Department of Human Services Proposal for State Mental Health Institute Closure and Consolidation

In accordance with
House File 811, Section 22
2009 Session of the Iowa General Assembly

Submitted to Governor Culver
and the Iowa Legislature by
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Iowa Department of Human Services
December 15, 2009

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I. Executive Summary

The Department's recommendation for closure and consolidation is based on an analysis of the existing programs, persons served, physical plant costs, expenses and renovation/infrastructure costs for relocation, and review of the draft report from the MHI Task Force. Further detail surrounding the analysis used to drive the recommendation is found under the Recommendations section, beginning on page 12 of this report.

In response to the legislative requirement to recommend closure and consolidation of an MHI, the Department recommends the closure of the Mount Pleasant Mental Health Institute with consolidation of its programs and operational beds at the Independence Mental Health Institute. With this recommendation, Independence MHI will add beds to accommodate the 15 adult psychiatric beds, 14 dual diagnosis beds, and 50 substance abuse treatment beds now located at the Mount Pleasant MHI. This relocation will take an estimated six months from the time statutory authority and corresponding appropriations are received.

There are two scenarios which impact costs. Scenario one assumes closure of Mount Pleasant in FY2011 with net general fund savings of $ 529,233. For this same scenario, in FY2012 the net general fund savings from FY2010 is $ 1,748,777. Scenario two assumes consolidation and corresponding administrative transfer of employees to Independence. For this scenario the estimated net general fund impact of the recommendation in FY2011 ranges from a cost of $ 414,795 to a cost of $ 2,617,527 depending on which financial model and corresponding assumptions are utilized. In FY2012 the net general fund savings from FY2010 in scenario two is also $ 1,748,777.

Additional information may be located in section 4 of this report, and detailed financial models may be located in Appendices B and C.

II. Introduction

On May 26th, 2009, Governor Chester J. Culver signed into law House File 811, from the 82nd Iowa General Assembly. House File 811 includes appropriations for health and human services and other related provisions and appropriations. Section 22 of House File 811 includes language that places requirements on the Department of Human Services (DHS) relating to its operation of the four Mental Health Institutes (MHI) in the State:

> The department shall submit a proposal for closing one state mental health institute and consolidating the services provided at the other state mental health institutes. The proposal shall provide for maintaining the existing levels of beds and services after the consolidation. The proposal shall be developed in coordination with the task force review of the four institutes performed under this section. The department shall incorporate or address the findings and recommendations of the task

force in such proposal. The proposal shall be submitted to the persons designated by this division of this Act for submission of reports on or before December 15, 2009.

The department shall staff a task force to be appointed by the governor consisting of knowledgeable citizens to perform an in-depth review of the four state mental health institutes, services provided, public benefits of the services provided, economic effects connected to the presence of the institutes that are realized by the communities in the areas served and the families of personnel, and other public costs and benefits associated with the presence and availability of the four institutes. The review shall be coordinated with the proposal to be developed by the department under this section and shall incorporate or address the proposal findings and recommendations. The task force shall submit a report providing findings and recommendations to the governor and general assembly on or before December 15, 2009.

The DHS is required to submit a proposal on or before December 15th, 2009, for closing one state MHI, and consolidating the services provided at the other MHIs. The DHS is also required to staff a task force of knowledgeable citizens, appointed by the Governor, to perform an in-depth review of the MHIs. The task force is also required to submit a report on or before December 15th, 2009, inclusive of its findings and recommendations.

III. Summary Overview of the Mental Health Institutes

Iowa's four Mental Health Institutes, located in Cherokee, Clarinda, Independence and Mount Pleasant, provide critical access to quality acute psychiatric care for Iowa's adults and children needing mental health treatment, and provide specialized mental health related services. The specialized services include substance abuse treatment, dual diagnosis treatment for persons with mental illness and substance addiction, psychiatric medical institution for children (PMIC), and long-term psychiatric care for the elderly (geropsychiatric).

As an integral part of Iowa's mental health and substance abuse service delivery system MHIs provide services to persons who are unable to receive necessary evaluation or treatment services in the community. Treatment services and programs provide a safe, therapeutic environment for stabilization allowing individuals to return home as soon as possible.

The purpose of each Mental Health Institute is to operate as regional resource centers providing one or more of the following:

- Person-centered treatment, training, care, habilitation and support services for individuals with mental illness or a substance abuse problem that supports the individual's treatment plan; and
- Facilities, services and other support to the communities located in the region being served by a mental health institute so as to maximize the usefulness of the mental health institutes while minimizing overall costs.

Iowa Code §226 establishes the official designation and purpose for the Mental Health Institutes.

All four MHIs are licensed as hospitals under Iowa Code §135B and all four MHIs are also certified by the Centers for Medicare and Medicaid Services (CMS) for participation in the Medicare and Medicaid programs. In addition, Cherokee and Independence are accredited by The Joint Commission.

Service Catchment Areas

The State's catchment areas for adult psychiatric services were designed to account for operational capacities at each of the MHIs, as noted in Chart 1. The children and adolescent programs' catchment areas are noted in Chart 2. The geropsychiatric program at the Clarinda MHI and the dual diagnosis and substance abuse programs at the Mount Pleasant MHI accept admissions from the entire state.

