

# **INPATIENT PSYCHIATRIC TREATMENT**

## **16 Beds ....And Deeper in Debt**

### **SUMMARY**

The number of available inpatient psychiatric beds in Santa Barbara County has diminished over the years. At this time the only locked facility designated for involuntary patients in the County is the 16-bed Psychiatric Health Facility (PHF) located in Santa Barbara. Due to the lack of adequate bed space, approximately 400 patients per year are sent to Vista del Mar hospital in Ventura, at a cost of over one million dollars. Added to this are transportation costs, which the Grand Jury was unable to determine accurately, but are estimated to exceed half a million dollars annually. The 2007-2008 Santa Barbara County Civil Grand Jury investigated the current status of inpatient psychiatric facilities in the County and the cost and extent of using out-of-county facilities. It also inquired into plans the Department of Alcohol, Drug, & Mental Health Services (ADMHS) has made to minimize sending psychiatric patients out of county. The Grand Jury concludes that even with these plans 16 beds are insufficient.

The Grand Jury additionally looked into financing of inpatient mental health services. Santa Barbara County contributes only 2.4% of the ADMHS budget; other counties average 6%. ADMHS ran a deficit this fiscal year. In an effort to balance its budget ADMHS has to reduce next year's spending by \$8.4 million from this year's spending. Part of the problem is that Medi-Cal reimbursements, which constitute a significant portion of the budget, are erratic and routinely several months late. To deal with this, the ADMHS borrows money from the General Fund, for which the County charges them interest. This amounted to \$400,000 last year and is expected to reach \$800,000 this year. The Grand Jury believes that the County should stop charging interest to ADMHS and should increase its contribution to the budget to at least match the State average.

### **INTRODUCTION**

The Psychiatric Health Facility admits both voluntary and involuntary patients, but the majority are admitted on an involuntary status under Welfare and Institutions Code §5150. Under the Code, an individual may be admitted to a designated involuntary psychiatric facility if that individual "as a result of mental disorder is a danger to others, or to himself or herself or gravely disabled." Grave disability is defined as the inability to provide for one's food, clothing, or shelter. Many of the patients admitted to the PHF are chronically mentally ill or severely depressed, but patients in crisis who are suicidal are also admitted. Alcohol or drug abuse is involved at times, such as when a person becomes suicidal, but substance abuse alone is not a reason for admission. The average length of stay in the PHF is eight days.

The 1997-98 Grand Jury investigated housing for the mentally ill and found that there was a shortage of facilities for the acutely mentally ill and recommended that the Board of Supervisors fund new facilities. For years, Santa Barbara County has been required to send many psychiatric patients out of county as a result of insufficient inpatient psychiatric facilities within the County. The primary backup facility used by ADMHS has been Vista del Mar, a private psychiatric hospital in Ventura. Sending patients long distances is not only costly, but also inconvenient for patients and their families. Moreover, it makes continuity of care difficult.

Many patients are admitted and readmitted to psychiatric facilities due to recurrence or worsening of their mental illness because they do not continue with outpatient treatment, including taking their medication. If not hospitalized, these patients frequently end up homeless or in jail. Methods of ensuring appropriate outpatient referral and continuing care are discussed in this report.

## **METHODOLOGY**

Members of the Grand Jury conducted an extensive series of interviews with staff at all levels of administration, including the director of ADMHS and staff in administrative and fiscal positions. Staff providing services at the Psychiatric Health Facility and the jail mental health program were interviewed, as well as staff from private mental health facilities and the ambulance service. Additionally, the Grand Jury reviewed contracts, budgets, financial statements, patient statistics, and data from multiple sources, including the contracted ambulance service. The structure, financing, and expenditures of the county mental health department were reviewed.

The Grand Jury reviewed a study of the effectiveness of a past mental health court and looked at reports of treatment programs in other counties. The Jury visited the Psychiatric Health Facility and interviewed a member of the Mental Health Commission. The Grand Jury also visited the County Main Jail and interviewed mental health staff.

