmental Program Analyst**. These positions would review county proposals, provide technical assistance, consult on measuring program effectiveness and compliance, manage contract negotiations and fiscal reporting, and provide policy expertise to DSH on diversion.

In addition, DSH is requesting General Fund expenditure authority of $2.5 million over five years to support a research contract with the University of California, Davis to support data collection and analysis from county programs. DSH also requests General Fund expenditure authority of $100,000 over five years to contract with national experts to provide technical assistance and training to counties implementing diversion programs.

Reappropriation Request. In addition to the request for new positions and resources, DSH requests reappropriation of up to $8 million of General Fund expenditure authority approved in the 2018 Budget Act. DSH reports one county declined to participate, two counties contracted for less than the maximum available funding, and other counties may be at risk of not participating or contracting for less than the maximum available funding. As a result, DSH requests this reappropriation of funding to allow DSH to encumber any remaining contract funding through June 30, 2022, and to liquidate all funding to existing counties through June 30, 2024.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 6: Los Angeles Community-Based Restoration Program Expansion

Local Assistance – Governor's Budget. DSH requests General Fund expenditure authority of $9.8 million in 2020-21, one position and General Fund expenditure authority of $4.5 million in 2021-22 and $5 million annually thereafter. If approved, these positions and resources would allow DSH to expand the Los Angeles Community-Based Restoration Program.

Program Funding Request Summary – Local Assistance Funding		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$4,503,000	$4,978,000
Total Funding Request:	**$4,503,000**	**$4,978,000**

* Additional fiscal year resources requested – 2020-21: $9,758,000. Resources ongoing after 2022-23.

Background. The 2018 Budget Act included General Fund expenditure authority of $15.6 million annually to support a partnership with Los Angeles County to establish community mental health treatment programs for individuals determined incompetent to stand trial (IST). According to DSH, the Los Angeles community-based restoration (CBR) program has expanded IST treatment options with a continuum of care comprised of 150 beds in three different types of placements: residential facilities with clinical and supportive services, locked Institutes for Mental Disease (IMD) or mental health rehabilitation centers, or locked acute psychiatric hospitals. The average length of stay for a patient in a CBR program is approximately 12 months.

The Los Angeles CBR program includes a clinical navigation team to stabilize patients on medications and prepare them for community placement. The team provides support in obtaining social and other services, such as Supplemental Security Income, substance use disorder services, primary care, care management, and specialty mental health services. According to DSH, the availability of programs like the Los Angeles CBR program helps alleviate the wait list of individuals determined IST pending placement into a State Hospital or jail-based competency treatment program. DSH reports the IST wait list was 1,306 patients as of November 30, 2020.

Staffing and Local Assistance Request. DSH requests General Fund expenditure authority of $9.8 million in 2020-21, one position and General Fund expenditure authority of $4.5 million in 2021-22 and $5 million annually thereafter to expand the Los Angeles CBR Program, both within Los Angeles and to other counties. According to DSH, the proposed local assistance resources would expand capacity by up to 200 beds in Los Angeles County in 2020-21 and up to 50 beds in additional counties in 2021-22. DSH indicates the scope of this request may be updated at May Revision to reflect additional counties identified to participate in the Community Care Demonstration Project for ISTs (CCDP-IST), which DSH has also proposed in the budget (see *Issue 7: Community Care Demonstration Project for Felony Incompetent to Stand Trial*).

In addition to the local assistance resources, DSH requests **one Staff Services Manager II** position to support implementation and ongoing management of the new and existing CBR programs. DSH also requests $20,000 for travel expenses and $40,000 for a contract with experts to provide technical assistance and training to counties implementing a CBR program.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 7: Community Care Demonstration Project for Felony Incompetent to Stand Trial

Budget Change Proposal and Trailer Bill Language – Governor's Budget. DSH requests four positions and General Fund expenditure authority of $233.2 million in 2021-22 and $136.4 million annually thereafter to establish the Community Care Demonstration Project for Felony Incompetent to Stand Trial (IST), which would contract with counties to provide a continuum of services to felony ISTs in the county instead of the State Hospitals. DSH also proposes trailer bill language to implement the program.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$233,187,000	$136,437,000
Total Funding Request:	**$233,187,000**	**$136,437,000**
Total Requested Positions:	**4.0**	**4.0**

* Positions and resources ongoing after 2022-23.

Background. The State Hospitals system admits individuals determined to be incompetent to stand trial (IST) under Section 1370 of the Penal Code, typically for felony offenses, and provides clinical and medical services to restore these individuals to competency. Because of capacity constraints within the state hospital system, 1,306 individuals in the IST population are housed in county jails because they are awaiting placement into a state hospital bed or jail-based competency program. This backlog, which has grown significantly in the last year due to the COVID-19 pandemic, places operational and fiscal stress on county jails and may violate the rights of individuals in custody for longer than a reasonable time to evaluate their potential for restoration to competency.

Incompetent to Stand Trial Referrals. Under California law "[a] person cannot be tried or adjudged to punishment or have his or her probation, mandatory supervision, post-release community supervision, or parole revoked while that person is mentally incompetent." IST patients are referred to DSH under Section 1370 of the Penal Code if a court has determined they are unable to understand the nature of criminal proceedings or assist counsel in their defense. IST patients receive competency-based treatment and are returned to court once able to participate in court proceedings. If a defendant's attorney raises concerns about his or her competency to stand trial, the judge in the case may order a mental health evaluation by a psychiatrist or clinical psychologist. If the evaluation finds substantial evidence the defendant is incompetent, a competency hearing is scheduled with additional expert testimony and an opportunity for the defendant to respond to or refute the findings of the evaluation. If the court finds a defendant incompetent to stand trial, the local community health director determines whether the defendant is best treated in a local facility, an outpatient facility, or at a state hospital. Misdemeanants are typically treated in an outpatient setting or released, while felonies are typically referred for treatment at a state hospital. If a bed is not available in a state hospital, the defendant remains in the custody of the county until a bed becomes available. Capacity constraints in the state hospital system have resulted in ongoing backlogs of defendants deemed IST in county jails for extended periods awaiting treatment.

