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Northern Nevada Adult Mental Health Services
Budget #3162
February 17, 2003

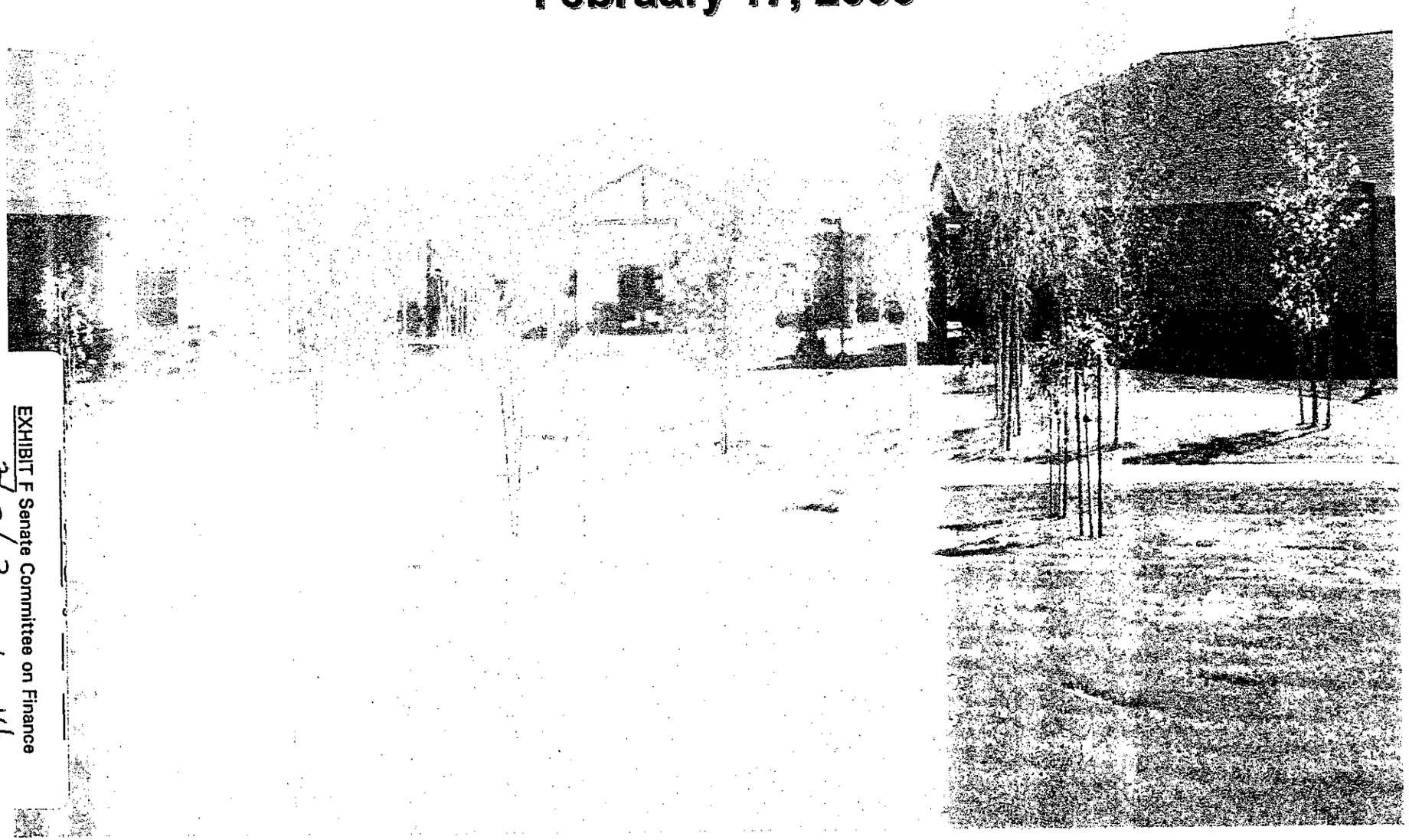

EXHIBIT F Senate Committee on Finance
Date: 2/17/03 Page 1 of 14

NNAMHS Mission Statement:
To provide psychiatric treatment and rehabilitation services in the least restrictive setting to support personal recovery and enhance quality of life.

