



Direct Care and Treatment Operating Deficiency

Commissioner Jodi Harpstead | Department of Human Services

Overview of Direct Care and Treatment

- Direct Care and Treatment (DCT) operates a wide variety of residential and treatment programs that serve people with mental illness, developmental disabilities and chemical dependency.
 - DCT services are delivered at approximately 200 sites statewide, by nearly 5,000 employees – more than 3,500 of whom live and work in greater MN.
 - About 12,000 people received services in DCT's residential and community-based settings last year.
 - For comparison, DCT is about the size of CentraCare in terms of budget.
- The majority of clients receiving mental health and chemical dependency treatment have been civilly committed by the courts. All sex offenders have been civilly committed.
- Because their conditions are so complex and their behaviors can be volatile, other providers often cannot – or will not – serve them. Some providers do not have the capacity; others do not have the expertise. However, some providers do.

DCT's Programs & Services



Minnesota Sex Offender Program (MSOP)



Forensic Services



Anoka Metro Regional Treatment Center (AMRTC)



Community Behavioral Health Hospitals (CBHHs)



Child & Adolescent Behavioral Health Hospital (CABHH)



Substance Abuse Treatment Services (CARE)



Intensive Residential Treatment Facilities (IRTS)



Special Care Dental Clinics



State-Operated Group Homes (MSCOCS)



Centralized Operations & Other Services

Forensic Services



Forensic Services provides evaluation and specialized treatment services to clients statewide who have been civilly committed by the courts as mentally ill and dangerous or under other commitments that present a public safety risk.

Forensic Mental Health Program in St. Peter provides long-term treatment to adults who have been civilly committed. On average, patients are at Forensics Services for about 7 years. (This program was formerly known as the Minnesota Security Hospital.)

The **Forensic Nursing Home** is a secure facility that provides care to elderly and infirm clients who have been civilly committed as mentally ill and dangerous, sexually psychopathic or sexually dangerous, or prisoners under the jurisdiction of the Department of Corrections who need nursing home services.

Forensic Services provides treatment to 830 individuals annually. For FY 2021, the budget for Forensic Services is \$121 million.

Minnesota Sex Offender Program (MSOP)

The Minnesota Sex Offender Program (MSOP) serves people who are court-ordered to receive sex offender treatment. MSOP provides treatment for approximately 765 clients; by far the largest program of its kind in the nation.

MSOP Moose Lake treats clients in the initial and primary stages of sex-offender treatment. It also houses clients who refuse to participate in treatment. Currently, there are 421 clients in the facility.

MSOP St. Peter serves clients that are in the final stages of treatment and are preparing for reintegration into the community. The facility also provides alternative treatment for clients for whom conventional programming is not appropriate

MSOP's budget for FY 2021 is \$98 million.

Mental Health and Substance Abuse Treatment Services

Mental Health and Substance Abuse Treatment Services (MSHATS) provides mental health and substance abuse services in inpatient hospitals, residential and outpatient settings. Services are provided to 1,720 individuals annually.

- **Inpatient Services**
 - Anoka Metro Regional Treatment Center (AMRTC)
 - Community Behavioral Health Hospitals (CBHHs)
 - Children and Adolescent Behavioral Health Hospital
- **Residential Treatment Services**
 - Intensive Residential Treatment Services (IRTS)
 - Community Addiction Recover Enterprise (C.A.R.E.)



MHSATS Annual Budget in FY 2021 is \$151 million.

Inpatient Psychiatric Hospitals



The **Anoka-Metro Regional Treatment Center in Anoka (AMRTC)** is the state's largest psychiatric hospital. AMRTC serves people who have a mental illness in a campus-based setting. Many patients have complex medical histories. It is a 110-bed psychiatric hospital, divided into 25-bed units.

Community Behavioral Health Hospitals (CBHHS) provide short-term inpatient psychiatric care at six 16-bed sites in communities across the state. Multidisciplinary teams use various person-centered approaches to best meet the needs of the client. Supports can be incorporated into treatment by serving patients as close as possible to their home communities. The CBHHS are located in Alexandria, Annandale, Baxter, Bemidji, Fergus Falls and Rochester.

