



LEGISLATIVE BUDGET BOARD

State Hospitals: Mental Health Facilities in Texas

Legislative Primer

LEGISLATIVE BUDGET BOARD STAFF

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**State Hospitals:
Mental Health Facilities in Texas**

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STATE HOSPITALS: MENTAL HEALTH FACILITIES IN TEXAS

The Texas Department of State Health Services (DSHS) manages nine state-owned mental health facilities and one state-owned inpatient residential treatment facility for adolescents. These 10 facilities, collectively referred to as state hospitals, are a component of the statewide mental health delivery system and provide a variety of inpatient services for children, adolescents, adults, and forensic patients. This primer provides an overview of the operations and funding of the state hospitals, and examines the challenges facing the state hospitals as one of the largest elements of the mental health service delivery system.

Mental illness is a growing public health concern, and the state hospitals play an important role in meeting the need for treatment and services in the populations with serious mental illness (SMI). SMIs include mental, behavioral, or emotional disorders that substantially interfere with or limit major life activities, such as schizophrenia, bipolar disorder, schizoaffective disorders, and major depressive disorder. The National Survey on Drug Use and Health for 2011 and 2012, conducted by the federal Substance Abuse and Mental Health Services Administration (SAMHSA), found that 3.7 percent (about 677,000 people) of Texans age 18 and older had a SMI. SAMHSA also estimates that about 191,000 youth (8.45 percent) ages 12 to 17 had at least one major depressive episode during the year preceding the survey.

According to a 2011 article in the *Journal of World Psychiatry*, individuals with SMI have a mortality rate that is two to three times higher than the general population, resulting in a 13- to 30-year shorter life expectancy. Increased morbidity and mortality rates result from higher rates of modifiable risk factors. These factors include smoking, obesity, substance abuse, and psychotropic medication side effects, as well as a variety of social and systemic factors including inadequate access to medical care, homelessness, poverty, trauma, unemployment, social isolation and incarceration. Some psychotropic medications used to treat persons with serious mental illness also introduce risk factors including weight gain, insulin resistance, and diabetes or hyperglycemia.

Mental illness is also one of the most expensive public health concerns. A statistical brief published by the U.S. Department of Health and Human Services in April 2015 reports that

mental disorders were among the five most costly health conditions in the U.S. in 2002 and 2012. Expenditures for mental disorders rose from \$58.6 billion in 2002 to \$83.6 billion in 2012, nationally. The number of persons with mental disorders increased from 31.1 million in 2002 to 45.2 million in 2012, and the numbers continue to increase. Of the five conditions reported, treatment for mental disorders had the highest out-of-pocket payments.

The state hospitals are generally the last resort for individuals with SMI who cannot receive the treatment and services they need in their communities, or who pose a significant danger to themselves or others. State hospitals provide treatment and services to the most difficult to serve individuals, with the goal of stabilizing patients in order to safely return them to treatment services available in their communities.

OVERVIEW

The Department of State Health Services (DSHS) is responsible for managing nine state-owned mental health facilities and one state-owned inpatient residential treatment facility for adolescents. These 10 facilities are collectively referred to as state hospitals, and play a significant role in the state mental health service delivery system. DSHS also contracts with 39 community mental health centers, including 37 local mental health authorities (LMHAs), to coordinate mental health services for individuals residing within each state hospital's local service area. The LMHAs ensure continuity of care between inpatient and community mental health services and are also tasked with planning and developing policy to coordinate mental health services. **Appendices A, B, and C** provide more information on the service areas for each state hospital and LMHA.

The primary purpose of the state hospitals is to stabilize patients who cannot be safely treated in existing community services by providing inpatient mental health treatment, including medical services, nursing services, and social services, as well as therapeutic activities, and psychological services ordered by the treating physician, in a residential setting. The ultimate goal is to stabilize patients in order to safely return them to treatment services available in their communities and coordinated through the LMHAs.

PATIENT ADMISSIONS PROCESS

A variety of mechanisms can lead to admission into a state hospital. Commonly, LMHAs screen persons who are self-referred or referred by a community source, such as a police officer, within the service area. The LMHA is tasked with identifying the least restrictive, most appropriate treatment setting for the patient, up to and including referral to a state hospital for serious cases. If an individual seeks admission independently of an LMHA, the state hospital, by law, must conduct an emergency psychiatric screening which may result in admission at the discretion of the admissions physician and consistent with the availability of hospital resources.