Budget Testimony Outline

I. **3% Budget Cuts for FY 03 (Table I)**

II. **Recent Budget History**

- 1997: Funding for Dini-Townsend Hospital appropriated.
- 1999: Partial staffing for Psychiatric Emergency Service (PES) approved. Hospital staffing reduced from 52 beds to 50 beds. PES includes 10 observation beds.
- January 2000: Psychiatric Emergency Service (PES) opens.
- 2001: Legislative approval for transferring inpatient resources (nurses, MHT's) to the PES. Hospital bed capacity reduced from 50 to 40.
- September 12, 2001: Dini-Townsend Hospital opens with 40 inpatient beds and 10 observation beds
- October 2002: Governor enacts 3% budget cuts

III. **Caseload Growth in Medication Clinic and Outpatient Counseling.**

- Medication Clinic: Caseload Growth has added 637 clients in the past two years.
- Outpatient Counseling: Caseload Growth has added 155 clients in the past two years.

IV. **Regional Mental Health Center:** This budget completes the transition from a hospital to a Community Mental Health Center with psychiatric hospital services. While the hospital remains an integral component of regional services it is used to support community-based programs in maintaining people in community settings by treating the acute, most dangerous phases of mental illness and returning individuals to their community settings as quickly as possible. Table II shows that the relative funding for institutional and community services change dramatically with this budget. Without community services the demand for very expensive hospital services ($390 per day) would be far greater than it is currently. This budget serves to restrain the need for more hospital services. This budget deals with the issues raised by the Olmstead Decision (Table III).

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V. **M101 Inflation**

FY04-$456,171 FY05-$710,739 Total-$1,166,910

This maintenance package provides funding for pharmacy cost inflation. The inflation factor for pharmacy is based on projections by the Center for Medicare and Medicaid (CMS). For FY 04 the compounded interest is 26.7% over FY 02 and for FY 05 it is 41.6% over FY 02.

VI **M200 Demographics/Caseload Changes**:

FY 04-$1,286,234 FY05-$2,220,261 Total--$3,506,4,95

This maintenance package funds caseload growth for FY04/05 in the medication clinic. Caseload projections are shown in Table IV with actual growth exceeding projections due to more accessible services as provided by the Psychiatric Emergency Service and Dr. Pauly's success in hiring psychiatrists.

Additional staff includes: 1FTE psychiatrist
1.5FTE Advanced Practice Nurses
3.5FTE Psychiatric RN's
1 FTE Pharmacy Technician

It currently takes approximately four weeks for a new client to be scheduled in the medication clinic. In the not so distant past it has taken as long as eight weeks for clients to get their first appointments. With these new resources we anticipate that the wait time will be reduced to two weeks.

VII. **M201 Demographics/Caseload Growth**:

FY 04 - $38,764 FY 05 - $55,920 Total: $94,684.00

This maintenance package funds five SLA's for the biennium.

VIII. **M203 Demographic/Caseload Growth:**

FY 04 - $44,652 FY 05 - $74,764 Total: $119,416

Outpatient counseling has also seen dramatic caseload growth as shown in Table V. The two FTE Mental Health Counselor's provided by this decision unit will be postdoctoral psychology interns who will provide state-of-the-art therapy. This is a cost effective way to enhance counseling services. These outpatient counselors will also provide support for the Family Psycho-education Program (Table VI) which was begun through a training grant provided by Rosetta Johnson through her non-profit organization, Human Potential Development.

IX. **M300 Fringe Benefits:**

FY 04 - $548,264 FY 05 - $668, 400 Total: $1,216,664.00

This decision unit provides funding for the increased cost of fringe benefits primarily employee health insurance.

X. **M303 Occupational Studies:**

FY 04 - $4,919 FY 05 - $4,775 Total: $9,694.00

This maintenance package funds the pay grade increase for two FTE Vocational Counselors.