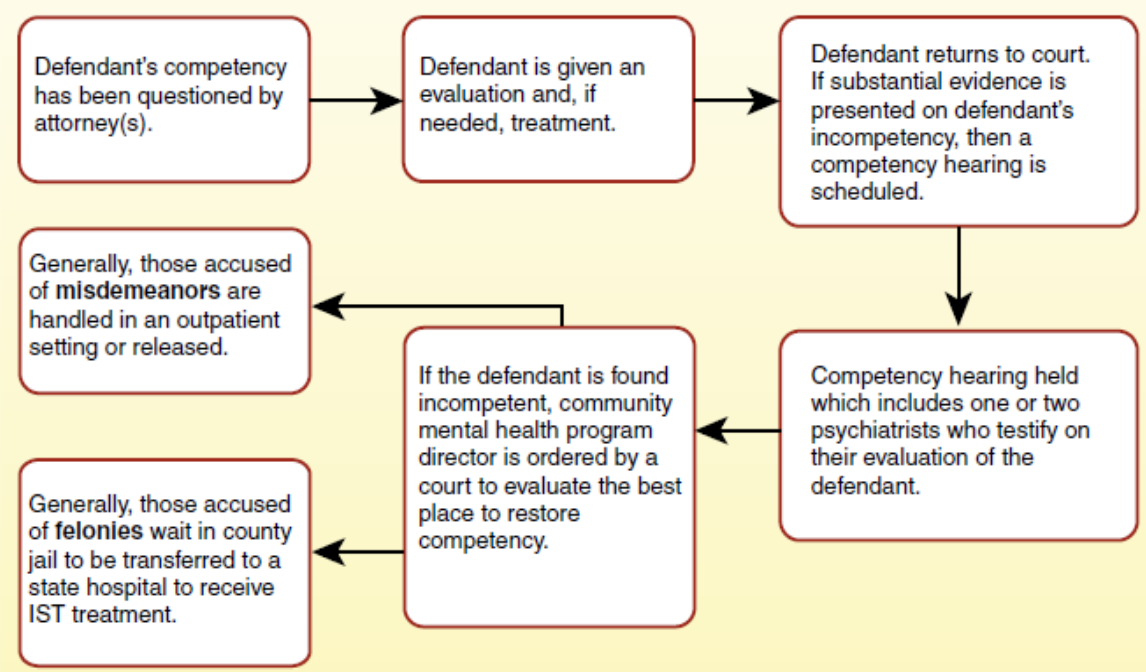


Figure 1: Incompetent to Stand Trial Commitment Process
Source: *"An Alternative Approach:Treating the Incompetent to Stand Trial", Legislative Analyst's Office, Jan 2012*

Long-Standing Issues with IST Backlog. Since the 2007-08 fiscal year, the backlog of IST referrals awaiting treatment in state hospitals has grown from between 200 and 300 to 1,306 as of November 2020. In 1972, the United States Supreme Court found in *Jackson v. Indiana* that a person committed on account of his or her incapacity to proceed to trial cannot be held for longer than the reasonable period of time necessary to determine whether the individual is likely to attain capacity. California law requires state hospital or outpatient facility staff to report to the court within 90 days on the status of the defendant's restoration to competency. Based on this 90 day requirement, several court rulings have recommended that a "reasonable" time to transfer IST patients for treatment is no more than 30 to 35 days. Many IST patients remain in county custody for longer, which may violate these patients' due process rights. In addition, the housing of IST patients in county jails while they await availability of treatment beds in state hospitals places stress on county jail systems.

Administration Proposals to Increase IST Capacity in State Hospitals. Over recent years, the Administration has proposed a series of projects to expand capacity in State Hospitals for the treatment of IST patients. These proposals were in response to the growing backlog of IST patients in county jails over the last ten years. These proposals include: 1) expansion of secured bed capacity at Metropolitan State Hospital to treat IST patients; 2) expansion of existing jail-based competency treatment programs and implementation of new programs; and 3) activation of OMD bed capacity at Coalinga State Hospital to allow transfer from other secured units to provide treatment space for IST patients in other hospitals.

2018 Budget Act - IST Community-Based Diversion Program. The 2018 Budget Act included General Fund expenditure authority of $100 million, available for encumbrance and expenditure until 2022-23, to establish an IST Diversion Program, which would contract with counties to serve individuals with serious mental illnesses with potential to be determined to be incompetent to stand trial (IST) on felony charges.

The program prioritized $91 million of funding for these programs in the 15 counties with the highest referrals of ISTs to DSH in 2016-17, including Alameda, Contra Costa, Fresno, Kern, Los Angeles, Riverside, Sacramento, San Bernardino, San Diego, San Joaquin, Santa Barbara, Santa Clara, Solano, Sonoma, and Stanislaus. These counties did were not required to submit a competitive application. In May 2020, Stanislaus County chose not to participate due to COVID-19 related economic issues and lack of other county resources to establish the program.

Of the remaining funding, $8.5 million was made available to other counties under a competitive funding process. In June 2019, DSH awarded funding to the following counties: Del Norte, Marin, Placer, San Francisco, San Luis Obispo, Santa Cruz, and Yolo. In November 2019, DSH awarded a second round of funding to Humboldt, San Mateo, Siskiyou, and Ventura counties. The budget includes a request for General Fund expenditure authority to expand the IST diversion program (see *Issue 5: Incompetent to Stand Trial (IST) Diversion Program Expansion and Reappropriation*).

Staffing and Resource Request – Community Care Demonstration Project for Felony IST. DSH requests four positions and General Fund expenditure authority of $233.2 million in 2021-22 and $136.4 million annually thereafter to establish the Community Care Demonstration Project for Felony Incompetent to Stand Trial (CCPD-IST), which would contract with counties to provide a continuum of services to felony ISTs in the county instead of the State Hospitals. DSH also proposes trailer bill language to implement the program.

