



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #411

Mental Health Institutes -- Funding Split (DHFS -- State Operated Institutions)

[LFB 2005-07 Budget Summary: Page 276, #3]

CURRENT LAW

The Department of Health and Family Services (DHFS), Division of Disability and Elder Services, operates two mental health institutes (MHIs), Mendota Mental Health Institute (MMHI) and Winnebago Mental Health Institute (WMHI), that provide psychiatric services to adults, adolescents and children. Patients at the MHIs are admitted either as civil commitments, which include voluntary and involuntary commitments, or through referrals from the criminal court system (forensic patients). Forensic services provided by the MHIs include assessment of competency to stand trial, treatment to competency, and treatment upon a finding of not guilty by reason of mental disease or defect. Individuals found not guilty by reason of mental disease or defect are committed to DHFS for the same period of time that they would have been incarcerated had they been found guilty.

Counties are responsible for supporting the care costs of civil commitments, while the state supports the cost of care provided to forensic patients and other non-billable patients with GPR. The state's medical assistance (MA) program supports MA-covered services to clients who are eligible for MA (primarily children and adults 65 years of age and older). The program revenue that is budgeted to support the MHIs includes MA reimbursement, charges to counties, commercial insurance and Medicare.

Base funding for the MHIs and the average daily populations at the MHIs as of February, 2005, by funding source, are shown in Table 1.

TABLE 1

MHIs -- Base Funding for Institutional Operations

	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Mendota	\$29,498,100	\$17,815,600	\$47,313,700
Winnebago	<u>20,020,800</u>	<u>21,541,000</u>	<u>41,561,800</u>
Total	\$49,518,900	\$39,356,600	\$88,875,500

MHIs -- Average Daily Patient Populations in February, 2005, By Source

	<u>ADP</u>			<u>Percent of Total</u>		
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>	<u>Total</u>
Mendota	187	85	272	68.8%	31.3%	100.0%
Winnebago	<u>139</u>	<u>135</u>	<u>274</u>	50.7	49.3	100.0
Total	326	220	546	59.7%	40.3%	100.0%

Governor: Provide \$2,979,600 GPR and reduce funding by \$2,979,600 PR in 2005-06 and provide \$2,996,100 GPR and reduce funding by \$2,996,100 PR in 2006-07 to adjust base funding for the MHIs to assign the costs of certain services at the MHIs to the appropriate funding source, based on the estimated percentage GPR- and PR- funded patients at the MHIs in each year of the 2005-07 biennium. In addition, convert 49.72 PR positions to 49.72 GPR positions, beginning in 2005-06, to reflect the funding sources for the patient populations at the MHIs.

DISCUSSION POINTS

1. The increase in GPR and corresponding reduction in PR funding for this item reflects that the percentage of total patients at the MHIs that are supported by GPR has increased, while the percentage of total patients at the MHIs that are supported by PR had decreased in the 2003-05 biennium. If the budget bill did not include a funding adjustment to reflect this change in the mix of populations at the MHIs, third-party payers (MA, counties, and other third-party payers) would pay a disproportionate share of certain service costs that cannot be exclusively assigned to PR-funded patients.

2. Examples of services that cannot be assigned exclusively to either PR or GPR payment sources include housekeeping, food production, facility maintenance and security, library, and administrative services. These services are provided to all patients at the MHIs, including both billable and non-billable patients.

3. A review of the administration's calculations for this item suggest that a slight adjustment should be made to reflect: (a) updated information on the current populations at the MHIs; and (b) the planned transfer of a 15-bed forensic unit from Winnebago MHI to Mendota MHI in January, 2006.

4. Table 2 identifies the current projections of population, by payment type, at each MHI in both 2005-06 and 2006-07. Based on these projections, GPR funding in the bill should be reduced by \$10,100 in 2005-06 and by \$32,800 in 2006-07, and PR funding in the bill should be increased by corresponding amounts.

TABLE 2

Estimates of Patient Populations at the MHIs

2005-06

	<u>ADP</u>			<u>Percent of Total</u>	
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>
Mendota	198	89	287	69%	31%
Winnebago	<u>145</u>	<u>122</u>	<u>267</u>	54	46
Total	343	211	554	62%	38%

2006-07

	<u>ADP</u>			<u>Percent of Total</u>	
	<u>GPR</u>	<u>PR</u>	<u>Total</u>	<u>GPR</u>	<u>PR</u>
Mendota	206	89	295	70%	30%
Winnebago	<u>137</u>	<u>122</u>	<u>259</u>	53	47
Total	343	211	554	62%	38%

MODIFICATION

Reduce funding by \$10,100 GPR in 2005-06 and by \$32,800 GPR in 2006-07 and increase PR funding by corresponding amounts to reflect reestimates of the cost to adjust the mental health institutes' base budget.

<u>Modification</u>	<u>GPR</u>	<u>PR</u>	<u>TOTAL</u>
2005-07 FUNDING (Change to Bill)	- \$42,900	\$42,900	\$0

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