The **Child and Adolescent Behavioral Health Hospital (CABHH)** in Willmar provides inpatient psychiatric hospital services. The 16-bed facility offers a safe setting for youth who need crisis stabilization, comprehensive assessment and intensive treatment of specialized mental health problems.

Residential Mental Health and Substance Use Disorder Treatment Services



The **Minnesota Specialty Health System (MSHS)** facilities serve people who have a serious mental illness, acquired brain injuries and other co-occurring conditions. Clients usually come from a hospital to an MSHS facility as they transition to living back in the community. These Intensive Residential Treatment Services (or IRTS) are provided in St. Paul, Brainerd, Wadena and Willmar.

Community Addiction Recovery Enterprise (C.A.R.E.) provides inpatient chemical dependency and substance abuse services statewide. Services are person-centered, building on the patient's interests and capacity for growth, leading to a lifelong process of recovery. There are five CARE facilities statewide, located in Anoka, Carlton, Fergus Falls, St. Peter and Willmar.

Specialty Care Dental Clinics



DCT has unique expertise in **Specialty Care Dentistry**. Clients at DCT's clinics have physical and developmental disabilities or mental illnesses, and dentists in their communities either can't or won't treatment them. All general dentistry services are provided, ranging from cleanings and exams, to fillings, root canals, crowns and dentures.

The clinics have about 5,500 active patients, who average about three visits a year. DCT's clinics are located in Brainerd, Cambridge, Faribault, Fergus Falls and Willmar.

Specialty Care Dental Clinic's annual budget in FY 2021 is \$5 million.

Community-Based Services

Community-Based Services provides treatment and residential care and vocational services to individuals with developmental and physical disabilities.

DCT provides services in **residential group homes** that operate one to four beds. Services include daily living skills, medical monitoring (if needed) and helping clients integrate more fully into the community. DCT serves 120 homes with 350 clients statewide.

The FY 2021 budget for CBS is \$133 Million.



Centralized Operations

DCT operates as a health care system providing a wide range of services to individuals with behavioral health needs. These services are provided throughout the state with 24/7 operations of sites that include psychiatric hospitals, residential treatment sites, vocational services, secure facilities and community clinics.

DCT's centralized operations serve as the core of DCT, with functions like:

- DCT's medical director and physicians;
- Central Pre-Admission (which oversees admissions and discharges);
- Medical records;
- Office of Special Investigation (which monitors individuals on provisional discharge);
- Financial management (which bills and collects for services provided); and
- Facilities management (for DCT's 200 physical locations).

These are critical to the operations of a health system and without these services the agency would be out of compliance and unable to function.

Adjustments to Direct Care and Treatment's Operating Deficit



Budget Deficit in FY 2021

\$27 Million

Initial Request \$38 million
Revised Forecast \$35 million
Additional Funds \$8 million