Under the CCPD-IST program, DSH would contract with several counties of various sizes that would assume full responsibility for the treatment and restoration of felony IST defendants beginning as soon as July 1, 2021. Once the contract is implemented, any felony IST defendant pending placement and any newly committed felony IST defendants thereafter would be directed to the participating county for treatment and competency restoration in the county's continuums of care. DSH would provide funding to counties equivalent to the average cost of treatment for an IST patient in a State Hospital bed (currently $699 daily bed rate at an average length of stay of 155 days, for a total of $108,345 per patient). Counties would still have access to beds in State Hospitals for IST patients that are not suitable for community treatment in the county, but the county would be charged 150 percent of the DSH daily bed rate for each day used. According to DSH, this premium charge would provide an incentive to counties to only refer the highest acuity patients that cannot be treated by county programs.

DSH assumes a continuum of treatment settings would be required to serve the felony IST population and counties would need time to develop this capacity. These settings would include: 1) county operated jail treatment programs, 2) acute inpatient psychiatric beds, 3) Institution for Mental Disease (IMD) and Mental Health Rehabilitation Center (MHRC) beds, 4) unlocked residential beds with onsite treatment services, and 5) access to State Hospital beds for individuals who need the highest level of care. DSH reports it utilized a RAND Corporation research report and actual admission rates to estimate the percentage of current IST referrals that would require a State Hospital level of care and the percentage that could be safely treated in a less restrictive setting in the community. DSH estimates 68 percent of IST referrals could be safely treated in the community and, of the remaining 32 percent, approximately ten percent would require care in a jail-based competency treatment program. Utilizing these percentages, DSH estimates the following distribution by treatment setting under the CCPD-IST program:

IST Population – Percent Distribution by Treatment Setting (Annual)		
Treatment Setting	**Percentage**	**Annual Patients**
Community Care Continuum, including:	**78 percent**	**971**
- Community Care Treatment	*68 percent*	*851*
- Jail-Based Treatment	*10 percent*	*120*
State Hospital	**22 percent**	**281**
TOTAL	**100 percent**	**1,252**

DSH expects to contract with counties sufficient to treat 1,252 individuals annually. In addition, DSH expects one-time costs for treating 460 individuals currently on the IST wait list pending placement, as well as one-time program implementation costs of $35 million to support building capacity infrastructure. DSH also expects one-time costs of $11.9 million for the costs of care for IST defendants already receiving treatment through an expansion of the Community-Based Restoration program prior to activation of the CCDP-IST.

For administration of the program, DSH requests four positions and General Fund expenditure authority of $753,000 annually to support implementation, monitoring, and evaluation activities. Specifically, DSH is requesting **one Consulting Psychologist, one Health Program Manager III** position, **one Research Data Analyst II** position, and **one Staff Services Analyst.** DSH is also requesting $45,000 for travel costs for county outreach and $60,000 to contract with national experts for consultation and training.

According to DSH, the 2021-22 costs of the program would be as follows:

2021-22 Costs	Patients	Rate	Totals
Baseline County Treatment	1,252 patients	$108,345	$135,684,055
One-Time Waitlist Treatment Cost	460 patients	$108,345	$49,838,700
One-Time Program Implementation			$35,000,000
One-Time County Program Expansion Transfer			$11,911,000
DSH Administration Support			$753,000
TOTAL 2021-22 FUNDING			**$233,186,755**

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

2. How would this program interact with the previous IST Diversion Program and Los Angeles Community-Based Restoration Program authorized in the 2018 Budget Act, and proposed for expansion in the current budget?

3. How is DSH coordinating with other state departments and entities, including Medi-Cal and the Mental Health Services Oversight and Accountability Commission, as well as county behavioral health programs, to coordinate other state and local resources and infrastructure that would be needed to address the needs of this population at the community level?

4. Please describe how the incentives for counties would work to promote interventions prior to felony justice involvement.

Issue 8: Conditional Release Program – Mobile Forensic Assertive Community Treatment Team

Local Assistance – Governor's Budget. DSH requests two positions and General Fund expenditure authority of $5.6 million in 2021-22 and $8 million annually thereafter. If approved, these positions and resources would allow DSH to implement a mobile treatment team for CONREP services based on the forensic assertive community treatment (FACT) model of care.

Program Funding Request Summary – Local Assistance Funding		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$5,577,000	$7,977,000
Total Funding Request:	**$5,577,000**	**$7,977,000**
Total Positions Requested:	**2.0**	**2.0**

* Positions and resources ongoing after 2022-23.

Background. The Forensic Conditional Release Program (CONREP) was established in 1986 and provides outpatient treatment to individuals ordered by a court to be released if their symptoms have been stabilized and they no longer represent a danger to society. The CONREP population includes patients committed to state hospitals as Not Guilty by Reason of Insanity (NGI), Offenders with a Mental Health Disorder (OMD), and felony Incompetent to Stand Trial (IST). After one year, a court hearing determines if the patient will continue in the program, be sent back to DSH, or be released.

According to DSH, when a patient is discharged to CONREP, the goal is to provide an independent living environment in the least restrictive setting. However, if the patient has not demonstrated the ability to live in the community without direct staff supervision, the patient is referred to a Statewide Transitional Residential Program (STRP), a resource used by CONREP to provide patients the opportunity to learn and demonstrate appropriate community living skills in a controlled setting with 24 hour supervision.

Assertive community treatment was developed to help persons with severe mental illness who are at risk of homelessness and hospitalization to become integrated into their communities. High-risk individuals are engaged in care by using mobile services available 24 hours a day and by performing active outreach. The forensic assertive community treatment (FACT) model of care builds upon this treatment model by addressing criminogenic risks in addition to behavioral health needs for individuals involved in the criminal justice system.