## **OBSERVATIONS AND ANALYSIS**

### **Acute Care**

The 16-bed Psychiatric Health Facility (PHF) is currently the only facility for the admission of involuntary patients in Santa Barbara County. This decrease from 24 beds occurred a number of years ago as the result of a Medi-Cal ruling that it would pay a lower rate for hospitalization of psychiatric patients in PHFs larger than 16 beds (currently up to \$1,035 per day for the smaller PHFs vs. \$650 per day for facilities over 16 beds). St. Francis Hospital, which had a locked geriatric psychiatric unit, closed about two years ago. Cottage Hospital has a 20-bed combination psychiatric and substance abuse detoxification unit for voluntary patients only. The County had a contract for treatment of voluntary County psychiatric patients with Cottage Hospital until recently, but for financial reasons this contract is no longer in effect. Grand Jury members were informed that reimbursement for psychiatric inpatient services in a general hospital by

public insurance (Medi-Cal, Medicare) is inadequate to cover the actual cost of providing service. This has resulted in the closure of many general hospital-based psychiatric units throughout the State including the closest geriatric psychiatric unit in St. John's Hospital in Ventura.

Geriatric facilities require special staffing and equipment which are not readily available in the PHF. Geriatric psychiatric patients and younger patients in crisis are different populations, each with specific and differing needs. Ideally, geriatric and younger psychiatric patients would not be housed together, and a geriatric unit would be in a general hospital where access to medical care for this population would be readily available.

### **Funding for Inpatient Services**

Funding for inpatient services comes from a variety of sources, primarily federal and State funds through Medicare and Medi-Cal, and through realignment funds, private insurance, and patient fees. Realignment funds come from State sales tax and motor vehicle license fees. Medi-Cal reimburses the County on a 50-50 basis for the cost of medically necessary inpatient treatment for Medi-Cal eligible patients at the PHF. Fifty percent is reimbursed by Medi-Cal; the other 50% must be matched by the County from State or local funds. In the case of Santa Barbara County, these matching funds come from the realignment source. Extra contributions from the County General Fund would likewise be matched by Medi-Cal for services rendered to Medi-Cal eligible patients. Medi-Cal currently reimburses the County 50% of actual costs up to \$1,035 per day for acute treatment and \$310 per day for patients on administrative status, a term used for patients who no longer require acute treatment but cannot be discharged for lack of a place to go or for various legal reasons, such as awaiting court hearings or conservatorship proceedings. The County is not reimbursed for costs incurred for patients hospitalized outside the County.

The annual budget for the PHF is approximately \$4.5 million. Of this, \$2.8 million is reimbursed by third party payers, including \$800,000 from Medi-Cal and an equal matching amount from realignment funds, thus leaving \$1.7 million to be covered from other sources.

When no beds are available at the PHF, patients are transported by ambulance to Vista Del Mar. In fiscal year (FY) 2006-2007 there were a total of 392 admissions from Santa Barbara County to Vista del Mar for a total of 3,268 bed-days. Santa Barbara County has a contract with this facility to pay \$650 per bed day, plus \$50-80 per day for physicians' services. Services for patients under the age of 21 or over 65, a small percentage of the total, are billed directly to Medi-Cal. The State reimburses the County for 50% of the cost of services for Medi-Cal eligible patients admitted to the PHF, but it does not reimburse the County for services to patients sent to Vista del Mar. Therefore, the entire cost for most of the patients sent to Vista del Mar is borne directly by ADMHS.

## **Data Collection Problems**

In order to determine the costs and the extent of use of out-of-county facilities, the Grand Jury reviewed several statistical reports generated by ADMHS staff and discussed these reports with the staff. Inconsistencies were found among the various reports regarding number of patients hospitalized and bed-days utilized at the Psychiatric Health Facility. There were also discrepancies between the number of patients transported to Vista del Mar and the number of admissions. The number of bed days utilized did not correlate with the number billed and paid for. In FY 2006-2007 there were 473 ambulance trips to Vista del Mar, although County statistics show 392 admissions for the same time period. Total bed days reported by the County were 3,268, but only 1,638 bed-days were reported as paid for by ADMHS.