Chart 1

Adult Psychiatric Catchment Areas

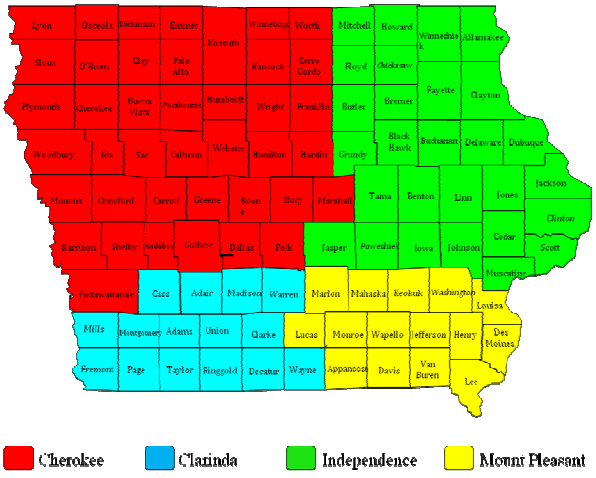
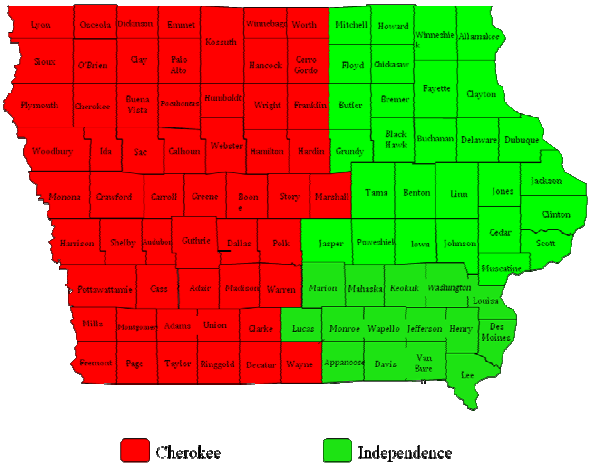


Chart 2

Child and Adolescent Psychiatric Catchment Areas



Bed Capacity

Since their establishment in the mid-to-late 1800's, the Mental Health Institutes' populations and operational bed capacities have been significantly impacted by advancement in treatment modalities and increases in community-based services. The MHIs operational capacity peaked in the mid 1940's, when there were approximately 6,500 individuals in the various programs on an average day. Since that time, the MHIs mission and role has changed.

As a result of across the board budget cuts in FY1991 and FY1992, consolidation of geropsychiatric and substance abuse treatment programs occurred at the Clarinda and Mount Pleasant MHIs, respectively. Further economic hardships and State budget shortfalls in FY2002 and FY2003 resulted in a 38.3% reduction in aggregate operational capacity at the MHIs. The current operational bed capacity as noted in

Table 1 has been maintained in FY2010, despite the 10% across the board budget reduction. Per the legislative requirements outlined in HF 811, this capacity will be maintained in the closure and consolidation recommendations in this report.

Additional details relating to previous operational bed closures and consolidations may be located in the HF 811 Briefing Document located at http://www.dhs.state.ia.us/mhdd/MHI_TaskForce/MHI_TaskForce.html.

Table 1
Mental Health Institute Operational Bed Capacity, FY2010

Program	Cherokee	Clarinda	Independence	Mount Pleasant	TOTAL
Adult Psychiatric	46	20	40	14	**120**
Child Psychiatric	6	-	15	-	**21**
Adolescent Psychiatric	6	-	10	-	**16**
Geropsychiatric	-	35	-	-	**35**
Dual Diagnosis	-	-	-	15	**15**
PMIC	-	-	30	-	**30**
Substance Abuse	-	-	-	50	**50**
Total Beds	**58**	**55**	**95**	**79**	**287**

Admissions

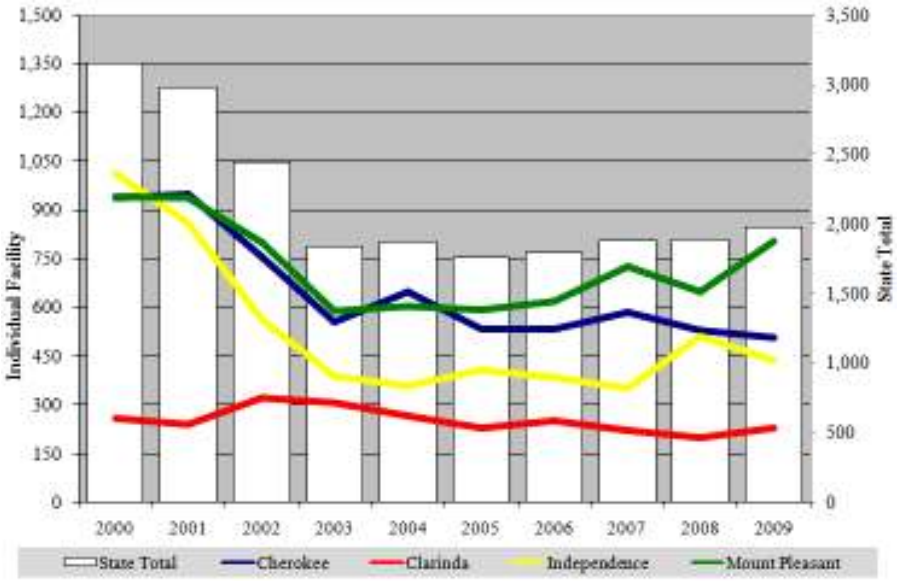
Typically, individual MHI admissions come from counties within their individual catchment area. However, MHIs do admit from counties outside their catchment area when there is a bed shortage in the originating MHI's catchment area. Use of the adult psychiatric, child and adolescent, and PMIC beds are directly related to the availability of alternative community based treatment options.