Resource Request. DSH requests two positions and General Fund expenditure authority of $5.6 million in 2021-22 and $8 million annually to implement a mobile treatment team for CONREP services based on the FACT model of care. According to DSH, implementing a FACT model of care within CONREP would allow providers to seek housing in a broader radius. Under the current CONREP program, clients are placed near to a centralized outpatient clinic that supports treatment services. CONREP clients must seek transportation or walk to access services. With a mobile treatment model, CONREP clients may be placed in housing further from the central clinic and may still receive services. This provides a larger inventory of housing options for placement of CONREP clients.

To implement the FACT model of care, DSH would augment existing contracts with current CONREP providers and partner with new contract providers to provide: 1) clinical treatment and client support staff;

2) staff travel costs; 3) administrative support and other operational expenses; 4) client life support costs, such as clothing, food, incentives, and toiletries; and 5) client housing costs, such as rent and utilities.

DSH assumes the annual cost per client would be $75,000 and expects to serve 100 clients annually. This would result in an annual cost of $7.5 million. DSH expects half-year costs of $3.8 million for housing and treatment in 2021-22, as well as $1.5 million of start-up and program implementation costs. In 2022-23 and annually thereafter, housing and treatment costs would be $7.5 million with $150,000 ongoing implementation costs.

In addition to treatment and housing costs, and program costs, DSH is requesting two positions and other program support resources of $327,000 annually. Specifically, DSH is requesting **one Clinical Social Worker** and **one Health Program Specialist I** position to coordinate development of program operations, policies and procedures, identify and collaborate with housing providers, and negotiate and maintain program contracts.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 9: Technical Budget Adjustment – Various Programs

Technical Adjustment – Governor's Budget. DSH requests a net-zero adjustment of positions and expenditure authority between programs to reflect current allocations and anticipated expenditures.

Program Funding Request Summary – Local Assistance Funding		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$-	$-
Total Funding Request:	**$-**	**$-**

* Resources ongoing after 2022-23.

Background. DSH oversees five State Hospitals which comprise the largest inpatient forensic mental health hospital system in the nation. In addition to forensic admissions, which comprise 86 percent of its population, the five state hospitals admit individuals civilly committed under the Lanterman-Petris-Short (LPS) Act because they require physically secure 24-hour care and meet legal criteria that they represent a danger to themselves or others. In addition to expenditure authority to support the five State Hospitals, the DSH budget includes expenditure authority to support the Sacramento Headquarters, as well as a variety of jail-based competency treatment programs and other contracted services.

Technical Adjustment. DSH requests a net-zero adjustment of positions and expenditure authority between programs to reflect current allocations and anticipated expenditures. Specifically, DSH requests the following adjustments:

- **Accountant Trainee (Metropolitan to Sacramento) –** DSH requests transfer of one position and General Fund expenditure authority of $97,000 from Metropolitan State Hospital to the Sacramento Headquarters. This transfer would address workload needs in the Accounting Branch.
- **Clinical Operations Advisory Council (State Hospitals to Sacramento) –** DSH requests transfer of 10 positions and General Fund expenditure authority of $2.6 million from all five of the State Hospitals to the Sacramento Headquarters. This transfer would allow establishment of positions for the Clinical Operations Advisory Council approved in the 2020 Budget Act.
- **Assistant Medical Director (Atascadero to Sacramento) –** DSH requests transfer of one position and General Fund expenditure authority of $426,000 from Atascadero State Hospital to the Sacramento Headquarters. This transfer would allow upgrade of an Assistant Medical Director position consistent with authority provided in the 2020 Budget Act.
- **Retirement Payout (Metropolitan to Sacramento)** – DSH requests transfer of General Fund expenditure authority of $193,000 from Metropolitan State Hospital to the Sacramento Headquarters. This transfer would correct allocation of retirement payout costs erroneously attributed to Metropolitan in the Governor's Budget development process. DSH indicates the error will be corrected during its May Revision process.
- **Realignment of Increased Court Appearances and Public Records Act (Sacramento to Coalinga)** – DSH requests transfer of 0.5 position and General Fund expenditure authority of $48,000 from the Sacramento Headquarters to Coalinga State Hospital. This transfer would align with the intent of resources approved in the 2019 Budget Act for increased court appearances and public records act requests.

- **Post-Incident Debriefing and Support (Sacramento to State Hospitals)** – DSH requests transfer of five positions and General Fund expenditure authority of $735,000 from the Sacramento Headquarters to the five State Hospitals. This transfer would distribute to the State Hospitals the resources approved in the 2020 Budget Act for Post-Incident Debriefing and Support.
- **Reimbursement Funding (Sacramento to State Hospitals)** – DSH requests transfer of reimbursement authority of $3.2 million from the Sacramento Headquarters to the State Hospitals. This transfer is a technical change related to a budget restructuring authorized in the 2018 Budget Act.
- **Senior Psychologist Specialist (Atascadero to Sacramento)** – DSH requests transfer of one position and General Fund expenditure authority of $203,000 from Atascadero State Hospital to the Sacramento Headquarters. This transfer of a Senior Psychologist Specialist to the Sacramento Clinical Operations Division was authorized in the 2019 Budget Act, but never made permanent.
- **Staff Services Manger I Transfer (Forensic Services Division to Sacramento)** – DSH requests transfer of one position and General Fund expenditure authority of $148,000 from its Forensic Services Division to the Sacramento Headquarters. This transfer is associated with the increased workload in processing the division's contracts.
- **Realignment of Information Technology Funding (Atascadero to Sacramento)** – DSH requests transfer of General Fund expenditure authority of $390,000 from Atascadero State Hospital to the Sacramento Headquarters. This transfer would centralize information technology costs in Sacramento, with a portion of standard complement for newly established positions authorized with approval of new Budget Change Proposals.
- **Associate Governmental Program Analyst (Forensic Services Division to CONREP)** – DSH requests transfer of one position and General Fund expenditure authority of $126,000 from the Forensic Services Division to CONREP. This transfer is intended to address expanded workload related to renewing or establishing contracts with counties and evaluators.
- **Associate Governmental Program Analyst (Contracted Patient Services to CONREP)** – DSH requests transfer of one position and $126,000 from Contracted Patient Services to CONREP. This transfer is intended to address expanded workload related to renewing or establishing contracts with counties and evaluators.
- **Student Assistants (Forensic Services Division to Contracted Patient Services)** – DSH requests transfer of General Fund expenditure authority from the Forensic Services Division to Contracted Patient Services. This transfer would support student assistants to help with administrative support functions for diversion and jail-based competency treatment programs.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 10: Protected Health Information Permanent Implementation