Revised Request \$27 million

Direct Care and Treatment Deficit Beyond FY 2021



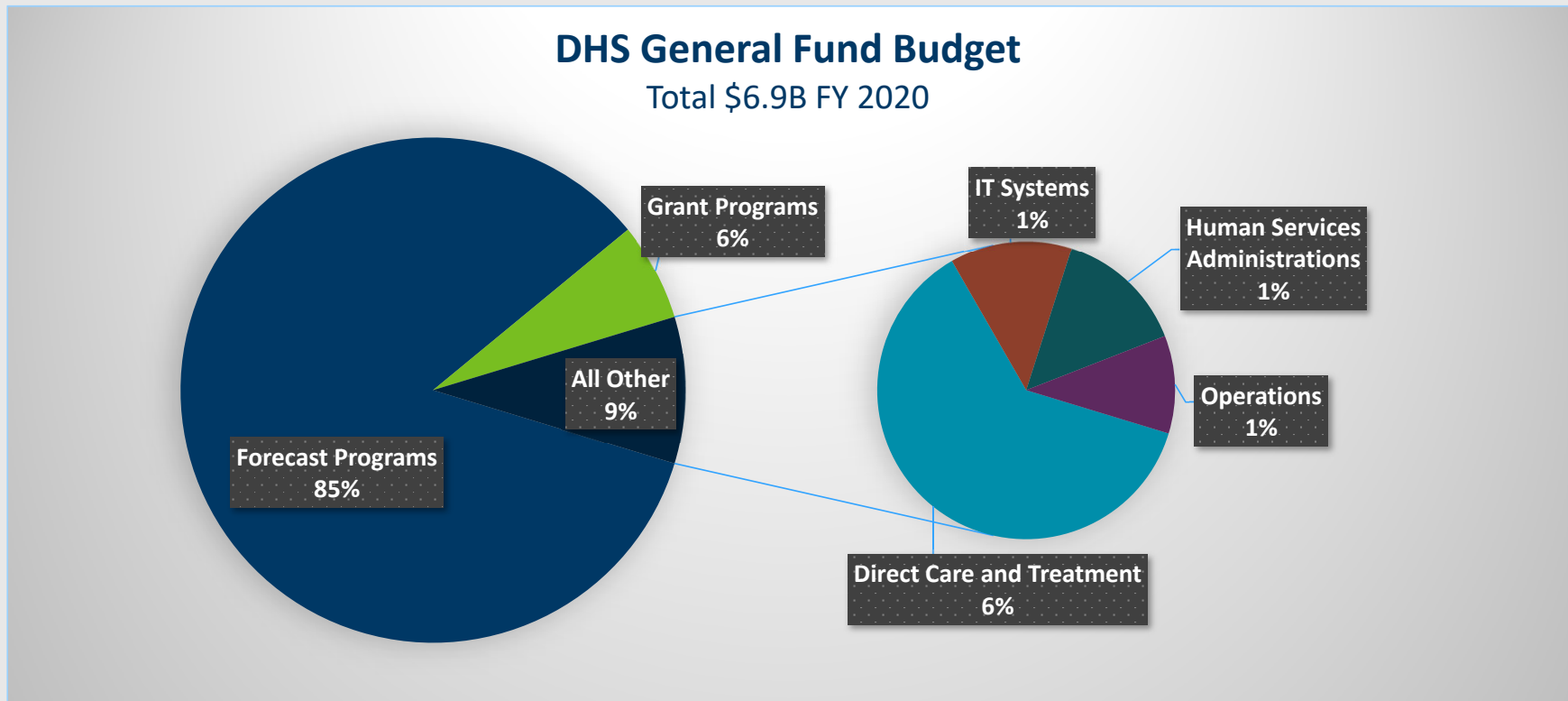
Fiscal Year 2021 Budget

| | |
|------------------------|----------------------|
| Available Funding | \$533 million |
| <u>Projected Costs</u> | <u>\$560 million</u> |
| Difference | (\$27 million) |