XI. **E350 Service at Level Closest to People:**

FY 04 - $52,904 FY 05 - $246,780 Total: $229,684.00

This decision unit includes a total of 15% provider rate increase over the biennium for private providers of SLA's. These increase are as a result of the AB513 Strategic Plan process.

XII. **E351 Service at Level Closest to People:**

FY 04 - $253,743 FY 05 - $336,660 Total: $590,403

This decision unit provides funding to support the Washoe County Mental Health Court with contracted intensive service coordination and residential support. The Washoe County Mental Health Court is a County effort to prevent the repeated institutionalization of seriously mental ill people who have histories of minor criminal offenses.

XIII. **E600 & E605 Budget Reduction:**

FY 04 – ($280,838) FY 05 – ($235,108) Total: ($515,946)

Table I shows the 3% budget reductions this agency made in FY 03. The budget reductions, which are continued into the biennium, include: the security contract, the two half-time pre-doctoral interns from UNR, the 50% reduction in the training budget. In addition 6 FTE positions were cut. This budget reinstates the funding for the Residential Treatment Program but recommends that it be allocated to 15 supported living arrangements. Medication funding has also been restored.

XIV: **E710/E711 Equipment**

FY 04 - $257,492 FY 05 - $31,932 Total: $289,424.00

This is a bare-bones equipment budget. This facility is old and large and has a decaying physical plant. This equipment is absolutely necessary to maintain minimum levels of safety, hygiene and to implement the new MHDS computer MIS system.

XV. **E805 Major Reclassification**

FY 04 - $113,847 FY 05 - $108.956 Total: $222,803.00

This funding is to reclassify pharmacists I, II and III to the classified medical pay schedule.

DEPARTMENT OF HUMAN RESOURCES
DIVISION OF MENTAL HEALTH DEVELOPMENTAL SERVICES
NORTHERN NEVADA ADULT MENTAL HEALTH SERVICES B/A 3152
BUDGET CUT SUMMARY

ACTUAL CUTS IMPLEMENTED AND PROJECTED IN THE GOVERNORS RECOMMENDED BUDGET

Dec Unit	Budget Cut/Impact	FY02 Cuts - General Fund Share	FY03 Cuts - General Fund Share	FY03 Cuts - Federal Funds Lost	FY04 Cuts General Fund Share	FY04 Cuts Federal Funds Lost	FY05 Cuts General Fund Share	FY05 Cuts Federal Funds Lost	Description of Cuts	Positions Cut
E 600	3% Budget Cuts in General Funds Similar amount lost in federal funds		(559,961)	(86,043)	(136,210)	(115,793)	(82,535)	(111,952)	To achieve the 3% budget cuts, NNAMHS closed the Residential Treatment Program. A total of 8 contracted client positions were converted to 15 community supported living arrangements. Additional cost savings were achieved by reductions in other Operating expense including elimination of the following: Campus Security contract, Psychology Intern Program, Free bus tickets to outpatient clients, reducing the training budget by 50% and the elimination of one community service coordination position.	1.00
E 605	Staff Reduction				(144,628)		(152,573)		Elimination of the following positions: 0.51 fte Admin Aid , 1 fte Painter II, 1 fte Management Analyst II, 0.96 Senior Psychiatrist (range C), 0.51 fte Administrative Assistant II	3.98
	One Shot Equipment	(216,540)							Cuts included computer hardware and software, office equipment, hospital furnishings, client chairs, TVs, medical equipment, etc.	
		(216,540)	(559,961)	(86,043)	(280,838)	(115,793)	(235,108)	(111,952)	Total Positions Cut (FTE'S)	5.0
TOTALS		FY02 = (216,540)	FY 03 = (646,024)		FY 04 = (396,631)		FY 05 = (347,060)		FY02, FY03, FY04 and FY05 Total Budget Cuts	
									General Fund Total Cuts	($1,292,487)
									Federal Funds Lost Total	($313,788)
									Grand Total Cuts	($1,606,255)