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $986,000 in 2021-22 and 2022-23. If approved, these resources would allow DSH to continue processing of invoices and payments from external medical providers containing protected health information and consolidating financial operations into a single budget unit.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$986,000	$986,000
Total Funding Request:	**$986,000**	**$986,000**
Total Positions Requested:	**0.0**	**0.0**

Background. The Health Insurance Portability and Accountability Act (HIPAA), implemented in 1996, was intended to allow for portability and continuity of an individual's health care coverage by imposing significant administrative simplification and standardization requirements on health care entities, and strict security standards for protected health information (PHI). HIPAA administrative simplification and security rules apply to certain individuals or organizations known as covered entities or business associates. According to the U.S. Department of Health and Human Services (HHS), covered entities include the following:

1. Health care providers including physicians, clinics, psychologists, dentists, chiropractors, nursing homes, and pharmacies that transmit HIPAA-protected information in an electronic format.
2. Health plans including commercial health care service plans, health insurers, group health plans, and public health care programs, such as Medicare, Medicaid, and military or veteran's health care programs.
3. Health care clearinghouses that process nonstandard information they receive from another entity into a standard electronic format or data content, or vice versa.

DSH is a covered entity under HIPAA and is responsible for the security of protected health information for its patients. According to DSH, over 63,000 invoices are processed by the department annually and more than 80 percent contain PHI. DSH patients have unique and acute medical and clinical needs that oftentimes require visits to specific external providers. These medical providers' invoices in turn contain a combination of patient information such as the patient's name, patient identification number, diagnosis, medical service received, and date of service.

The 2018 Budget Act included General Fund expenditure authority of $988,000 in 2018-19, 2019-20, and 2020-21, to support the transition of its paper-based invoice process to a third party vendor or an electronic health record. These resources supported the equivalent of eight positions to create an interim process for accounting until implementation of an electronic health record system, as well as transition invoices into a PeopleSoft accounts payable module and consolidate its six business units for each State Hospital and the Sacramento Headquarters accounting into a single business unit.

Resource Request. DSH requests General Fund expenditure authority of $986,000 in 2021-22 and 2022-23 to continue processing of invoices and payments from external medical providers containing protected

health information and consolidating financial operations into a single budget unit. These resources would support the equivalent of eight positions, including **five Accounting Officer Specialists** to continue to address the workload associated with entering invoices with PHI into the DSH accounting systems until implementation of an electronic health record, and **three Associate Accounting Analysts** to support reconciliation activities for transactions for the five State Hospitals and Sacramento Headquarters. Approval of these resources would be a two-year extension of the resources approved in the 2018 Budget Act.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 11: Increased Court Appearances and Public Records Act Requests

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $777,000 in 2021-22 and 2022-23. If approved, these resources would allow DSH to address an increase in workload for attorneys that are required to appear for court hearings and for responding to Public Records Act requests.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$777,000	$777,000
Total Funding Request:	**$777,000**	**$777,000**
Total Positions Requested:	**0.0**	**0.0**

Background. Since the 2007-08 fiscal year, the backlog of individuals determined incompetent to stand trial (IST) awaiting treatment in state hospitals has grown from between 200 and 300 to 1,306 as of November 2020. In 1972, the United States Supreme Court found in Jackson v. Indiana that a person committed on account of his or her incapacity to proceed to trial cannot be held for longer than the reasonable period of time necessary to determine whether the individual is likely to attain capacity. California law requires state hospital or outpatient facility staff to report to the court within 90 days on the status of the defendant's restoration to competency. Based on this 90 day requirement, several court rulings have recommended that a "reasonable" time to transfer IST patients for treatment is no more than 30 to 35 days. Many IST patients remain in county custody for longer, which may violate these patients' due process rights.

According to DSH, the ongoing and growing IST waitlist has resulted in a significant amount of related litigation, including:

- County public defenders filing motions seeking Orders to Show Cause (OSCs) why DSH should not be held in contempt for not timely admitting IST patients, and seeking sanctions.
- County public defenders filing motions under Code of Civil Procedure section 177.5 seeking sanctions against DSH for not complying with superior court orders to admit IST patients by a date specified.
- Superior courts issuing OSCs seeking to sanction DSH for not timely admitting IST patients or violating court orders to admit patients.
- Courts setting status conferences, with mandatory appearances by DSH, to explain why the patients have not been transported, or admitted to its hospitals, or considering whether to hold DSH in contempt.
- County public defenders filing motions seeking standing orders requiring that DSH admit IST patients by a specified time-frame.
- County public defenders filing writs of habeas corpus, writs seeking release of IST patients held in jail awaiting admission to DSH, and writs of mandate requiring DSH to comply with various specified time-frames for admission.
- The ACLU and private law-firms filing state and federal civil-rights cases seeking injunctive relief and damages for alleged violations of IST patients' constitutional rights.

DSH attorneys must respond, object, appear, or serve as staff counsel to represent DSH in each of these types of motions, status conferences, OSCs, standing-order requests, writs, and civil rights litigation.

In addition to legal workload, DSH reports continued high volume of Public Records Act (PRA) requests. In particular, patients at Coalinga State Hospital continue to file requests seeking hospital records, meeting minutes, emails, logs, policies, procedures, and work orders. DSH reports it received 320 PRA requests in 2019, with 43 percent of them requested from Coalinga. The 2019 Budget Act included General Fund expenditure authority of $767,000 in 2019-20 and 2020-21 to support the equivalent of 5.5 positions to address these increases in court hearings at which DSH attorneys are required to appear, as well as increases in requests pursuant to the Public Records Act.

