



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #377

Contracted Services for Mental Health Clients (DHS -- Care Facilities)

[LFB 2011-13 Budget Summary: Page 245, #7]

CURRENT LAW

The Department of Health Services (DHS) contracts with private organizations and the Department of Corrections to provide certain services for individuals that have been, or may be found not guilty for a crime by reason of mental disease or defect and persons committed as sexually violent persons (SVPs) under Chapter 980 of the statutes. These services include outpatient competency-to-stand-trial examinations, supervision and placement costs for individuals who are on conditional and supervised release, an outpatient treatment to competency program, a forensic case tracking program in Milwaukee County, and a new reentry program, Opening Avenues for Reentry Success (OARS), for inmates at the Wisconsin Resource Center and Taycheedah Correctional Institute.

Base funding to support all of these services is \$9,135,200 GPR.

GOVERNOR

Reduce funding by \$10,200 GPR in 2011-12 and increase funding by \$526,000 GPR in 2012-13 to reflect the net effect of the administration's estimates of the costs of providing the following contracted services.

Supervised Release. Provide \$332,400 in 2011-12 and \$683,000 in 2012-13 to fund projected increases in the costs of treating individuals who are committed as sexually violent persons under Chapter 980 of the statutes and who have been released by the court under the supervision of DHS.

Outpatient Competency Examination. Reduce funding by \$162,400 in 2011-12 and

\$140,400 in 2012-13 to reflect estimates of the funding needed for outpatient competency examinations. DHS contracts with a private vendor, Wisconsin Forensics Unit, to conduct outpatient examinations in jails or locked units of a facility.

Conditional Release. Reduce funding by \$76,300 in 2011-12 and increase funding by \$51,400 in 2012-13 to reflect reestimates of the cost of contracting with the Department of Corrections to supervise individuals who have been conditionally released from the state mental health institutes.

Treatment to Competency Services. Reduce funding by \$121,800 in 2011-12 and \$104,200 in 2012-13 to reflect reestimates of the cost of contracting with Behavioral Consultants, Inc. to provide outpatient treatment to competency services.

Other Corrections Contract Costs. Provide \$17,900 in 2011-12 and \$36,200 in 2012-13 to support projected increases in the cost of other services provided by the Department of Corrections, including contract supervision, escort transportation, and rental of global positioning system (GPS) equipment.

In total, the bill would provide \$9,125,000 GPR in 2011-12 and \$9,661,200 GPR in 2012-13 to fund these services.

DISCUSSION POINTS

1. The estimated costs of most of these contracted services are based primarily on estimates of the number of individuals that will receive these services. These services must be provided if they are ordered by a court. As a result, DHS has limited ability to reduce services to clients due to budgetary constraints.

2. Table 1 shows the population growth rates the administration used in estimating the number of clients that would receive services under the supervised release, conditional release, and treatment to competency programs.

TABLE 1

Estimated Client Growth Rates Under the Governor's Budget

<u>Population</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>
Supervised Release	9%	17%	14%
Conditional Release	1	1	1
Treatment to Competency	4	4	4

3. The Department expects that the number of individuals on supervised release will increase significantly in the 2011-13 biennium for the following reasons: (a) courts are taking into account research that suggest SVPs have low recidivism rates if released after age 60; (b) supervised release is being used in place of discharging SVPs; (c) inmates that have been institutionalized for long periods of time sometimes choose supervised release over discharge; (d) SVPs with high acuity

or with cognitive disabilities often require supervised release for longer durations.

4. The estimates in the Governor's budget are identical to the estimates DHS used in the agency's 2011-13 budget request that was submitted in September, 2010. The DHS budget request included 2010-11 client population projections for the supervised release, conditional release, and treatment to competency programs. Since September, 2010, an additional eight months of client population data is available. Table 2 compares the average client populations estimated in the Governor's budget for fiscal year 2010-11 with the actual average year-to-date information, through March, 2011. In addition, it shows what the average client population would be in fiscal years 2011-12 and 2012-13, using the administration's growth rate assumptions and the revised 2010-11 projections.

TABLE 2

Comparison of Population Projections and Reestimates

	<u>Supervised Release</u>	<u>Conditional Release</u>	<u>Treatment to Competency</u>
2010-11			
Governor's Budget	24	280	25
Monthly Average through March	22	263	35
2011-12			
Governor's Budget	28	283	26
Reestimate	26	266	36
2012-13			
Governor's Budget	32	285	27
Reestimate	30	269	37

5. In addition to using more recent population estimates, average program costs could be reestimated to reflect more recent actual costs. For example, the actual 2009-10 per client cost for the treatment to competency program was \$11,300, approximately \$700 lower than assumed in the Governor's budget. By applying a 2% inflation factor to the 2009-10 actual per client costs, per client costs in the 2011-13 biennium would decrease from \$12,200 assumed under the Governor's budget to approximately \$11,700 in 2011-12 and from \$12,400 to approximately \$12,000 in 2012-13. However, the total projected costs of treatment to competency services would still increase due to projected increases in caseload, relative to the Governor's budget. The administration increased all contract costs by 2% per year to reflect increases in the price of goods and services, based on the Consumer Price Index.