TABLE I

NNAMHS

Institutional Care vs. Community Services

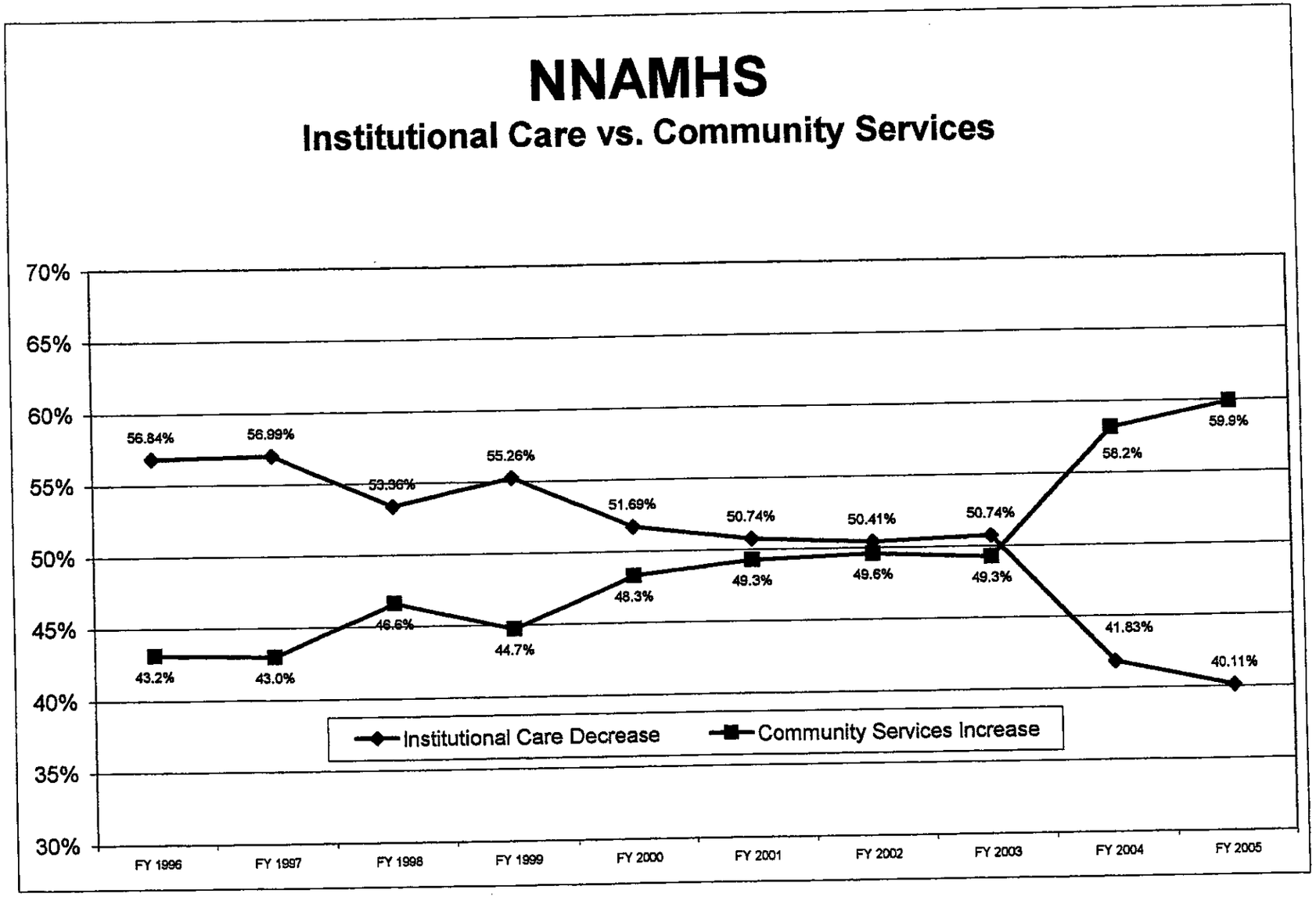


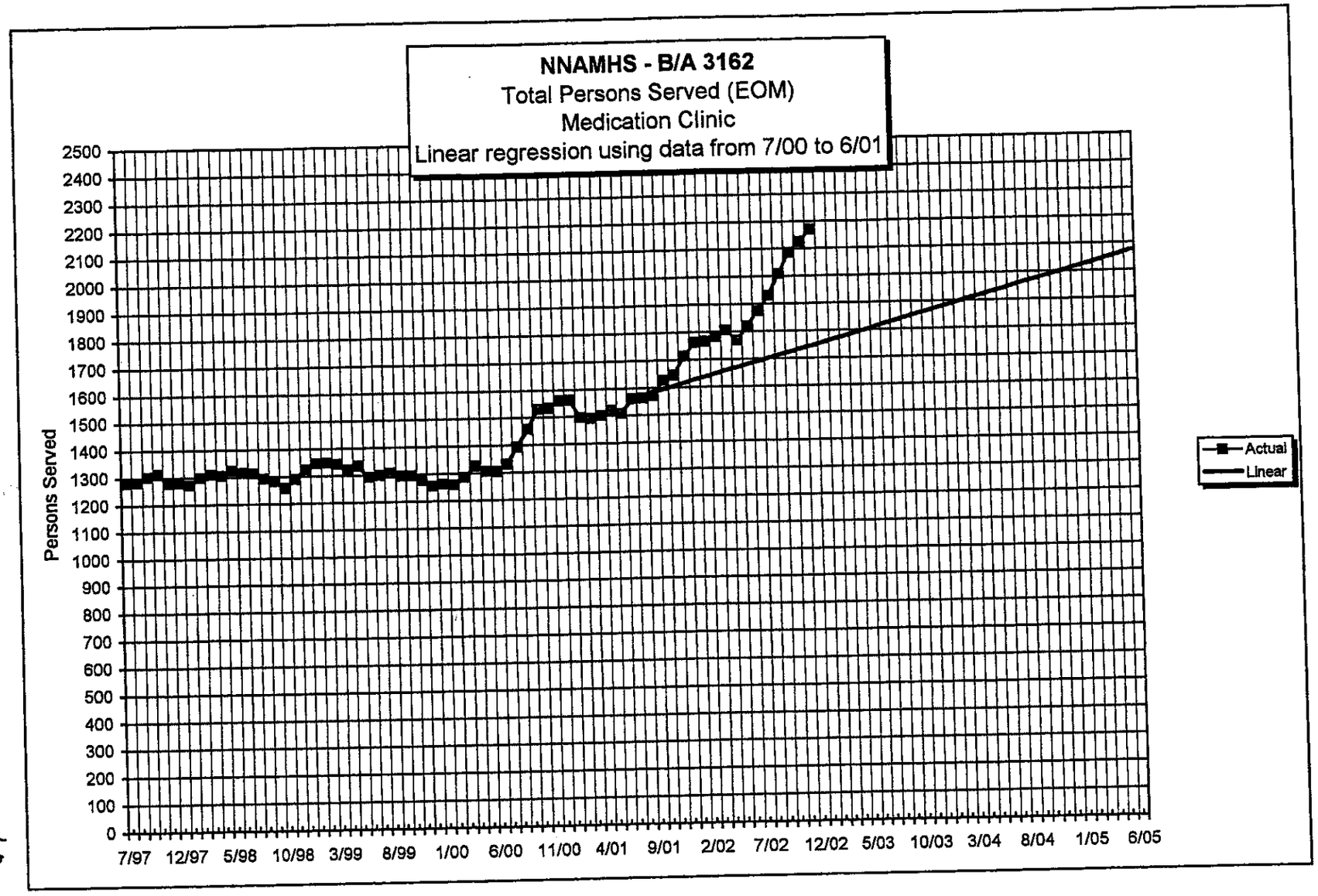
TABLE II

AB513 / OLMSTEAD PLAN IMPLEMENTATION IN THE MHDS BUDGET UNITS

BA3162 Northern Nevada Adult Mental Health Services

AB 513 / OLMSTEAD PLAN --COMMUNITY LIVING IMPACT

DECISION UNIT			FY 03-04	FY 04-05
Base	Continues community living supports that were phased-in during the FY02 FY03 budget. Continues funding for residential support in board and care facilities and Supported Living Arrangements (SLA) including Intensive Supported Living Arrangements (ISLA).	General Fund	$16,610,272	$16,794,804
		Federal Funds	1,929,570	1,973,207
		Other	2,012,326	2,031,551
		Total	$20,552,168	$20,799,562
M101	Pharmacy Cost Inflation The newer generation medications are crucial to outpatient treamtnet. While costly, these medications have been shown to reduce the need for even more costly hospital beds.	General Fund	$456,171	$710,739
		Federal Funds	-	-
		Other	73,689	114,813
		Total	$529,860	$825,552
M200	Caseload growth in Medication Clinic Increased staff and pharmacy costs are funded to provide treatment for an expanding caseload, prevent crises which lead to hospitalization and facilitate recovery and success in community living.	General Fund	$1,288,234	$2,220,261