Resource Request. DSH requests General Fund expenditure authority of $777,000 in 2021-22 and 2022-23 to allow DSH to continue to address the increase in workload for attorneys that are required to appear for court hearings and for responding to Public Records Act requests. These resources are a continuation of the limited-term resources approved in the 2019 Budget Act for this purpose. Like the previous requests, these resources would support the equivalent of 5.5 positions, including **three Attorney I** positions supported by **one Legal Secretary** to address the legal and court hearings workload, and **one Legal Analyst** and **0.5 Staff Services Analyst** to support the PRA workload. Approval of these resources would be a two-year extension of the resources approved in the 2019 Budget Act.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 12: Patient Education

Budget Change Proposal – Governor's Budget. DSH requests three positions and General Fund expenditure authority of $352,000 annually. If approved, these positions and resources would allow DSH to expand patient education services at Coalinga State Hospital to align with those offered at other State Hospitals.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$352,000	$352,000
Total Funding Request:	**$352,000**	**$352,000**
Total Positions Requested:	**3.0**	**3.0**

* Positions and resources ongoing after 2022-23.

Background. To help patients overcome educational limitations, DSH provides patient education services at their hospitals, including the administration of special education, adult basic education (ABE), vocational education, and high school equivalency programs and courses. State law requires all patients under the age of 22 admitted to a State Hospital to have a free appropriate public education offered to them if they have previously received special education services. DSH enrolls students in its education services who self-report having received prior special education services, or who DSH determines received these services through other means. Education services for patients 22 years of age and older are provided in the ABE and vocational services programs. ABE includes educational services that teach basic literacy or to work towards high school equivalency. ABE also includes academic skill building and developing life skills. DSH also offers the Arts in Mental Health program to develop arts education through art fundamentals, theater arts, poetry and creative writing, design and illustration, and Taiko drumming. DSH also offers vocational services in a pre-vocational class or industrial therapy assignment, as well as programs for computer skills, occupations skills, treatment program courses, and substance recovery programs.

Napa, Patton, Atascadero, and Metropolitan State Hospitals offer the full complement of these programs to their patients. Coalinga State Hospital, due to limited resources, does not offer the same level of educational services to its patients that are offered at the other four hospitals. Coalinga provides hooked on phonics and college distance learning through Coastline College, but does not offer ABE programs, high school equivalency programs, or special education programs. Because DSH is planning to include Coalinga in its federal Workforce Innovation and Opportunity Act grant application in the future, this request would support aligning the patient education programs offered at Coalinga with the rest of the State Hospital system.

Staffing and Resource Request. DSH requests three positions and General Fund expenditure authority of $352,000 annually to expand patient education services at Coalinga State Hospital to align with those offered at other State Hospitals. Specifically, DSH requests **one Special Education Teacher** and **two Psychiatric Technicians**. The special education teacher would plan, assign, and supervise the work of the ABE and high school equivalency programs, including designing curriculum, administering daily lessons, and managing the educational program. The psychiatric technicians would assist the teacher through assessment of patients and development of individualized education plans, and provide support

to students with completing assignments, preparing for exams, and getting the best out of the educational opportunity.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 13: Medical and Pharmaceutical Billing System

Budget Change Proposal – Governor's Budget. DSH requests one position and General Fund expenditure authority of $794,000 in 2021-22 and $774,000 in 2022-23, 2023-24, and 2024-25. If approved, these position and resources would allow DSH to enhance system functionality for its Cost Recovery System to capture, bill, and recover eligible patient costs of care reimbursements.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$794,000	$774,000
Total Funding Request:	**$794,000**	**$774,000**
Total Positions Requested:	**1.0**	**1.0**

* Position and resources ongoing through 2024-25.

Background. Welfare and Institutions Code Sections 7275 through 7279 authorize DSH to charge the spouse, father, mother, or children of a patient, or the patient's estate or other assets, for the cost of care, support, and maintenance in a State Hospital. In addition, DSH may seek recovery of costs for care from other liable parties, including Medicare and other insurance coverage. These types of recoveries are known as third-party billing.

The 2014 Budget Act included 15 positions and authorized the creation of the Patient Cost Recovery Section (PCRS) in DSH to develop and implement a third-party billing system to include accounts management, billing and collection, assets determination, policies and procedures, compliance and auditing. PCRS works to recoup charges related to a DSH patient's cost of care from any applicable insurance or private pay parties, for deposit in the state's General Fund. PCRS primarily collects from Medicare, private pay, and insurance. According to DSH, the revenues it received from various sources between 2016-17 and 2019-20 are as follows:

Reimbursement Type	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Medicare Part A and B	$753,688	$838,397	$516,104	$471,776
Medicare Part D	$921,048	$1,091,620	$1,130,527	$1,045,330
Private Pay	$3,480,176	$2,574,851	$2,538,219	$1,741,061
Other	$4,992	$109,204	$117,971	$47,609
TOTALS	**$5,159,904**	**$4,614,072**	**$4,302,821**	**$3,305,776**

PCRS utilizes a Cost Recovery System (CRS), which it shares with the Department of Developmental Services (DDS) to conduct its billing operations. CRS was built in the 1980s and uses the COBOL programming language. According to DSH, CRS is an antiquated billing system and can no longer account for the complexity of its patient population and rapidly changing needs. CRS has also been prone to errors in various billing functions, which may result in inaccurate account balances, increased workload to manually correct the errors, inaccurate Medicare claim information, not meeting current medical billing industry standards, and a heightened risk of negative audit findings.

DSH indicates it must address the technical issues in CRS through programming changes to ensure proper coding, billing, and collections of third-party resources. DSH expects these changes would significantly

reduce its Medicare billing error rates, resulting in additional collections in the tens of millions of dollars annually. DSH also expects these changes would be a short-term solution that would fulfill its recovery needs until planned implementation of a full electronic health records system in 2025.