Voluntary admissions, or admissions other than those through referrals, occur when an individual, age 16 or older, files a written request for admission with the state hospital administrator. A voluntary admission may also occur when the parent, managing conservator, or guardian of a minor ages to 16 and 18 submits a written request for admission on the minor's behalf. A state hospital may admit or provide services to a minor between the ages of 16 and 18 if the minor's parent, managing conservator, or guardian consents, even if the minor does not. Requests for admissions facilitated by a guardian or managing conservator representing the state or a political subdivision of the state cannot be submitted without the minor's consent.

Individuals can be involuntarily detained with or without a warrant by a peace officer and presented to a state hospital for evaluation. This type of admission is known as civil commitment, and can occur when an individual is determined to be in need of detention and treatment to protect the welfare of themselves and others. When an individual is detained without a warrant, a peace officer must submit a written notification of emergency detention stating that the peace officer believes the person is mentally ill, exhibits a substantial and imminent risk of serious harm to themselves or others, and that the individual cannot be properly restrained without emergency detention. An individual can be held under emergency detention for up to 48 hours. A physician must examine the individual within 12 hours. If the examining physician agrees with the peace officer's assessment, the physician can involuntarily admit the individual to the state hospital. Any adult may also submit a written application for emergency detention of another person that meets the criteria above. A judge or magistrate may then issue a warrant or order authorizing a

peace officer to detain that individual and submit them to the same process detailed above.

Pursuant to the Texas Code of Criminal Procedure, criminal defendants can be ordered by the court to an involuntary commitment, known as a forensic commitment, for competency restoration or because of an insanity defense. If a court or jury determines an individual to be incompetent to stand trial via examination by a qualified expert, the individual can be committed to a state hospital for a period of up to 120 days as prescribed by law or as specified by a judge's order. Commitments may be made either to inpatient or outpatient facilities based on the court's determination of dangerousness. Commitments may also be made to the maximum security unit at the North Texas State Hospital Vernon Campus depending on the severity of the crime. Forensic commitments for individuals deemed incompetent to stand trial are used for the purpose of competency restoration, stabilizing patients enough to rationally and factually understand the legal proceedings and to restore the ability to consult with legal counsel. A defendant acquitted by an insanity defense may be committed post-adjudication. A person acquitted by reason of insanity may not be committed to a state hospital for a period that exceeds the maximum term provided by law for the offense for which they were tried.

The superintendent of a residential care facility for persons with intellectual disabilities may transfer a court-committed resident to a state hospital for care if a licensed physician determines that the resident has symptoms of mental illness requiring care, treatment, control, or rehabilitation, and that transferring the patient to a state hospital is in the best interest of the resident. A resident transferred from a residential care facility to a state hospital may not remain in the hospital longer than 30 consecutive days unless the transfer is authorized by a court order. If a patient requires a longer period of psychiatric hospitalization, the state hospital must seek a civil commitment consistent with the process outlined above.

STATE-OWNED HOSPITALS IN TEXAS

The state hospitals had a total of 2,463 beds for mental health services in fiscal year 2015. **Figure 1** shows the number of beds and types of patients served at each state hospital. The following sections will briefly describe each facility and its performance on selected statewide performance indicators including average daily census, length of stay, cost per patient, turnover rate for critical staff, and percentage of

FIGURE 1
MENTAL HEALTH BEDS AT STATE HOSPITALS IN TEXAS, FISCAL YEAR 2015

| STATE HOSPITAL | BED TYPES | BED COUNT |
|---|--|--------------|
| Austin State Hospital | Adults, Adolescents, and Children | 299 |
| Big Spring State Hospital | Adults Only | 200 |
| El Paso Psychiatric Center | Adults, Adolescents, and Children | 74 |
| Kerrville State Hospital | Adults Only | 202 |
| North Texas State Hospital (NTSH) - Total | Adults, Adolescents, and Children | 640 |
| <i>NTSH-Vernon Campus</i> | <i>Adults and Adolescents</i> | <i>351</i> |
| <i>NTSH- Wichita Falls</i> | <i>Adults, Adolescents, and Children</i> | <i>289</i> |
| Rio Grande State Center | Adults Only | 55 |
| Rusk State Hospital | Adults Only | 325 |
| San Antonio State Hospital | Adults and Adolescents | 302 |
| Terrell State Hospital | Adults, Adolescents, and Children | 288 |
| Waco Center for Youth | Adolescents Only | 78 |
| Total, All Bed Types | | 2,463 |

SOURCE: Texas Department of State Health Services.

vacancies for critical staff. **Figures 2 to 8** show the average length of stay, average cost per patient, funding by method of finance, average daily census for civil and forensic beds, critical staff vacancies, and critical staff turnover rates at state hospitals. Critical staff includes psychiatrists, registered nurses, psychiatric nursing assistants, and licensed vocational nurses. Performance indicators by facility are reported in the DSHS Management Plan published by the State Hospital Section, Hospital Management Data Services. The DSHS website makes information about each facility including the history, services offered, admission process, and areas served available to the public, as well as the quarterly Management Plan.