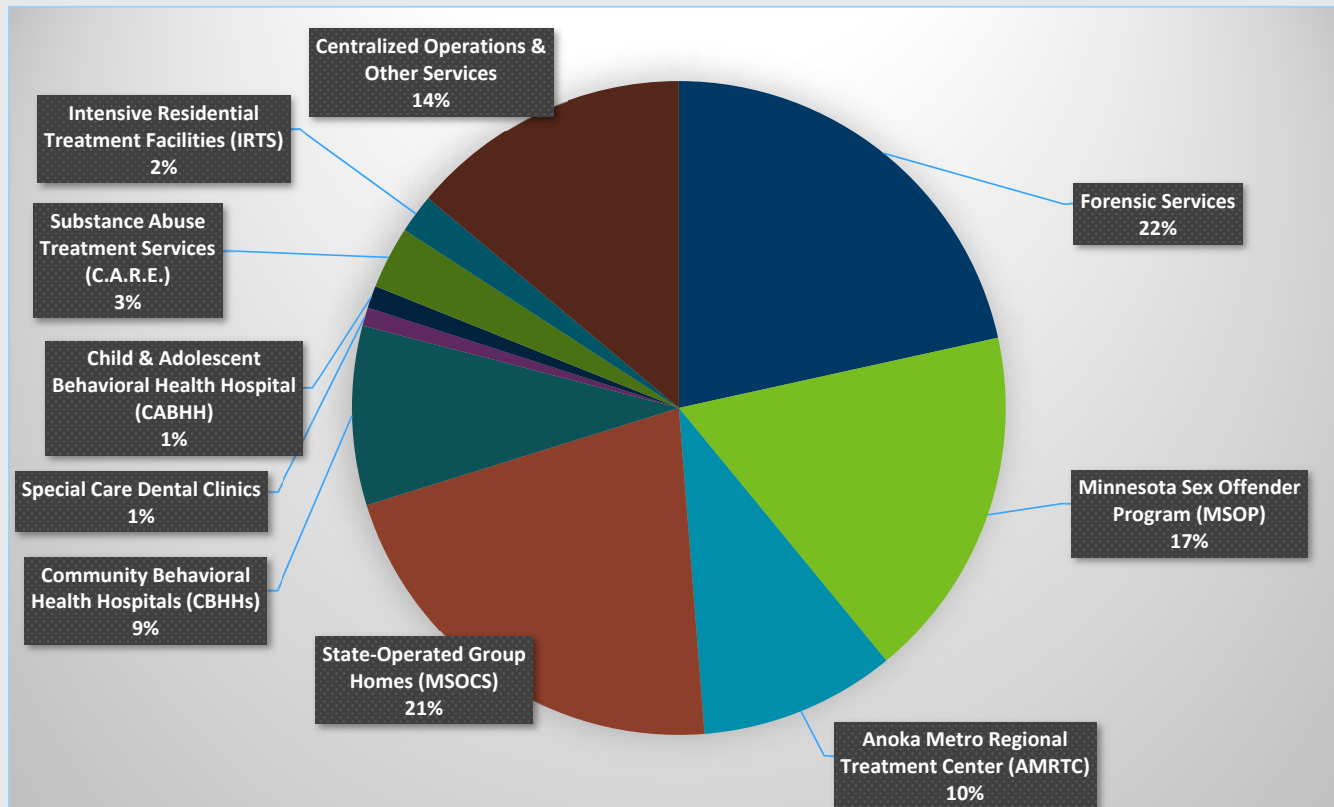
Fiscal Years 2022-2023 Budget

| | |
|------------------------|------------------------|
| Available Funding | \$ 1.05 billion |
| <u>Projected Costs</u> | <u>\$ 1.15 billion</u> |
| Difference | (\$96 million) |

Spending Across DHS



DCT's Projected Costs for Fiscal Year 2021



Direct Care and Treatment: 2015 - 2016

2015 Budget Challenges → Across the Board Cuts

- Inadequate clinical staffing
- Increased staff injuries
- Use of seclusion/restraints

2016 Anoka Regional Treatment Center's CMS Certification at Stake Violent outbreaks at St. Peter Hospital

2016 Marshall Smith hired to lead DCT & Brings LEAN Six Sigma Quality Control

Direct Care and Treatment: 2020 - 2023

2020 **No headlines**

July 2020 **All patients/clients/individuals COVID-free across the system**

2020 – 2023 **Marshall Smith’s “Biggest Possibility” for DCT:**

DCT will achieve the readiness criteria to be an eligible candidate for the national Malcolm Baldrige Quality Award.

Legislative Investments Made Substantial Impacts

Examples of On-Going Legislative Investment (FY2015 – FY2023):

- Funding for increased capacity for complex needs at AMRTC;
- Funding for weekend coverage and clinical oversight at AMRTC;
- Funding to eliminate conditional licensing at Forensics;
- Increased funding for staff at Forensics (BMS);
- Funding to increase IRTS capacity;
- Funding to increase capacity at the Community Behavioral Health Hospitals (CBHHs);
- Funding for MSOP Community Preparation Services; and
- Multiple operating adjustments to fund cost pressures.

Let's Not Go Back

StarTribune

Dec. 9, 2015 - State is fined \$63K for safety violations at security hospital in St. Peter

TwinCities.com PIONEER PRESS

April 7- 2017
Big Bucks Needed to Solve Security Hospital Problems

The Free Press

Serving South-Central Minnesota

April 5, 2017 - 'We're Not Numbers': Security Hospital Staff Concerned Over Lack of Funding

StarTribune

Jan. 26, 2016
Anoka State Mental Hospital Violated Basic Rules for Patient Care, Feds Say
Generic treatment plans, other issues put mental hospital's federal funding at risk.

StarTribune

Suicide at state mental hospital in Anoka prompts an internal state review
Nov. 9, 2016 - Anoka-Metro treatment center had already been under heightened federal scrutiny for the past year.