Staffing and Resource Request. DSH requests one position and General Fund expenditure authority of $794,000 in 2021-22 and $774,000 in 2022-23, 2023-24, and 2024-25 to enhance system functionality for CRS. Specifically, DSH is requesting **one Information Technology Specialist I** position to plan and manage extension of existing programming functionality for CRS, ensure deliverables are achieved, develop the master project schedule and other work plans, and ensure adherence to technical requirements. In addition, DSH is requesting contract funding of $640,000 for COBOL Consultant programmers. DSH does not currently have staff available with a COBOL background and it is difficult to find programmers proficient in the language.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

2. Why does DSH attempt to recoup the costs of treatment in a State Hospital from patients' families or estates, given that nearly all are involuntarily committed to the State Hospitals' care? Would these individuals incur similar liability if they had been treated for their mental illness in a jail or prison setting?

3. What is the average net revenue recovery after accounting for operational costs of the Patient Cost Recovery Section?

Issue 14: Skilled Nursing Facility Infection Preventionists

Budget Change Proposal – Governor's Budget. DSH requests two positions and General Fund expenditure authority of $350,000 annually to support infection preventionists at skilled nursing facilities operated at Metropolitan and Napa State Hospitals, pursuant to the requirements of AB 2644 (Wood), Chapter 287, Statutes of 2020.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23***
0001 – General Fund	$350,000	$350,000
Total Funding Request:	**$350,000**	**$350,000**
Total Requested Positions:	**2.0**	**2.0**

* Positions and resources ongoing after 2022-23.

Background. Two of the five State Hospitals, Metropolitan and Napa, operate licensed skilled nursing facility (SNF) programs. Metropolitan's SNF has 102 beds and Napa's SNF has 36 beds. These two SNF programs provide continuous nursing treatment to both forensically and civilly committed patients and are licensed and regulated by the state Department of Public Health (DPH).

In response to the COVID-19 pandemic, DPH issued guidance and regulatory updates to health care facilities to address infection control and mitigation expectations. These guidelines included requirements for SNFs to expand existing infection control policies due to the disproportionate morbidity and mortality of COVID-19 among elderly individuals in congregate care facilities. DPH issued All Facility Letter (AFL) 20-52 on May 11, 2020, which required SNFs to submit a facility specific COVID-19 mitigation plan with specific elements within 21 calendar days. The AFL required the SNF mitigation plan to include a full-time dedicated infection preventionist. DSH reports that when the mitigation plans were implemented effective June 1, 2020, Metropolitan and Napa temporarily redirected existing Registered Nurse Health Services Specialists to cover the infection preventionist positions and address the infection control needs of the SNFs.

AB 2644 (Wood), Chapter 287, Statutes of 2020, made permanent the requirement that SNFs include a full-time dedicated infection preventionist. DSH reports the temporary staff redirections to support the infection preventionists roles implemented under the AFL requirements have resulted in the workload of the redirected staff being covered through overtime and managers. This request would allow those redirected staff to resume their previous workload.

Staffing and Resource Request. DSH requests two positions and General Fund expenditure authority of $350,000 annually to support two infection preventionists at the SNFs operated at Metropolitan and Napa State Hospitals, pursuant to the requirements of AB 2644. Specifically, DSH is requesting **two Health Services Specialists (Safety)** to plan and direct infection control program activities, monitor adherence to infection control protocols, conduct surveillance of infections, conduct outbreak investigations and tracing, conduct quality assessments, and conduct staff training.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 15: One-Time Deferred Maintenance Allocation

Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $15 million in 2021-22, available for encumbrance or expenditure until June 30, 2024, to address critical deferred maintenance, special repairs and replacements, and regulatory compliance projects at the five State Hospitals.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$15,000,000	$-
Total Funding Request:	**$15,000,000**	**$-**

Background. DSH reports it entered into an Architecture and Engineering Retainer contract to develop a comprehensive plan to address and prioritize deferred maintenance projects at the State Hospitals. DSH conducted a current needs identification and prioritization analysis of deferred maintenance projects required to address major building repairs and site-wide infrastructure needs. This analysis resulted in identification of 19 critical infrastructure projects that form the basis of this request for General Fund expenditure authority of $15 million. The project funding for each hospital is as follows:

- Atascadero - $2.1 million
- Coalinga - $6 million
- Metropolitan - $1.9 million
- Napa - $2.5 million
- Patton - $2.6 million

The 19 specific projects and estimated costs are as follows:

Facility	Project	Estimated Cost
Patton	Major plumbing repairs to preparation sink	$57,502
Patton	HVAC replacement in patient cafeterias	$328,282
Atascadero	Replace pumps for chilled water system	$100,000
Patton	Repair sink hole in parking lot to resolve staff safety issue	$333,000
Metropolitan	Roof replacement and foundation repair for domestic water tank	$1,493,196
Atascadero	Door repairs to test, recertify, and label fire doors	$627,290
Atascadero	Pharmacy clean room	$156,823
Patton	Repair uneven walkway to create accessible path for staff safety	$15,683
Atascadero	Replace 30 year old underground fuel tank for emergency power	$333,000
Atascadero	Replace existing refrigerant system	$333,000
Coalinga	Rerouting of fire suppression and domestic water lines	$6,000,000
Napa	Replace failing boiler in central plant	$2,500,000
Patton	Repair entry threshold at north entrance due to potential fall risk	$20,910
Metropolitan	Install custodian eye wash stations	$59,802
Patton	Replace roof of Administration building	$1,100,000
Patton	Repair courtyards due to root damage and deterioration	$695,512

Atascadero	Reline domestic hot water storage tanks to prevent corrosion	$180,000
Metropolitan	Replace melamine cabinets with more durable material	$333,000
Atascadero	Repair electromagnetic fire alarm actuated door hold open devices	$333,000
TOTAL		**$15,000,000**

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 16: Metropolitan – Consolidation of Police Operations (Capital Outlay)