The geropsychiatric program at the Clarinda MHI and the dual diagnosis program at the Mount Pleasant MHI accept admissions from the entire state. The substance abuse program at the Mount Pleasant MHI also accepts admissions from the entire state with 46.3% of admissions coming from Polk County in FY2009.

Collectively, the MHIs admitted 1,976 individuals in FY2009. There has been a 37.3% decrease in admissions (from 3,151 to 1,976) during the past nine years, as noted in Chart 3.

Chart 3

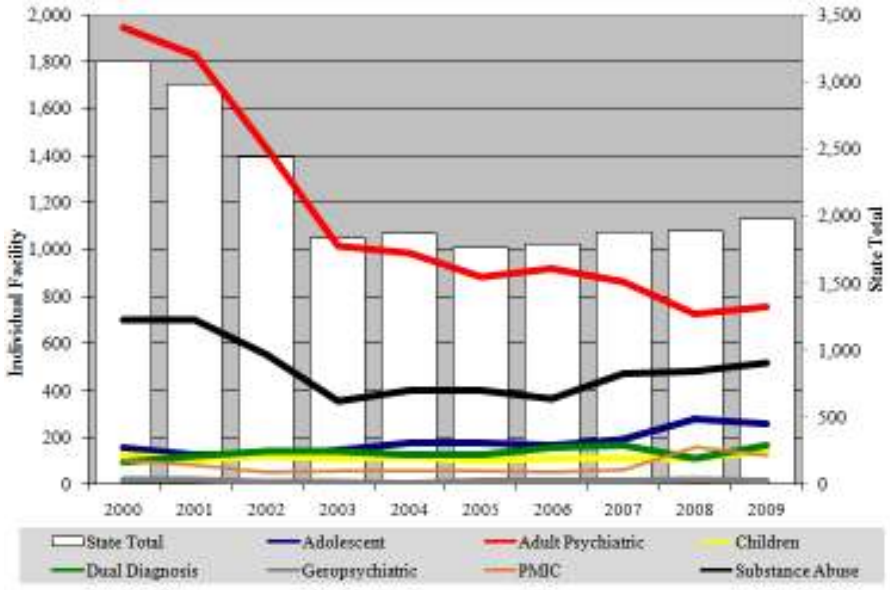
Total Admissions by Institute, FY2000 – FY2009



Admissions declined sharply in FY2003 following the operational capacity reductions, with specific program trending as noted in Chart 4.

Chart 4

Total Admissions by Program, FY2000 – FY2009



Overall admissions to the adult psychiatric programs have somewhat decreased, and admissions to the dual diagnosis and geropsychiatric programs have essentially remained level.

Admissions to the substance abuse, child and adolescent psychiatric, and PMIC programs have increased slightly. The increase in substance abuse admissions is not surprising given the expansion of twenty additional beds in FY2006.

It should be noted that the majority of the increase in the child and adolescent psychiatric and PMIC programs is attributable to a change in the way the Department records admissions. Specifically, the Independence MHI's child and adolescent programs often transfer patients no longer needing acute psychiatric treatment to their PMIC unit. Beginning in FY2008, the Department now calculates these transfers out of the program as discharges and admissions to the child and adolescent or PMIC programs, respectively.

In FY2009, 78.7% of all admissions to the MHIs were involuntary, as noted in Table 2.

Table 2
Involuntary Admissions to Mental Health Institute Programs, FY2009

Program	Total Admission in FY2009	% Involuntary
Adult	758	74.2%
Child	140	75.7%
Adolescent	258	85.3%
Geropsychiatric	13	61.5%
Dual Diagnosis	167	71.1%
PMIC	122	85.2%
Substance Abuse	518	84.3%
Total Beds	**1,976**	**78.7%**

For FY2010 it is estimated that program admissions will stay fairly constant; however this is largely dependent on local capacity to continue to serve individuals with challenging and complex issues.

Campuses

The MHIs have approximately 1.9 million square feet of building space in campus buildings and structures as noted in Table 3. In addition, the campuses are comprised of approximately 706 acres of land. The Department of Corrections leases approximately 79 of these acres for crops or pasture.

Table 3
Campus Acreage and Square Footage of All Structures, FY2009

Facility	Total Acres	Acres Farmed by DOC	Square Footage of Buildings & Structures
Cherokee	209.00	0.00	637,038
Clarinda	220.00	9.00	561,000
Independence	276.60	70.40	615,034
Mount Pleasant *	n/a	n/a	71,625
Totals	**705.60**	**79.40**	**1,884,697**

* Mount Pleasant MHI only utilizes eight (8) structures on campus.

All four of the MHIs currently lease space to other organizations on their campuses; some of the relationships with these lessees date back more than 40 years. Lessees include the Iowa Vocational Rehabilitation Services, community mental health centers, private residential programs, Targeted Case Management services, court services, and many others.

Budget

After the 10% across the board (ATB) budget reduction enacted on October 8th, 2009, the combined FY2010 operational budget for the MHIs is an estimated $ 54,748,300; individual MHI operational budgets are noted in Table 4. Approximately 85.6% of the combined MHI budget is utilized for salaries and 14.4% for support. The support budget covers key items such as medications, food, utilities, etc. Infrastructure funds are appropriated separately.