DCT's Role

Direction from the Office of Legislative Auditor from 2013:

“The Legislature should clarify in law that the mission of state-run facilities is to serve individuals who would not be adequately served by other providers.”

Direction from the Legislature from 2017 to prioritize DCT group homes:

“...for individuals with complex behavioral needs that cannot be met by private community-based providers.” (See Minn. Stat. 252.50, subd. 5(1).)

With the support of the Legislature, DCT has transitioned more than 25 homes to private providers – and opened more than 20 homes for individuals with complex behavioral needs.

Balancing the Budget: Possibilities for Action

There are limited ways to solve for the DCT budget deficit:

- Request legislative action and receive an operating adjustment;
- Engage in across the board budget reductions, which will impact both capacity and staffing;
- Reduce capacity and/or staffing in core programs; and/or
- Make strategic reductions in programs and services where community providers have the expertise and capacity to serve patients and clients who would be affected by the downsizing.

Administrative Reductions Can't Achieve Needed Savings

DCT is unable to only reduce administrative/support budgets or management staff to close this gap in funding.

These staff are critical to maintaining effective operations, overseeing programs – and ensuring compliance issues do not arise.

DCT's progress in eliminating these issues would be erased.

Across the Board Reductions Jeopardize Progress

Across-the-board budget reductions ultimately undermine the integrity, therapeutic effectiveness and safety of the entire system.

Historically, when faced with budgetary constraints, DCT reduced cost across the board, which resulted in many negative issues and led to poor quality, safety and compliance.

In turn, this also impacted the ability to recruit and retain staff. With the work that has been done to improve quality, safety and patient outcomes – this isn't the environment we want to return to.

Reducing Capacity Impacts Communities

Decreasing capacity and/or staffing in core programs reduces the availability of critical services, like those at AMRTC or the CBHHs. Patients will experience substantial delays in admission and be “stuck” in communities hospitals or jails awaiting treatment.

Additionally, DCT would risk being out of compliance with the priority admission statute, or 48-hour rule. Further compliance issues could jeopardize accreditation and DCT’s availability to bill for services.

Counties, who rely on DCT for placement of behaviorally challenged patients, would be greatly impacted by any reduction in capacity.

Strategic Reductions

Strategic reductions focus on closures or transitioning patients and clients that can be served by private providers – and allows DCT to focus on high-need individuals for which no other services are available.

However, DCT is constrained in making these strategic decisions by Minn. Stat. 246.129:

If the closure of a state-operated facility is proposed, and the department and respective bargaining units fail to arrive at a mutually agreed upon solution to transfer affected state employees to other state jobs, the closure of the facility requires legislative approval. This does not apply to state-operated enterprise services



Legislative and labor collaboration on these opportunities will ensure DCT maintains a high level of quality and compliance in core services, like the Anoka Metro Regional Treatment Center (AMRTC), Forensics Services and the Minnesota Sex Offender Program (MSOP).

Actions DHS is Taking to Address Budget Deficit

Program Reductions Beginning September 1:

-  Eliminate Future Positions in Forensic Services
-  Accelerate Transition of Group Homes to Community Providers
-  Discontinue MSOP Programming Inside Moose Lake Correctional Facility

One-time actions to preserve programs and jobs in Greater Minnesota:

-  Reduce DCT Administrative Costs: *Justifications for Hiring, Cut Recruitment and Retention Budgets, Salary Savings Leave, etc.*
-  Reduce DHS Administrative Costs: *Slow Hiring, Reduce Training and Supplies, Salary Savings Leave, etc.*

Results in the elimination of 15 positions, and leaves a gap of \$7.1 million in FY 2021 and \$70.7 million in FY 2022-23.

Additional Options to Address FY 21 Budget

- Explore partnerships with community providers to transition additional DHS facilities to maintain services and jobs and local presence.
 - Since 1970's capacity among community providers has grown much faster than state operated services.
 - For instance, there are now more than 60 residential mental health programs and more 130 residential substance use disorder programs being operated by community providers.
 - Community-based have greater flexibility to focus on local needs and partner with local health systems.
- Discuss creative strategies to control costs with labor partners, the legislature, the mental health community, and other stakeholders to further develop options to control costs.