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests expenditure authority from the Public Buildings Construction Fund of $22 million for the construction phase of the consolidation of police operations at Metropolitan State Hospital.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0660 – Public Buildings Construction Fund	$22,024,000	$-
Total Funding Request:	**$22,024,000**	**$-**

Background. Metropolitan State Hospital's Department of Police Services (DPS), Office of Special Investigations (OSI), and the Emergency Dispatch Center (EDC) provide essential police, security, and safety functions for the hospital campus. These entities are currently located in buildings with significant health and safety issues, including asbestos in floor tiles and non-compliance with code requirements for seismic safety in hospital and police facilities. In addition, the current buildings do not qualify as Essential Services Buildings, defined by California regulations as buildings used or designed to be used as fire stations, police stations, emergency operations centers, California Highway Patrol offices, sheriff's offices, or emergency communication dispatch centers. Essential Services Buildings must be capable of providing essential services to the public after a disaster and be designed and constructed to minimize fire hazards and to resist the forces generated by earthquakes, gravity, and winds.

The 2017 Budget Act approved General Fund expenditure authority of $1.3 million for preliminary planning for construction of a new building to consolidate DPS, OSI, and EDC and meet regulatory requirements as an Essential Services Building. The 2018 Budget Act included General Fund expenditure authority of $1.5 million in 2018-19 for design and working drawings for continuation of the project. At the time, DSH reported preliminary plans would be approved in July 2018, the project would proceed to bid in August 2019, the contract awarded in December 2019, and the project completed in December 2021. According to DSH, the project experienced delays due to a lengthy Environmental Impact Review process needed because of the demolition component of the project, which includes demolition of five existing buildings and associated improvements to include site clearing and grading, paving for roads and parking, retaining walls and site utilities. The total expected cost for the project is $25.1 million, including $1.5 million for preliminary plans (with $200,000 moved from working drawings funding), $1.6 million for working drawings, and $22 million for construction. Of the construction costs, $17.2 million would support the construction contract, $859,000 would be for contingency, $1.3 million would support architectural and engineering services, $856,000 would be for agency retained items, and $2.7 million would support other project costs. DSH expects construction to begin in September 2021, and would be completed in June 2023.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 17: Coalinga – Hydronic Loop Replacement (Capital Outlay)

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $50.5 million for the construction phase of a hydronic loop replacement at Coalinga State Hospital.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$50,528,000	$-
Total Funding Request:	**$50,528,000**	**$-**

Background. Coalinga State Hospital, which provides acute psychiatric treatment to approximately 1,500 forensic patients, was constructed with a centralized heating and cooling system with a central plant that houses a water boiler and chillers. From the central plant, the hot and chilled water is distributed via underground, direct buried pipelines to the 34 individual buildings on the 320 acre campus. A hydronic loop system is used for distribution of hot water and heating.

According to DSH, the hydronic loop system has experienced numerous catastrophic leaks since the hospital's opening in 2005 due to extensive corrosion of the piping. Since the first leak was discovered in 2007, nine additional leaks were identified. DSH indicates the pipe joints appear to have flanged connections and are not coated or insulated. The deterioration of the system has caused unplanned maintenance and significant repairs requiring extensive excavation and relocation of patients to different buildings for safety and to avoid interruption of patient care. After an extensive geotechnical and engineering evaluation of the system, DSH proposes to replace the hydronic loop with a system both above and below ground and that would resist corrosion.

DSH requests General Fund expenditure authority of $50.5 million for construction costs to replace the hydronic loop system at Coalinga. According to DSH, the total cost of the project is $53.7 million including $120,000 for study, $993,000 for preliminary plans, $2.1 million for working drawings, and $50.5 million for construction. Of the construction costs, $44.1 million would support the construction contract, $3.1 million would be for contingency, $1.8 million would support architectural and engineering services, and $1.6 million would support other project costs.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.

Issue 18: Statewide – Enhanced Treatment Units (Capital Outlay)

Capital Outlay Budget Change Proposal – Governor's Budget. DSH requests General Fund expenditure authority of $3.8 million to support increased construction costs for Enhanced Treatment Units at Atascadero and Patton State Hospitals.

Program Funding Request Summary		
Fund Source	**2021-22**	**2022-23**
0001 – General Fund	$3,792,000	$-
Total Funding Request:	**$3,792,000**	**$-**

Background. AB 1340, Chapter 718, Statutes of 2014, authorized the construction of Enhanced Treatment Units at Atascadero and Patton State Hospitals that will provide a more secure environment for patients that become psychiatrically unstable, resulting in highly aggressive and dangerous behaviors. According to DSH, patients in this state of psychiatric crisis require individualized and intensive treatment of their underlying mental illness, while reducing highly volatile and violent behavior. The proposed units will create secure locations within the existing hospitals to provide a safe treatment environment for both staff and patients. Patients will be housed individually and provided with the heightened level of structure necessary to allow progress in their respective treatment.

Once completed, the Enhanced Treatment Program will provide 39 secured beds at Atascadero State Hospital and 10 beds (female only) at Patton State Hospital. The Atascadero project is currently under construction, and is approximately 35 percent complete. According to DSH, the total cost of the project is estimated to be $22.7 million ($929,000 for preliminary plans, $1 million for working drawings, and $20.8 million for construction. The preliminary plans and working drawings components of the project have been completed.

Of the requested resources, $3.4 million would support increased construction costs for enhanced treatment units at Atascadero. DSH reports the Atascadero project has entered into an eight month project suspension necessary to address State Fire Marshal revisions, required field changes, design errors and omissions, and unforeseen site conditions. The suspension is expected to run until July 30, 2021, with construction resuming on August 1, 2021. The remaining requested resources, $379,000, would support completion of the enhanced treatment units at Patton, which entered into a six month project suspension in the summer of 2020 due to the COVID-19 pandemic.

Subcommittee Staff Comment and Recommendation—Hold Open. Subcommittee staff recommends holding this item open to allow continued discussions in advance of the May Revision.

Questions. The subcommittee has requested DSH to respond to the following:

1. Please provide a brief overview of this proposal.