The MHIs may receive funding for infrastructure repair or improvements through the routine maintenance, major maintenance, and capital appropriations to the Department of Administrative Services (DAS). The operational budgets include routine maintenance funds appropriated to and distributed by DAS to the MHIs on a square footage basis.

Table 4

Mental Health Institute Post 10% ATB Operational Budgets, FY2010

Facility	FY2010 Projected Operational Budget *
Cherokee	$ 16,156,940
Clarinda	$ 8,634,922
Independence	$ 21,159,153
Mount Pleasant	$ 8,797,285
Total	**$ 54,748,300**

* Budget amounts do not include furlough savings or projected transfers between facilities.

The Mount Pleasant MHI currently has one major maintenance project approved to remodel patient restrooms and showers at an estimated cost of $ 1,200,000. The Vertical Infrastructure Advisory Committee has recommended this project be funded, however design and construction has not started and the project could be deferred. There are no capital funds appropriated for the Mount Pleasant MHI at this time.

Based on FY2010 projections, up-front revenue sources are noted in Chart 5:

Chart 5

Mental Health Institute Up-Front Revenue Sources, FY2010 Projected

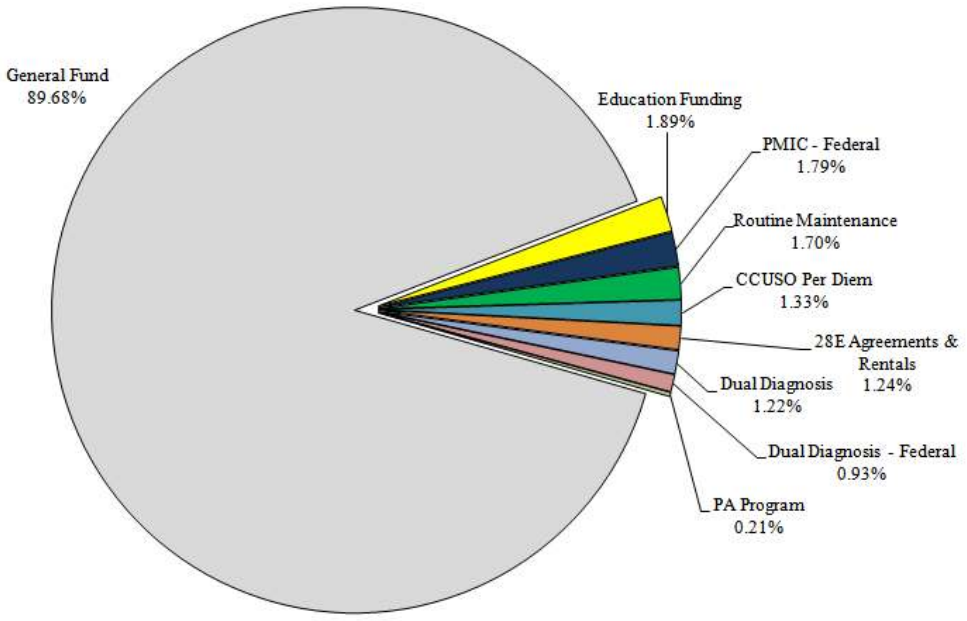
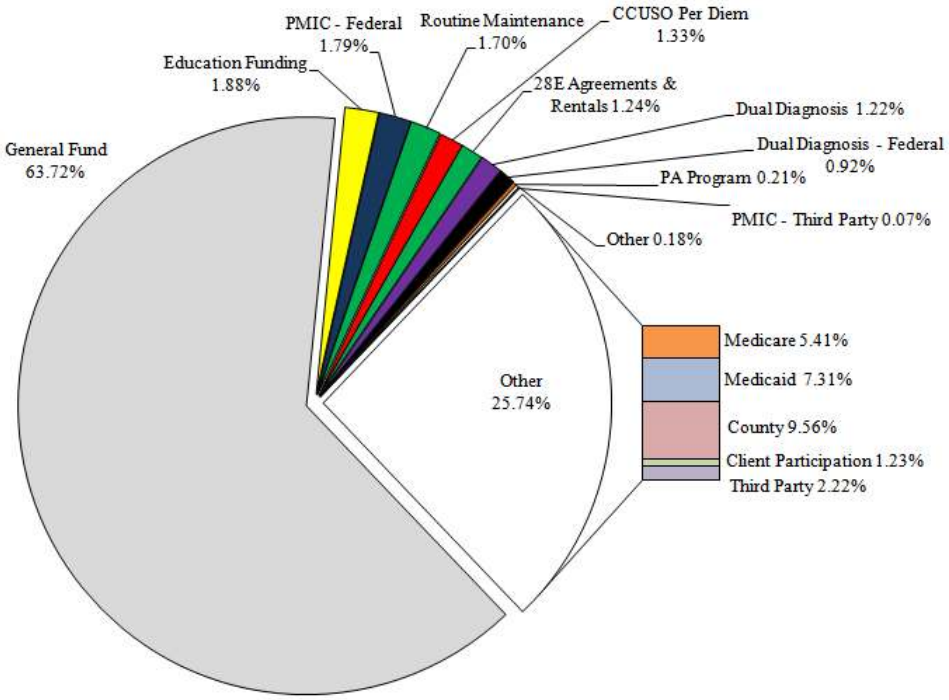


Chart 6 illustrates the actual funding sources utilized, once all billable entities are considered. At year end, $ 14,222,579 is projected to be returned to the General Fund, reducing the actual impact by 25.7%.