Cost of care to the County for the acute patients hospitalized at Vista del Mar was \$1.1 million for FY 2006-2007. Cost of transportation for these patients is difficult to determine, due to the fact that the County has a single contract with the ambulance company that includes Mental Health Assessment Team (MHAT) and transportation of patients. In addition to the County contract, the ambulance company collected \$395,000 directly from Medi-Cal out of a total billing of \$1.729 million. Although the amount paid by Medi-Cal does not come out of County funds, it is still at the expense of the taxpayer.

As noted above, the Grand Jury found that there were numerous inconsistencies in data collection. A new data collection system named Share Care was introduced in July 2007. Staff has had difficulty learning to use it, and there have been several problems with the new system, resulting in potential loss of data. This could lead to loss of revenue due to insurance or third party payer status (including Medicare) being overlooked or incorrectly recorded.

The outpatient mental health clinics converted from paper to electronic recordkeeping several years ago. This allows instantaneous access to needed clinical information by any provider within the County system. However, the PHF is still using handwritten medical records, which are sometimes difficult to read, and must be transmitted manually by fax to outpatient clinics responsible for follow-up care. This is not only inefficient, but a potential source of delay in transmitting vital clinical information needed to provide aftercare. Added benefits of electronic medical record keeping would be a reduction in errors and increased patient safety.

## **Finding Alternatives to Hospitalization**

ADMHS is in the process of implementing several programs in an attempt to decrease utilization of acute inpatient services.

- A worker has been designated to visit Santa Barbara County patients at Vista Del Mar to help with discharge and aftercare plans.
- Two Crisis & Recovery Emergency Services (CARES) programs have been established, one in Santa Barbara and one in Santa Maria. These programs

- provide crisis evaluation and intervention, as well as find alternatives to hospitalization. They also aid in aftercare planning to expedite hospital discharges and decrease utilization of administrative status days.
- In conjunction with the CARES program in Santa Maria, a 10-bed crisis residential facility opened in the spring of 2008. This facility is designed to provide a temporary (up to 28 days) stay for voluntary patients who can be cared for outside of an acute inpatient facility. This facility would also have the capability of accepting patients on administrative status awaiting discharge from the PHF.
  - A staff person has been assigned to act as liaison between the PHF and the courts to help expedite discharge of patients who are held on PHF longer than clinically necessary while awaiting court proceedings.

### **Long-Term Beds**

In addition to the acute inpatient beds discussed above, the County also utilizes beds in state hospitals for the mentally ill, institutes for the mentally disabled (IMDs) and skilled nursing facilities, all in other counties. The patients in Patton, Metropolitan, and Napa state hospitals are court committed. State hospital costs to the County for judicially committed patients, found incompetent to stand trial for felony offenses, are \$800,000 per year. The County also pays for the care of approximately 15 chronic patients at any one time in IMDs in Los Angeles, Kern, and Fresno Counties. These facilities provide long-term treatment and rehabilitation, with the expectation that most of the patients will eventually be able to return to the community. The cost of this care to the County is approximately \$730,000 per year. In addition, there are 30 to 35 Santa Barbara County psychiatric patients in several skilled nursing facilities in Los Angeles County. Most of these patients have significant medical problems and/or dementia in addition to their chronic mental illness. Payment for patients in skilled nursing facilities comes from Medi-Cal, not ADMHS budget.