		Federal Funds	52,936	87,075
		Other	42,150	68,355
		Total	$1,381,320	$2,375,691
M201	Caseload Growth in Community Residential Support Will provide five additional SLA's which will support clients in community living.	General Fund	$38,764	$55,920
		Federal Funds	2,650	3,824
		Total	41,414	59,744
M203	Caseload Growth in Outpatient Counseling Clinical staff to treat increased caseload in the outpatient counseling program will support clients in coping with their illnesses and facilitate their recovery and success in community living.	General Fund	$44,652	$74,764
		Federal Funds	-	-
		Other	19,568	36,211
		Total	$64,220	$110,975
E350	Provider Rate Increase of 15% These funds increase rates for integrated care by community providers. It supports jobs, day training and supported living arrangements. Increased rates are necessary to assure provider availability and quality. Goals include better-trained staff and lower turnover. NNAMHS does not utilize these funds for jobs or day training.	General Fund	$52,904	$246,780
		Federal Funds	-	-
		Other	10,295	49,861
		Total	$63,199	$296,641
E351	Washoe County Mental Health Court Support for the Washoe County Mental Health Court will enable clients to remain in community placement. These funds are directly linked to a County program designed to keep people out of institutional placements.	General Fund	$253,743	$336,660
		Federal Funds	-	-
		Other	19,494	30,182
		Total	$273,237	$366,842
E600	Restores Residential Treatment program funding which will be utilized to provide 15 Supported Living Arrangements. SLA's serve to prevent unneeded institutionalization as well as provide placement options for patients being discharged from the hospital.	General Fund	$228,384	$288,400
		Federal Funds	-	-
		Total	$228,384	$288,400
	TOTAL GENERAL FUND IMPACT OF OLMSTEAD DECISION UNITS		$18,971,124	$20,728,328
	TOTAL FEDERAL AND OTHER FUNDS		$4,162,678	$4,395,079
	TOTAL FUND IMPACT OF OLMSTEAD DECISION UNITS		$23,133,802	$25,123,407


NNAMHS - B/A 3162
Total Persons Served (EOM)
Medication Clinic
Linear regression using data from 7/00 to 6/01
Persons Served
2500
2400
2300
2200
2100
2000
1900
1800
1700
1600
1500
1400
1300
1200
1100
1000
900
800
700
600
500
400
300
200
100
0
7/97
12/97
5/98
10/98
3/99
8/99
1/00
6/00
11/00
4/01
9/01
2/02
7/02
12/02
5/03
10/03
3/04
8/04
1/05
6/05
Actual
Linear