Chart 6

Mental Health Institute Year-End Revenue Sources, FY2010 Projected



Personnel Resources

During FY2010, the post-10% ATB funded level of staff is 675.79 full time equivalents (FTEs) as noted in Table 5. This figure includes 30.94 shared administrative and support FTEs that perform duties for both the MHI and the Department of Corrections on the shared campuses in Clarinda and Mount Pleasant. Salaries for these staff are allocated on the basis of services provided.

Table 5

Mental Health Institute Overview Data

Facility	FY2010 Funded FTEs
Cherokee	201.00
Clarinda [1]	100.48
Independence	266.67
Mount Pleasant [2]	107.64
Totals	**675.79**

[1] Clarinda FTEs include 15.50 shared FTEs with the Department of Corrections.

[2] Mount Pleasant includes 15.44 shared FTEs with the Department of Corrections.

IV. Recommendations

As noted in the Executive Summary on page 3, the Department recommends closure of the Mount Pleasant Mental Health Institute with consolidation of its programs and operational beds at the Independence Mental Health Institute.

If the Legislature approves the closure of the Mount Pleasant MHI, the Department recommends amendments to Iowa Code §218 and related sections, as they relate to the operation of the Mental Health Institutes.

In relation to closure and consolidation, the MHI Task Force draft report provides recommendations; a comprehensive list of the recommendations is located in Appendix A.

In developing the MHI Task Force recommendations, the Department utilized the Iowa State University Department of Economics' analysis of the economic, fiscal, and community impacts associated with closure and consolidations models conducted for the MHI Task Force. The ISU's final report may be located at http://www.dhs.state.ia.us/mhdd/MHI_TaskForce/MHI_TaskForce.html. To summarize its contents, the overall analysis demonstrates a relatively greater impact to areas with the higher levels of staff and associated resources (i.e., the Cherokee and Independence MHIs), and a relatively lesser impact to areas with the lower levels of staff and associated resources (i.e., the Clarinda and Mount Pleasant MHIs).

Each MHI was evaluated as to its appropriateness as a candidate for closure. After preliminary analysis, it was determined that some MHIs were less suitable for closure and consolidation than others. Based on this, the Department determined:

- Children and adolescents should not be relocated to a facility currently co-campused with the Department of Corrections.
- It would not be as cost effective to close the Cherokee MHI and relocate its adult and child and adolescent programs due to the impact on shared services with the Civil Commitment Unit for Sexual Offenders (CCUSO).
- It would not be cost effective to close the Independence MHI due to the high volume of operational beds that would be consolidated throughout the state.
- It would not be cost effective to close the Clarinda MHI due to the estimated infrastructure costs required for renovation at another facility in order to meet nursing home licensure standards for the geropsychiatric program. If a cost-effective location for the geropsychiatric program could be identified or if these beds were no longer operated by the Department, the closure of the Clarinda MHI is an option.

As the analysis then focused further on the Clarinda and Mount Pleasant MHIs, factors that related to the selection of the recommendation included:

- Availability of appropriate space for new programs, including an examination of which campuses were conducive to the most cost-effective expansion options.
- Cost impact on other campus services.
- Impact on clients and counties especially pertaining to the geographic proximity to the receiving facility.
- Economic impact of closure to the community.

Given all the factors considered, the determination was made to recommend closure of the Mount Pleasant MHI and consolidation with the Independence MHI.

If the Legislature approves the closure of the Mount Pleasant MHI, there are two cost scenarios, both of which assume the following:

- Statutory authority and an appropriation are received May 1st, 2010. Receipt of statutory authority and funding either earlier or later will correspondingly shift the estimated cost impacts.
- Budget based on post 10% across the board cuts.
- Sustain current state total operational bed capacities.
- All Mount Pleasant MHI equipment, supplies, and inventories that can be reasonably moved will be moved to the Independence MHI.
- The renovation process at the Independence MHI will take an estimated six months and the State's formal competitive bidding process will be followed.
- Admissions to all Mount Pleasant MHI programs will be halted approximately thirty (30) days prior to the actual closure of the programs. This stoppage in admissions is necessary in order to minimize the cost and time required to relocate equipment, supplies, and inventories from the Mount Pleasant MHI. This will also reduce the number of individuals remaining in the treatment program who would need to be relocated to the Independence MHI. It is important to note that admissions to the other MHI programs and facilities would not be affected.
- Funding for remaining shared service personnel and support costs within the DOC are not projected to be paid by the DHS in FY2011. The shared costs associated the DOC in FY2011 are estimated to be $ 1,397,015, and actual operational costs incurred for the four months of ongoing operations at the Mount Pleasant MHI are estimated to be $ 465,672.
- There are two scenarios for staffing costs: Scenario one assumes that no personnel from the Mount Pleasant MHI are relocated to the Independence MHI because the MHI has been closed. Scenario two accounts for the administrative reassignment of personnel because the facility has been consolidated.

The following scenarios illustrate the estimated impact to the DHS appropriation, the general fund, the net general fund, and the counties in FY2011 and FY2012. As previously noted, scenario one assumes that no personnel from the Mount Pleasant MHI are relocated to the Independence MHI because the Mount Pleasant MHI has been closed.

There are two variables that impact the estimated costs/(savings) in scenario two:

- The estimated number of personnel accepting an administrative reassignment; and
- The actual costs associated with relocating personnel.

Note that collective bargaining agreements and the State Accounting Enterprise manual speak to maximum reimbursable relocation costs of $ 50,000.