### **The Mentally Ill in Jail**

Mentally ill patients can be involuntarily hospitalized only if they are a danger to self and/or others, or unable to care for themselves. These patients are frequently arrested and end up in jail due to minor infractions caused by their illness, a process referred to as “mercy booking.” The number of these patients in jail is unknown, but has been estimated at anywhere from a few to as many as 25 at any one time. These patients often refuse treatment and medication while in jail. Consequently they deteriorate further, and following their brief incarceration, frequently end up hospitalized or re-arrested. The mentally ill in jails and prisons is a nationwide problem, and many programs and laws have been proposed to deal with it. In 1998, California passed the Mentally Ill Offender Crime Reduction Act (MIOCR), which funded multi-agency pilot projects aimed at reducing recidivism among mentally ill offenders. Santa Barbara had such a program between 1999 and 2004 in which mentally ill offenders were given the option of going to Mental Health Treatment Court. Here they were given the alternative of treatment instead of incarceration. The program was a cooperative effort by law enforcement, the courts,

probation, and the mental health department. A study published in 2004 demonstrated that the program was successful for many (but not all) mentally ill offenders. Unfortunately, the program was terminated when funding from the State ran out. Many other jurisdictions in California and other states have Mental Health Court programs and have reported significant success not only in decreased time in jail, but also in fewer repeat offenses by individuals in the program.

Santa Barbara County has a functioning Substance Abuse Treatment Court. This program allows drug offenders to engage in supervised treatment to earn a dismissal of the criminal charge. The Grand Jury believes the mentally ill deserve no less.

## **Financing and Overhead Issues in Mental Health**

The Grand Jury is concerned about the current method of accounting. The financial statements provided the ADMHS by the County Auditor-Controller are prepared on a cash basis meaning only actual revenue and expenditures to date are recorded and do not reflect future income. Since Medi-Cal payments are erratic and delayed, the current cash basis accounting system does not present an accurate picture of how effectively ADMHS operates on a monthly basis. On the other hand, if the financials were handled on an accrual basis, they would show the relationship between revenues and expenditures in terms of the total program needs.

Funding for all mental health programs in California comes from a variety of sources, including federal, state, and county governments as well as payment for services by individuals and health insurers. Santa Barbara County contributes only 2.4 % of the ADMHS total budget, contrasted with an average of 6% for all counties in the State.

Medi-Cal payments for inpatient services from the State approximate \$800,000 a year, or 18% of the PHF budget. For the overall ADMHS budget of approximately \$80 million, Medi-Cal constitutes about one-third of the total. Payments from Medi-Cal are as much as six months and \$15 million in arrears, making it necessary for the ADMHS to borrow money from the County General Fund to meet operating expenses. The County charges ADMHS interest on these loans. ADMHS polled other counties to see if they also paid interest to their general funds and found that only a few did even though they all must deal with the same gaps in reimbursements. Last year alone, \$400,000 was paid by ADMHS to the Santa Barbara County general fund in interest. This amount is expected to double this year. This interest payment represents a non-operating expense. It is apparently designed to make the ADMHS financial office more diligent in collecting funds from Medi-Cal. However, the finance staff, along with those of other counties, travel to Sacramento regularly to ask for payment and have pointed out flaws in the State's payment system. These individuals have been instrumental in getting the State to recognize the problem as attested to in a November 2007 report by the State Department of Finance that was very critical of the manner in which reimbursements to the counties have been handled. The report cited:

A limited sample of 134 claims from January 2006 through June 2007 revealed that the average overall processing times were 96 to 109 days.... The extended timelines violated state and federal claims payment standards, which require Medi-Cal payments to be completed within 30 days.

Unfortunately, it may be years before the problems are fixed.

At the time of this writing ADMHS is facing an \$8.4 million budget cut. Although inpatient services are State mandated and not subject to these cuts, these budgetary reductions are likely to increase the demand for inpatient services.

## **CONCLUSION**

The Grand Jury believes that the mental health needs of the County have been given a low priority. The 1997-98 Grand Jury noted that there were insufficient psychiatric inpatient beds in Santa Barbara County and urged the Board of Supervisors to fund more facilities. Ten years and several department heads later, the County has not only **not** added, but has lost psychiatric beds, so that today there are only 16 locked beds in the County. The current budget crisis notwithstanding, it is time the Board of Supervisors and ADMHS develop a long-range plan to provide adequate psychiatric inpatient facilities for the County. The new 10-bed voluntary crisis residential facility is laudable, but will be insufficient to fill the need. The Grand Jury notes that Santa Barbara County contributes less to its mental health program than most California counties. The combination of too few beds and under-funded community services has created a problem not only for the mentally ill, but also for the entire community.