Time is Running Out



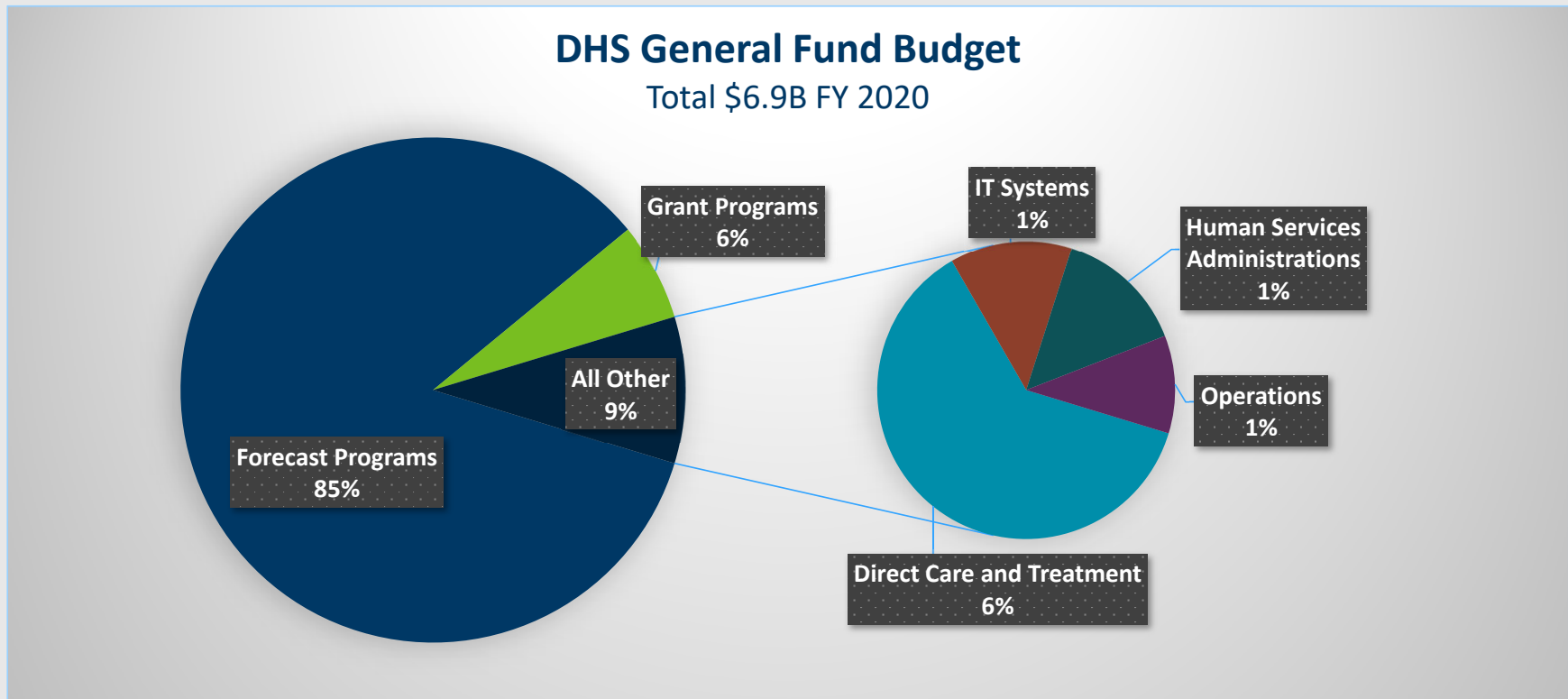
Without agreement to provide funding or permit actions to achieve cost savings before December, DCT will have a critical budgetary shortfall.

Actions that could eliminate the remaining deficit lose impact over time. Each month of delay reduces possible savings by approximately \$2 million in FY 2021.

Strategic Reductions Require Time to Generate Savings

- Closing a program is a multiphase process:
 - Notify bargaining units, regulators, and referral sources
 - Stop program admissions and develop discharge plan for existing clients
 - Issue layoff letters and assist staff with options
- Some costs remain after closure:
 - Lease or contractual obligations
 - Employee separation costs

Options Are Limited



In Conclusion

We are pleased to have reduced the FY21 deficit from \$27 million to \$7.1 million without deeper reductions to services or further jobs lost.

We need your collaboration to figure out the rest.