01

TABLE IV

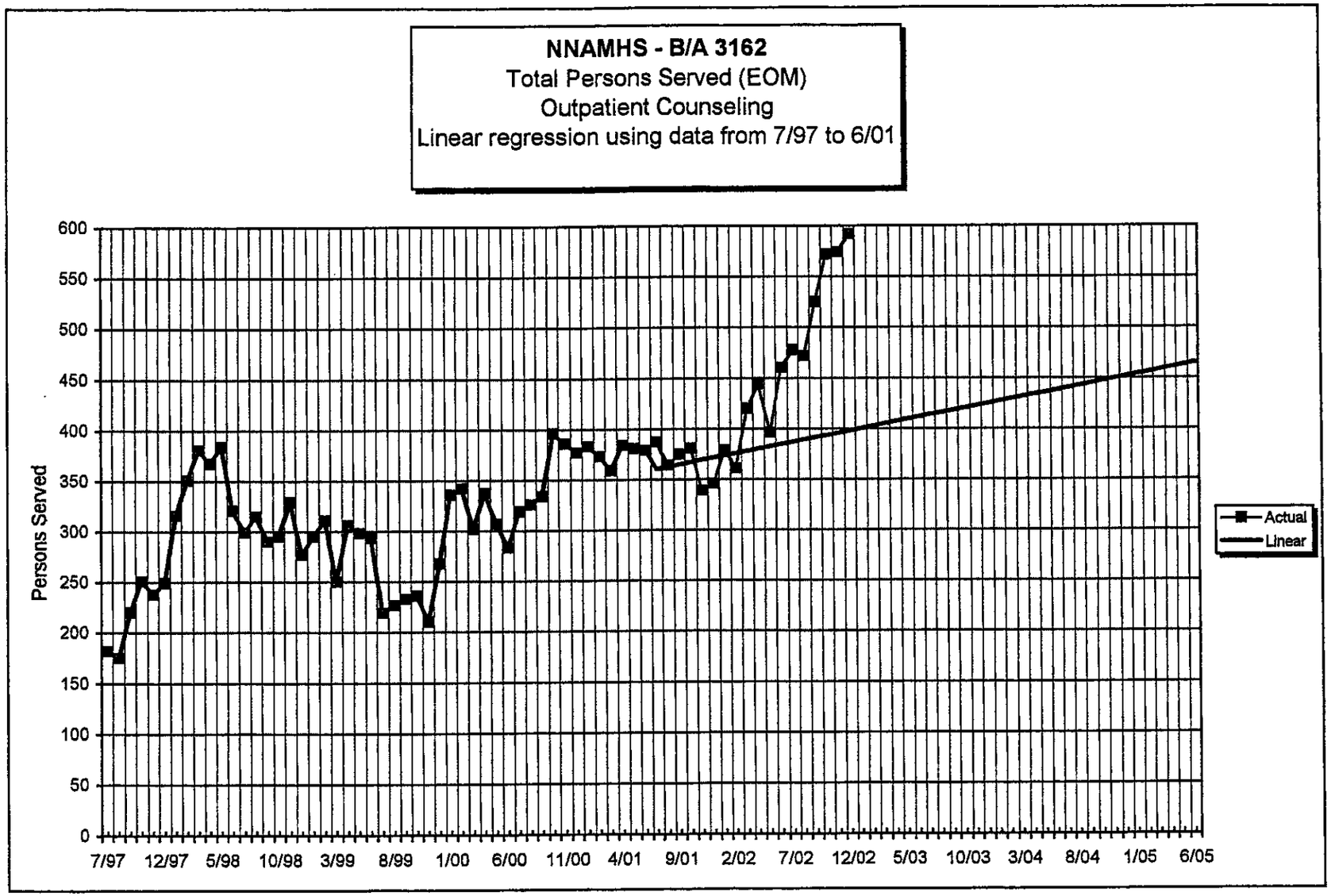

NNAMHS - B/A 3162
Total Persons Served (EOM)
Outpatient Counseling
Linear regression using data from 7/97 to 6/01
Persons Served
600
550
500
450
400
350
300
250
200
150
100
50
0
7/97
12/97
5/98
10/98
3/99
8/99
1/00
6/00
11/00
4/01
9/01
2/02
7/02
12/02
5/03
10/03
3/04
8/04
1/05
6/05
Actual
Linear

TABLE V

What is family psychoeducation?