## **FINDINGS AND RECOMMENDATIONS**

### **Finding 1**

There are not enough inpatient psychiatric beds within Santa Barbara County to serve its residents, which results in patients being transported out of the area.

### **Recommendation 1**

Santa Barbara County should plan to expand its psychiatric inpatient capacity, preferably by opening another inpatient facility in North County.

### **Finding 2**

Since the closure of St. Francis Hospital, Santa Barbara County lacks a geriatric psychiatric inpatient facility. The existing Psychiatric Health Facility is not appropriate

for geriatric patients, and Cottage Hospital's inpatient psychiatric unit does not have involuntary capability.

**Recommendation 2**

The County should explore the possibility of a partnership with one of the general hospitals in the area to open a geriatric psychiatric unit.

**Finding 3**

Data collecting and reporting has been inconsistent, disorganized, and incomplete, which has resulted in conflicting and inaccurate information and possible lost revenue. The new data collection system that has been in place since July 2007 has not functioned well and some staff are not able to use it.

**Recommendation 3**

Alcohol, Drug and Mental Health Services should obtain and implement a data collection system that is user friendly, consistent, and interfaces seamlessly with information entered by clinicians. All data, including admissions and discharges from all County and contract facilities, should be entered into the system as these events occur. The billing status (e.g. Medi-Cal, Medicare, private insurance, etc.) should be clearly noted and readily retrievable.

**Finding 4**

The clinical records at the Psychiatric Health Facility are still paper-based, necessitating staff to manually mail or fax records to outpatient clinics responsible for follow-up care of patients after discharge. Admission and discharge summaries are typed, but other records are handwritten and frequently difficult to read.

**Recommendation 4**

The Psychiatric Health Facility should convert to electronic recordkeeping, as is now done in all outpatient facilities, thereby making patient records readily accessible to those responsible for providing aftercare.

**Finding 5**

Alcohol, Drug and Mental Health Services is chronically under-funded, and Santa Barbara County contributes only 2.4% to the Alcohol, Drug and Mental Health Services budget from the County General Fund, contrasted with an average of 6% in other California counties.

**Recommendation 5**

The County should increase the contribution to Alcohol, Drug and Mental Health Services from the General Fund to at least match the average paid by other California counties.

**Finding 6**

Slow payments from Medi-Cal require Alcohol, Drug and Mental Health Services to borrow money from the County. The County charges Alcohol, Drug and Mental Health



Services interest on borrowed funds. This cost the department approximately \$400,000 last year and is expected to double this year.

**Recommendation 6**

Santa Barbara County should stop charging Alcohol, Drug and Mental Health Services interest for funds it needs to borrow due to circumstances beyond its control.

**Finding 7**

The cash basis accounting system used by Alcohol, Drug and Mental Health Services does not give a clear picture of the financial performance of the Department.

**Recommendation 7**

Alcohol, Drug and Mental Health Services should initiate accrual basis accounting instead of, or in addition to, the current cash basis system.

**REQUEST FOR RESPONSE**

In accordance with Section 933(c) of the California Penal Code, each agency and government body affected by or named in this report is requested to respond in writing to the findings and recommendations in a timely manner. The following are the affected agencies for this report, with the mandated response period for each:

**Board of Supervisors – 90 days**

Findings                    1, 2, 5, 6  
Recommendations       1, 2, 5, 6

**Alcohol, Drug & Mental Health Services – 60 days**

Findings                    1, 2, 3, 4, 7  
Recommendations       1, 2, 3, 4, 7

**Auditor-Controller – 60 days**

Finding                      7  
Recommendation         7