The costs/(savings) estimates in scenario two include the following assumptions:

- The low end of the impact range includes the assumption of 21 personnel accepting the administrative reassignment at the maximum reimbursable relocation costs of $ 50,000.
- The high end of the impact range includes the assumption of 70 personnel accepting the administrative reassignment at the maximum reimbursable relocation costs of $ 50,000.

The true impacts to both FY2011 and FY2012 in scenario two will not be known until actual implementation occurs.

Scenario #1
Mount Pleasant MHI Closure

Costs/(Savings) to the:	Net change from FY2010 to FY2011 Costs(Savings)	Net change from FY2010 to FY2012 Costs/(Savings)
DHS Appropriation	($ 454,251)	($ 1,636,305)
County/Federal Reimbursement to General Fund	($ 74,982)	($ 112,472)
Net Impact to General Fund	($ 529,233)	($ 1,748,777)
Impact to Counties from Per Diem	$ 41,581	$ 62,371

Scenario #2
Mount Pleasant MHI Consolidation

Costs/(Savings) to the:	Net change from FY2010 to FY2011 Costs/(Savings) * Low	Net change from F2010 to FY2011 Costs/(Savings)* High	Net change from FY2010 to FY2012 Costs/(Savings)
DHS Appropriation	$ 489,777	$ 2,692,509	($ 1,636,305)
County/Federal Reimbursement to General Fund	($ 74,982)	($ 74,982)	($ 112,472)
Net Impact to General Fund	$ 414,795	$ 2,617,527	($ 1,748,777)
Impact to Counties from Per Diem	$ 41,581	$ 41,581	$ 62,371

*** Note: the estimated costs associated with the consolidation model in Scenario #2 are above and beyond the amount appropriated to the Mount Pleasant MHI.**

The financial models and assumptions used to estimate these figures may be located in Appendix B and C, respectively.

Counties' costs will also be impacted, based on the estimated changes in per diem costs with the shifts in beds to the Independence MHI. The methodology to calculate per diem costs is established in Iowa Code § 230.20. In aggregate, the closure and consolidation shows a cost to the counties of $ 62,371.

By moving programs and services from the Mount Pleasant MHI to the Independence MHI, communities will be impacted. Individuals seeking services and their families will have further to travel in order to receive those services, sheriff's departments will be impacted in having to drive further to transport individuals involuntarily committed to the facility, and there will be fewer regional beds for referral sources to utilize.

V. Impact of Closure on the Mental Health System

The Mental Health Institutes will remain an integral part of Iowa's mental health and substance abuse service delivery system. As part of that system, the MHIs will continue as regional resource centers, serving individuals in need of acute stabilization services, and continue to work with sub-acute and community-based resources to maximize the opportunities for individuals to be discharged to a lower level of care once they are stabilized.

This recommendation provides the Legislature the opportunity to gain some economic efficiency within the MHI operations. As the Mental Health and Disability Services Acute Care Task Force, the Legislature, and other stakeholders contemplate the structure and funding of the Iowa mental health system and make recommendations for change, the role of the MHIs will evolve as well.

Clearly the closure of the Mount Pleasant MHI will have an economic impact on Mount Pleasant and its surrounding communities. Vacating the MHI space provides the Legislature the opportunity to determine whether the DOC should expand operations potentially mitigating some job losses due to the MHI closure.

Appendix A – MHI Task Force Recommendations

1. No state facilities should be closed, at this time.
2. Decisions that affect the future of the facilities must be made in the context of the whole service system, the people it serves, public safety, total costs, and best practices.
3. Collaborative efforts and communications should be expanded between the Iowa Departments of Human Services, Public Health, Corrections and Education, the Judicial Branch and other stakeholders to improve access to treatment and outcomes for those who are at risk of entering or have already entered the criminal or juvenile justice systems regarding:
    a. Uniform screening and assessment instruments to identify persons with mental illness and substance abuse should be developed and used statewide.
    b. Provision of mental health services to patients in jails and prison.
    c. Cross training for mental health, substance abuse, and other co-occurring disorders for personnel.
    d. Expansion of jail diversion programs and services to divert individuals with serious mental illness and co-occurring mental health and substance use disorders away from jail.
    e. A study of the forensic population in Iowa to quantify the changing need for services as well as current availability of services should be conducted.
4. The recommendations of the DHS Mental Health Acute Care Task Force are supported and adopted as MHI Task Force recommendations, including:
    a. Develop regional community-based mental health crisis intervention services as a first-line safety net for children, youth and adults, including Crisis Stabilization Centers, Crisis Resource Centers and Mobile Crisis Stabilization Teams and Services.
    b. Subacute services should be developed to allow for timely transition of patients who no longer need psychiatric inpatient hospitalization services, to less intensive and less restrictive treatment centers
    c. Expand capacity in Iowa's local hospital emergency rooms to provide appropriate psychiatric emergency room screening.
    d. Expand the role of community mental health centers to function as Community Access Centers that provide core safety net services in designated regional geographic areas on a 24/7 basis.
5. The purpose and role of the MHIs as acute care providers, as stated in Iowa Code 226.1, should be reviewed and updated in keeping with changes in technology, treatment approaches and services now available in Iowa.
6. The MHI's should expand their capacity to share professional and clinical expertise with other community-based providers through providing professional training, case consultation, and other support. Areas of expertise identified include: gero-psychiatric care, co-occurring disorder and substance abuse treatment, and mental illness.