Family psychoeducation provides a combination of education about mental illness, family support, crisis intervention, and problem-solving skills training. It is part of an overall clinical treatment plan for individuals with a mental illness, and is offered to the consumer and his or her family members. Family psychoeducation is one of the interventions which is documented to be effective by the National Institute of Mental Health's (NIMH) Schizophrenia Patient Outcomes Research Team (PORT) study.

The main goals in working with the family of a person who has a mental illness are to achieve the best possible outcome for the consumer through collaborative treatment and management, and to assist family members by supporting their efforts to aid in the recovery of their loved one.

Although family psychoeducation programs offer varying combinations of information about mental illness, practical and emotional support, skill development in problem solving, and crisis management, leaders in the field have reached consensus on the intervention's essential techniques and components. The intervention has a solid research base, and achieves positive consumer outcomes when clinicians adhere to the following 15 principles in working with family members:

- Coordinate all elements of treatment and rehabilitation to ensure that everyone is working toward the same goals in a collaborative, supportive relationship.
- Pay attention to both the social and clinical needs of the consumer.
- Provide optimum medication management.
- Listen to family members' concerns and involve them as equal partners in the planning and delivery of treatment.
- Explore family members' expectations of the treatment program and expectations for the consumer.
- Assess the strengths and limitations of the family's ability to support the consumer.
- Help resolve family conflict by responding sensitively to emotional distress.
- Address feelings of loss.
- Provide relevant information for the consumer and his or her family at appropriate times.
- Provide an explicit crisis plan and professional response.
- Help improve communication among family members.
- Provide training for the family in structured problem-solving techniques.
- Encourage family members to expand their social support networks - for example, to participate in family support organizations such as the National Alliance for the Mentally Ill (NAMI).
- Be flexible in meeting the needs of the family.
- Provide the family with easy access to another professional in the event that the current work with the family ceases.

Effective programs usually last from nine months to five years, and are usually specific to the diagnosis involved. Sessions themselves may be conducted with individual families or multifamily groups; and they may take place in the home, in clinical settings or in other locations. They also vary in length, in timing with regard to the phase of the illness, and in whether or not the consumer is included in the family intervention. The primary focus is the consumer's well-being and outcome, although family well-being is an essential intermediate outcome.

According to NIMH, behavioral family psychoeducation programs place considerable emphasis on improving communication and problem-solving skills; the programs are designed to enhance family members' ability to work together and minimize conflict. Most studies evaluating the effects of these family interventions have found that the psychoeducational programs for families produce dramatic reductions in the number and duration of acute episodes of illness among their ill relatives as well as improved health for family members.

TABLE VI

PERFORMANCE INDICATORS

PERFORMANCE INDICATORS	Projected FY 02	Actual FY 02	Projected FY 03	Projected FY 04	Projected FY 05
Service Coordination - Percent of time clients were hospitalized before and after receiving services. b=before; a=after		b=13%a=4%	b=10%a=5%	b=10%a=5%	b=10%a=5%
Supported Living Arrangements - Percent of time clients were hospitalized before and after receiving services. b=before; a=after		b=15%a=4%	b=20%a=4%	b=20%a=2%	b=20%a=2%
Psychiatric Emergency Service (PES) -Percent of clients receiving PES who were deflected from hospitalization; and who were admitted. d=deflected; a=admitted		d=64%a=36%	d=70%a=30%	d=70%a=30%	d=70%a=30%
PACT - Percent of time clients were hospitalized before and after receiving services. b=before; a=after		b=21%; a=8%	b=25%; a=5%	b=25%; a=5%	b=25%; a=5%
Intensive Supported Living Arrangements - Percent of time clients were hospitalized before and after receiving services. b=before; a=after		b=N/A; a=N/A	b=50%; a=5%	b=50%; a=5%	b=50%; a=5%
Medication Clinic - Percent of clients receiving only medication clinic services who were admitted to the Psychiatric Observation Unit (POU)		5.1%	5%	5%	5%