AUSTIN STATE HOSPITAL

The Austin State Hospital facility (ASH) opened in 1861 and has operated under the current name since 1925. ASH is a 299-bed facility and provides services for adults and children in South Central Texas, as well as for children in counties in East Texas. The children's program offers services to children up to age 12, and separate boys and girls units for adolescents older than age 12. Specialty adult services are available including a unit for older adults, a long-term cognitive behavioral unit and multiple disabilities unit, and a long-term behaviorally stabilized unit.

ASH offers assessments, evaluation, and treatment including nursing, psychiatry, psychology, social work, education and rehabilitation services, nutrition, and spiritual care. The

facility also provides clinical support services including medical and dental care, and x-ray and laboratory services.

The average daily census at ASH was 258 patients in fiscal year 2015. The average length of stay at discharge was 49.3 days. The average cost per patient served was \$19,224. The turnover rate for critical shortage staff was 2.2 percent and the percentage of vacancies for critical shortage staff was 9.1 percent.

BIG SPRING STATE HOSPITAL

The Big Spring State Hospital (BSSH) opened in 1938. BSSH has a capacity of 200 beds and provides care for adults age 18 and older in West Texas and the Texas South Plains. The Veterans Administration contracts with BSSH to provide psychiatric hospitalizations for veterans in West Texas, New Mexico, and Arizona as part of the Veterans Integrated Service Network number 18. BSSH also provides a transitional forensic program for forensic patients no longer requiring maximum security at North Texas State Hospital Vernon Campus. BSSH offers services such as animal assisted therapy, music and art therapy, as well as a fashion salon, hair salon and horticulture program that provide patients with opportunities to engage in work activities.

For fiscal year 2015, the average daily census at BSSH was 180 patients. The average length of stay was 138.0 days. The average cost per patient served was \$27,292. The turnover rate for critical shortage staff was 4.4 percent and the

percentage of vacancies for critical shortage staff was 12.3 percent.

EL PASO PSYCHIATRIC CENTER

The El Paso Psychiatric Center (EPPC) is a 74-bed facility that opened in 1996. EPPC provides adult psychiatric care and child and adolescent services for West Texas residents. EPPC programs include acute and sub-acute care, as well as a specialty unit for long-term care and forensic services. In addition to providing psychiatric patient care, EPPC also teaches and trains health care professionals and engages in research. EPPC does not offer physical or occupational services.

For fiscal year 2015, the average daily census at EPPC was 66 patients. The average length of stay was 27.5 days. The average cost per patient served was \$13,957. The turnover rate for critical shortage staff was 1.8 percent and the percentage of vacancies for critical shortage staff was 3.4 percent.

KERRVILLE STATE HOSPITAL

The Kerrville State Hospital (KSH) began providing psychiatric treatment in 1951 and transitioned to a forensic facility in 1999. KSH provides 202 beds for individuals from throughout the state who are hospitalized on forensic commitments. Programs focus on helping individuals regain competency after being deemed incompetent to stand trial. KSH also provides care for persons judged not guilty by reason of insanity, as well as transitional care for persons no longer considered dangerous enough to require a maximum security setting. KSH provides services and programs including: psychosocial rehabilitation designed to reintegrate individuals into the community; patient education; vocational rehabilitation; services for individuals with co-occurring psychiatric and substance abuse disorders; and spiritual services.

In fiscal year 2015, the average daily census at KSH was 196 patients. The average length of stay was 838.5 days. The average cost per patient served was \$34,749. The turnover rate for critical shortage staff was 2.5 percent and the percentage of vacancies for critical shortage staff was 4.3 percent.

NORTH TEXAS STATE HOSPITAL

Wichita Falls State Hospital (opened 1922) and Vernon State Hospital (opened 1969) merged into the North Texas State Hospital (NTSH) in 1998. NTSH continues to operate both

campuses. The Wichita Falls Campus consists of 289 beds and provides general psychiatric services, children's services, and forensic treatment for nonviolent criminal offenders. The Vernon Campus is a 351-bed statewide facility and provides a maximum security setting for adult forensic patients, as well as a separate moderate security forensic ward for adolescent patients.