Appendix A – MHI Task Force Recommendations (cont)

7. Creative collaborative opportunities and incentives should be explored with and by all universities, colleges and other public and private sector providers and DHS, including:
    a. Physician, physician assistant, ARNP, psychology, nursing, counseling, social work and other professional training programs, that work with the MHIs and other mental health providers, in addition to already existing programs.
    b. Granting state or other scholarships to recruit professionals in the areas of mental health and co-occurring disorders. Scholarship recipients could repay a scholarship by working in Iowa where professionals are needed.
8. DHS should be encouraged to continue to focus on cost containment strategies such as joint purchasing and shared staff when feasible.
9. Explore opportunities to gain eligibility for Medicaid reimbursement for adult inpatient services at the MHIs which is currently prohibited under a federal policy known as the IMD Exclusion (IMD = institution for mental disease exclusion).

Appendix B – Cost/(Savings) Estimate Worksheet for Scenario #1

Scenario #1 is based on closure of the Mount Pleasant MHI and assumes a layoff of all 92.20 DHS personnel at the Mount Pleasant MHI, resulting in no personnel being administratively reassigned to work at the Independence MHI. Personnel affected by the layoff at the Mount Pleasant MHI could apply to work as one of the 94.50 new FTEs that they are qualified for at the Independence MHI, or some personnel could be eligible for hire for these positions by choosing the Independence MHI as an employment option on their recall list (created by those persons impacted by the reduction in force).

	Projected FY2010	Post 10% ATB FY2011	1st Year Changes	Revised FY2011	2nd Year Changes	Revised FY2012
APPROPRIATIONS						
Independence MHI						
General Fund	$ 9,750,583	$ 9,750,583		$ 9,750,583		$ 9,750,583
Medicaid (100% GF)	$ 9,045,894	$ 9,045,894		$ 9,045,894		$ 9,045,894
Move MTP Adult (14) & DDx (15) to IND			$ 1,331,949	$ 1,331,949	$ 665,975	$ 1,997,924
Move MTP Sub Abuse (50) to IND			$ 1,987,183	$ 1,987,183	$ 993,592	$ 2,980,775
Renovation (Capital)			$ 319,640	$ 319,640	$ (319,640)	$ -
Total IND	$ 18,796,477	$ 18,796,477	$ 3,638,772	$ 22,435,249	$ 1,339,927	$ 23,775,176
Mt Pleasant MHI						
General Fund	$ 1,837,357	$ 1,837,357		$ 1,837,357		$ 1,837,357
Medicaid (100% GF)	$ 5,752,587	$ 5,752,587		$ 5,752,587		$ 5,752,587
Move MTP (79) to IND			$ (5,059,963)	$ (5,059,963)	$ (2,529,981)	$ (7,589,944)
One time Payout Costs			$ 501,268	$ 501,268	$ 8,000	$ 509,268
Total MTP	$ 7,589,944	$ 7,589,944	$ (4,558,695)	$ 3,031,249	$ (2,521,981)	$ 509,268
Total IND + MTP	$ 26,386,421	$ 26,386,421	$ (919,923)	$ 25,466,498	$ (1,182,054)	$ 24,284,444
DEPARTMENT OF CORRECTIONS						
MTP Correctional - Shared Costs			$ 465,672	$ 465,672	$ -	$ 465,672
MHI Cost/(Savings) + DOC Costs	$ 26,386,421	$ 26,386,421	$ (454,251)	$ 25,932,170	$ (1,182,054)	$ 24,750,116
Projected Appropriation Cost/(Savings)				**$ (454,251)**		**$ (1,636,305)**
FEDERAL & COUNTY RECEIPTS Deposited to GF (offsets portion of GF appropriation)						
Independence	$ 3,720,311	$ 3,720,311	$ 612,078	$ 4,332,389	$ 306,039	$ 4,638,428
Mt. Pleasant	$ 1,568,191	$ 1,568,191	$ (537,096)	$ 1,031,095	$ (268,549)	$ 762,546
Total GF Revenues	$ 5,288,502	$ 5,288,502	$ 74,982	$ 5,363,484	$ 37,490	$ 5,400,974
Projected GF Revenue Increase				$ 74,982		$ 112,472
Net General Fund Costs/(Savings)				**$ (529,233)**		**$ (1,748,777)**
COUNTY NET CHANGE *						
MTP Adult & DDx to IND			$ 41,581	$ 41,581	$ 20,790	$ 62,371
MTP Sub Abuse to IND			$ -	$ -	$ -	$ -
Total County Increase/(Savings)				**$ 41,581**		**$ 62,371**

* Note: With no existing dual diagnosis or substance abuse programs at the Independence MHI, the report assumes the Mount Pleasant MHI county capped per diem will be utilized at the Independence MHI, resulting in no increased county cost or savings. The estimated cost impact is a result of utilizing the Independence MHI adult psychiatric county capped per diem.

Appendix C – Cost/Savings Estimate Worksheet for Scenario #2

Scenario #2 is based on a consolidation of the Mount Pleasant and Independence MHIs which assumes that the 70 Mount Pleasant MHI personnel working in the same job classes as those that will be needed at the Independence MHI for the consolidated beds will be offered an administrative reassignment. With an administrative reassignment, the State has an obligation to pay for certain expenses. Accurate projections for costs are not possible as it depends upon the number of personnel that will chose to move and the actual reimbursement for which they would be eligible. However, to provide a perspective, the Department has calculated two separate estimates, as follows:

<u>High Relocation Costs</u>

- All 70 eligible employees accept reassignment
- All 70 eligible employees are reimbursed at the maximum allowable rate of $ 50,000 (per collective bargaining contracts and State Accounting Enterprise manual).
- Total cost of reassignment = $ 3,500,000 (70 x $ 50,000).