6. The attachment compares the components of the Governor's estimates and the current reestimate. The attachment shows that, funding in the bill could be reduced by \$300,200 GPR in 2011-12 and by \$288,000 GPR in 2012-13 to reflect these reestimates.

7. In its 2011-13 budget submission, DHS requested that base funding that currently supports the OARS program (\$177,6000 GPR annually) be transferred from the contracted services appropriation to the Division of Mental Health and Substance Abuse Services general program

operations appropriation to reflect that this funding is used to fund DHS positions, rather than contracted services for DHS clients, and is therefore more appropriately budgeted as a "state operations" expense, rather than an "aids to individuals and organizations" expense. This change would result in converting 2.0 PR positions, currently funded from moneys transferred from the contracts appropriation, to 2.0 GPR positions, beginning in 2011-12. The Governor's bill does not transfer this funding. The Committee may wish to modify the bill to more accurately reflect the types of costs supported with these funds.

ALTERNATIVES

A. Funding Reestimates

1. Reduce funding by \$300,200 GPR in 2011-12 and by \$288,000 GPR in 2012-13 to reflect reestimates of the costs of contracted services, as shown in Attachment 1.

ALT A1	Change to Bill Funding
GPR	- \$588,200

B. Funding Transfer -- OARS

1. Transfer \$177,600 GPR annually from the DHS contracts appropriation to the general program operations appropriation for the Division of Mental Health and Substance Abuse Services to fund the DHS costs of the OARS program from a state operations appropriation, rather than an appropriation that supports aids to individuals and organizations. Convert 2.0 PR positions to GPR positions, beginning in 2011-12 to reflect this change.

ALT B-1	Change to Bill Positions
GPR	2.00
PR	<u>- 2.00</u>
Total	0.00

2. Take no action on this item.

Prepared by: Grant Cummings
Attachment

ATTACHMENT

Care and Treatment Facilities -- Contracted Services

	<u>Governor's Estimates</u>		<u>Current Estimates</u>		<u>Difference</u> <u>(Change to Bill)</u>	
	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2012-13</u>
Supervised Release						
Population	28	32	26	30	-2	-2
Average Cost	\$75,480	\$77,000	\$75,480	\$77,000	\$0	\$0
Total	\$2,113,400	\$2,464,000	\$1,962,500	\$2,310,000	-\$150,900	-\$154,000
Outpatient Competency Examinations						
Population	1,100	1,100	1,100	1,100	0	0
Average Cost	\$1,220	\$1,240	\$1,220	\$1,240	\$0	\$0
Total	\$1,342,000	\$1,364,000	\$1,342,000	\$1,364,000	\$0	\$0
Conditional Release						
Population	283	285	266	269	-17	-16
Average Cost	\$14,900	\$15,200	\$14,900	\$15,200	\$0	\$0
Total	\$4,216,700	\$4,332,000	\$3,963,400	\$4,088,800	-\$253,300	-\$243,200
Treatment to Competency						
Population	26	27	36	37	10	10
Average Cost	\$12,200	\$12,400	\$11,700	\$12,000	-\$500	-\$400
Total	\$317,200	\$334,800	\$421,200	\$444,000	\$104,000	\$109,200
Subtotal -- Population-Based Contracts						
	\$7,989,300	\$8,494,800	\$7,689,100	\$8,206,800	-\$300,200	-\$288,000
Other Contracts						
DOC Supervision Contract -- Conditional Release	\$531,300	\$554,500	\$531,300	\$554,500	\$0	\$0
DOC Pre-Trial Contract -- Conditional Release	50,000	50,000	50,000	50,000	0	0
DOC Supervision Contract -- Supervised Release	126,800	129,300	126,800	129,300	0	0
DOC Escort Services -- Supervised Release	197,600	201,600	197,600	201,600	0	0
GPS Equipment Rental -- Supervised Release	52,400	53,400	52,400	53,400	0	0
Opening Avenues for Re-entry Success (OARS)	<u>177,600</u>	<u>177,600</u>	<u>177,600</u>	<u>177,600</u>	<u>0</u>	<u>0</u>
Subtotal	\$1,135,700	\$1,166,400	\$1,135,700	\$1,166,400	\$0	\$0
Total Estimated Costs	\$9,125,000	\$9,661,200	\$8,824,800	\$9,373,200	-\$300,200	-\$288,000
Base Funding	\$9,135,200	\$9,135,200	\$9,135,200	\$9,135,200	\$0	\$0
Difference (Change to Base)	-\$10,200	\$526,000	-\$310,400	\$238,000	-\$300,200	-\$288,000