The Wichita Falls Campus provides services that include: a social behavioral program for patients who exhibit dangerous behaviors to safely manage the behaviors; an environmental engagement program to assist persons in learning social responsiveness; and an intermediate security program for individuals on forensic commitment who are not considered dangerous but exhibit behaviors that make them unlikely to succeed in a minimum security setting.

Persons admitted to the Vernon Campus receive specialized forensic care in a secure setting. No voluntary admissions for adults are accepted. NTSH-Vernon provides six distinct adult programs that include: behavior management and treatment; social learning rehabilitation; competency restoration; a program for individuals with multiple disabilities; a residential program to transition forensic patients from maximum security; and a central rehabilitation program that promotes the enhancement of life skills. The Vernon Campus also has an adolescent forensic unit that is physically separated from the adult maximum security unit. The adolescent forensic unit is a moderate security program for adolescents ages 13 to 17 who are dually diagnosed with mental disorders and substance abuse. Adolescents are generally admitted as a condition of probation.

For fiscal year 2015, the average daily census at NTSH was 566 patients. The average length of stay was 116.3 days. The average cost per patient served was \$23,834. The turnover rate for critical shortage staff was 2.1 percent and the percentage of vacancies for critical shortage staff was 6.3 percent.

RIO GRANDE STATE CENTER

The Rio Grande State Center (RGSC) opened in 1962 as the Harlingen Adult Mental Health Clinic and has operated under its current name since 1969. RGSC has 55 beds for mental health services. In April 2013, RGSC mental health services began a new Forensic Program that allocates 15 beds for the provision of competency restoration services for individuals who have committed non-violent crimes. RGSC also provides psychiatric services and psychosocial rehabilitative education. RGSC operates an on-campus

Vocational Services Program wherein participants receive vocational opportunities in document shredding, contracted services, and gravel bagging. RGSC also provides healthcare services and long-term care services for persons with intellectual disabilities.

For fiscal year 2015, the average daily census for mental health services at RGS was 52 patients. The average length of stay was 25.5 days. The average cost per patient served was \$10,831. The turnover rate for critical shortage staff was 2.8 percent and the percentage of vacancies for critical shortage staff was 9.8 percent.

RUSK STATE HOSPITAL

The Rusk State Hospital (RSH) opened in 1919 and has operated under its current name since 1925. RSH is a 325-bed facility that provides psychiatric care for persons with severe mental illness and persons with intellectual disabilities residing in the East Texas area. RSH provides psychotherapy, consultation, education, and ancillary clinical and dental services. RSH also provides competency restoration and treatment services for forensic patients. In addition to competency classes for forensic patients, RSH operates rehabilitation, education, cognitive remediation therapy, and recreation programs that focus on enhancing basic life skills. Other programs and services include a client worker program, a peer support program, a wellness program, and spiritual services.

For fiscal year 2015, the average daily census at RSH was 313 patients. The average length of stay was 137.3 days. The average cost per patient served was \$23,962. The turnover rate for critical shortage staff was 3.4 percent and the percentage of vacancies for critical shortage staff was 9.5 percent.

SAN ANTONIO STATE HOSPITAL

The San Antonio State Hospital (SASH) opened in 1892 and has operated under the current name since 1925. SASH is a 302 bed facility that provides diagnostic, treatment, rehabilitative and referral services for persons with severe mental illness residing in the South Texas area. SASH specialty services include psychiatric treatment for adolescents (age 12 to 17), adult forensic services provided in a secure environment, long-term geriatric care for persons age 60 and older, and extended care for persons ages 18 to 64 needing intensive medication intervention and rehabilitative services. SASH provides acute care services for adults in crisis that cannot be stabilized on an outpatient basis. Acute care

services are also provided at a remote unit in Laredo using telemedicine technology. SASH operates a client work program that provides patients with work activities such as grounds keeping, janitorial services, cosmetology services, and opportunities in a clothing center and patient library.

For fiscal year 2015, the average daily census at SASH was 268 patients. The average length of stay was 58.5 days. The average cost per patient served was \$19,479. The turnover rate for critical shortage staff was 3.5 percent and the percentage of vacancies for critical shortage staff was 5.0 percent.

TERRELL STATE HOSPITAL

The Terrell State Hospital (TSH) opened in 1885 and has operated under its current name since 1925. TSH is a 288-bed facility that provides psychiatric services for the North and Northeastern areas of Texas. TSH programs include adult acute care, children and adolescent services, forensic services, geriatric care, peer support, as well as intensive behavioral and intermediate care services. TSH is responsible for providing services to adolescents from 36 counties and children (age 12 and younger) from 50 counties. Rehabilitation therapies and programs include but are not limited to art, cinema therapy, fitness, horticulture therapy and music therapy.