<u>Low Relocation Costs</u>

- 70 employees are eligible for reassignment
- Employees meeting the rule of 88 will not accept reassignment
    - 29 Mount Pleasant MHI employees meet the rule of 88
    - 100% of these employees are in eligible classes
- Total number of employees available for reassignment = 41 (70 – 29)
- Of the 41 eligible employees, 50% or approximately 21 individuals, accept the administrative reassignment, and are reimbursed at the maximum allowable rate of $ 50,000 (per collective bargaining contracts and State Accounting Enterprise manual).
- Total cost of reassignment = $ 1,050,000 (21 x $ 50,000).

Appendix C – Cost/Savings Estimate Worksheet for Scenario #2 (cont)

	Projected FY2010	Post 10% ATB FY2011	1st Year Changes	Revised FY2011	2nd Year Changes	Revised FY2012
APPROPRIATIONS						
Independence MHI						
General Fund	$ 9,750,583	$ 9,750,583		$ 9,750,583		$ 9,750,583
Medicaid (100% GF)	$ 9,045,894	$ 9,045,894		$ 9,045,894		$ 9,045,894
Move MTP Adult (14) & DDx (15) to IND			$ 1,331,949	$ 1,331,949	$ 665,975	$ 1,997,924
Move MTP Sub Abuse (50) to IND			$ 1,987,183	$ 1,987,183	$ 993,592	$ 2,980,775
Renovation (Capital)			$ 319,640	$ 319,640	$ (319,640)	$ -
Total IND	$ 18,796,477	$ 18,796,477	$ 3,638,772	$ 22,435,249	$ 1,339,927	$ 23,775,176
Mt Pleasant MHI						
General Fund	$ 1,837,357	$ 1,837,357		$ 1,837,357		$ 1,837,357
Medicaid (100% GF)	$ 5,752,587	$ 5,752,587		$ 5,752,587		$ 5,752,587
Move MTP (79) to IND			$ (5,059,963)	$ (5,059,963)	$ (2,529,981)	$ (7,589,944)
One time Payout Costs			$ 501,268	$ 501,268	$ 8,000	$ 509,268
Total MTP	$ 7,589,944	$ 7,589,944	$ (4,558,695)	$ 3,031,249	$ (2,521,981)	$ 509,268
Total IND + MTP	$ 26,386,421	$ 26,386,421	$ (919,923)	$ 25,466,498	$ (1,182,054)	$ 24,284,444
DEPARTMENT OF CORRECTIONS						
MTP Correctional - Shared Costs			$ 465,672	$ 465,672	$ -	$ 465,672
MHI Cost/(Savings) + DOC Costs	$ 26,386,421	$ 26,386,421	$ (454,251)	$ 25,932,170	$ (1,182,054)	$ 24,750,116
Projected Appropriation Cost/(Savings)				**$ (454,251)**		**$ (1,636,305)**
PERSONNEL COSTS ASSOCIATED WITH RELOCATION						
High Range of Costs			$ 3,146,760	$ 3,146,760	$ (3,146,760)	$ -
Low Range of Costs			$ 944,028	$ 944,028	$ (944,028)	$ -
MHI Cost/(Savings) + DOC Costs + High Relocation Costs	$ 26,386,421	$ 26,386,421	$ 2,692,509	$ 29,078,930	$ (4,328,814)	$ 24,750,116
MHI Cost/(Savings) + DOC Costs + Low Relocation Costs	$ 26,386,421	$ 26,386,421	$ 489,777	$ 26,876,198	$ (2,126,082)	$ 24,750,116
Projected Appropriation Cost/(Savings) - High Rel.				**$ 2,692,509**		**$ (1,636,305)**
Projected Appropriation Cost/(Savings) - Low Rel.				**$ 489,777**		**$ (1,636,305)**
FEDERAL & COUNTY RECEIPTS DEPOSITED to GENERAL FUND (offsets portion of general fund appropriation)						
Independence	$ 3,720,311	$ 3,720,311	$ 612,078	$ 4,332,389	$ 306,039	$ 4,638,428
Mt. Pleasant	$ 1,568,191	$ 1,568,191	$ (537,096)	$ 1,031,095	$ (268,549)	$ 762,546
Total GF Revenues	$ 5,288,502	$ 5,288,502	$ 74,982	$ 5,363,484	$ 37,490	$ 5,400,974
Projected GF Revenue Increase				$ 74,982		$ 112,472
Net General Fund Cost/(Savings) - High Relocation				**$ 2,617,527**		**$ (1,748,777)**
Net General Fund Cost/(Savings) - Low Relocation				**$ 414,795**		**$ (1,748,777)**
COUNTY NET CHANGE *						
MTP Adult & DDx to IND			$ 41,581	$ 41,581	$ 20,790	$ 62,371
MTP Sub Abuse to IND			$ -	$ -	$ -	$ -
Total County Increase/(Savings)				**$ 41,581**		**$ 62,371**

* Note: With no existing dual diagnosis or substance abuse programs at the Independence MHI, the report assumes the Mount Pleasant MHI county capped per diem will be utilized at the Independence MHI, resulting in no increased county cost or savings. The estimated cost impact is a result of utilizing the Independence MHI adult psychiatric county capped per diem.