For fiscal year 2015, the average daily census at TSH was 246 patients. The average length of stay was 41.8 days. The average cost per patient served was \$15,833. The turnover rate for critical shortage staff was 2.3 percent and the percentage of vacancies for critical shortage staff was 10.3 percent.

WACO CENTER FOR YOUTH

The Waco State Home was established in 1919 to serve dependent and neglected children. In 1979, the facility became the Waco Center for Youth (WCFY). WCFY is a 78-bed facility that provides statewide residential psychiatric services for adolescents ages 13 to 17 that have emotionally difficulties and/or behavioral problems. The WCFY facility provides cottage style residential housing and classrooms for academic learning in a small group setting. WCFY provides general pediatric care, clinical services, individual and group therapy, case management, and aftercare planning. WCFY also provides spiritual services and recreational access to the on-campus gymnasium, recreational areas, swimming pool and a horse stable.

For fiscal year 2015, the average daily census at WCFY was 72 patients. The average length of stay was 161.8 days. The average cost per patient served was \$25,616. The turnover rate for critical shortage staff was 3.0 percent and the percentage of vacancies for critical shortage staff was 9.6 percent.

ALL STATE HOSPITALS

AVERAGE LENGTH OF STAY

The average length of stay at state hospitals ranged from 54 to 74 days for fiscal years 2012 to 2015. The average length of stay at discharge from state hospitals for each fiscal year was 58 days for fiscal year 2012, 54 days for fiscal year 2013, 72 days for fiscal year 2014, and 74 days for fiscal year 2015. **Figure 2** shows the average length of stay at discharge for each facility for fiscal year 2015.

For fiscal year 2015, Kerrville State Hospital had the longest average length of stay at 839 days. The Rio Grande State Center had the shortest average length of stay at 26 days. The average length of stay at each hospital varies by the type of population served. The Kerrville State Hospital provides care for individuals hospitalized on forensic commitment. Most patients are admitted on transfer from North Texas State Hospital, Vernon Campus. Patients are admitted to Kerrville after a determination that they are not manifestly dangerous and require a long length of stay. Variances in the lengths of stay can be partially attributed to the availability of resources in the surrounding community and at the Local Mental Health Authorities, which is heavily influenced by whether the area is urban or rural.

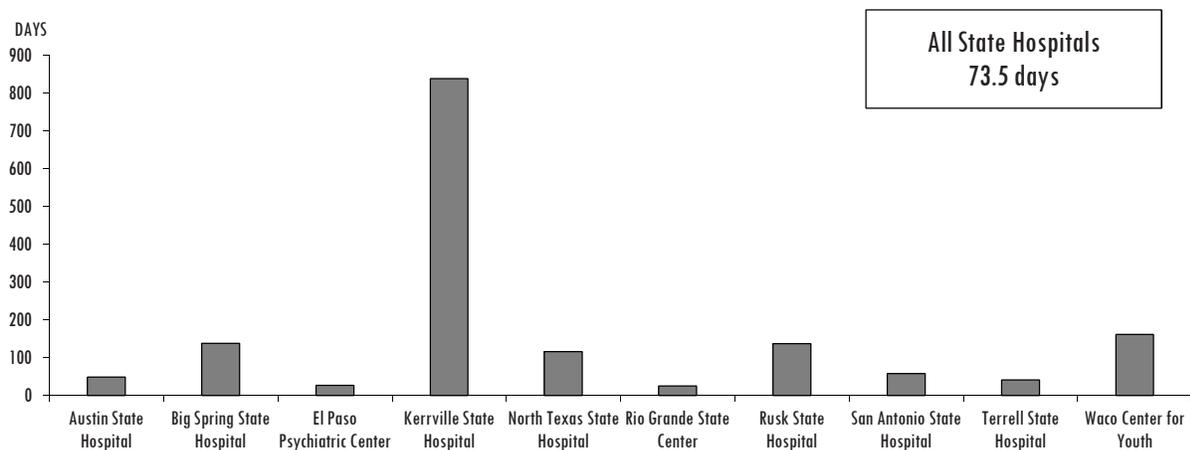
AVERAGE COST

The average cost per patient for all state hospitals has increased. This section examines some of the factors affecting the cost per patient. **Figure 3** shows the average cost per patient served in each state hospital for fiscal year 2015. **Figure 4** shows the average cost per patient served at all state hospitals by fiscal year. The average cost per patient increased \$5,780 or 36.9 percent from fiscal years 2011 to 2015.

The average cost per patient at each facility is dependent on a number of factors, including:

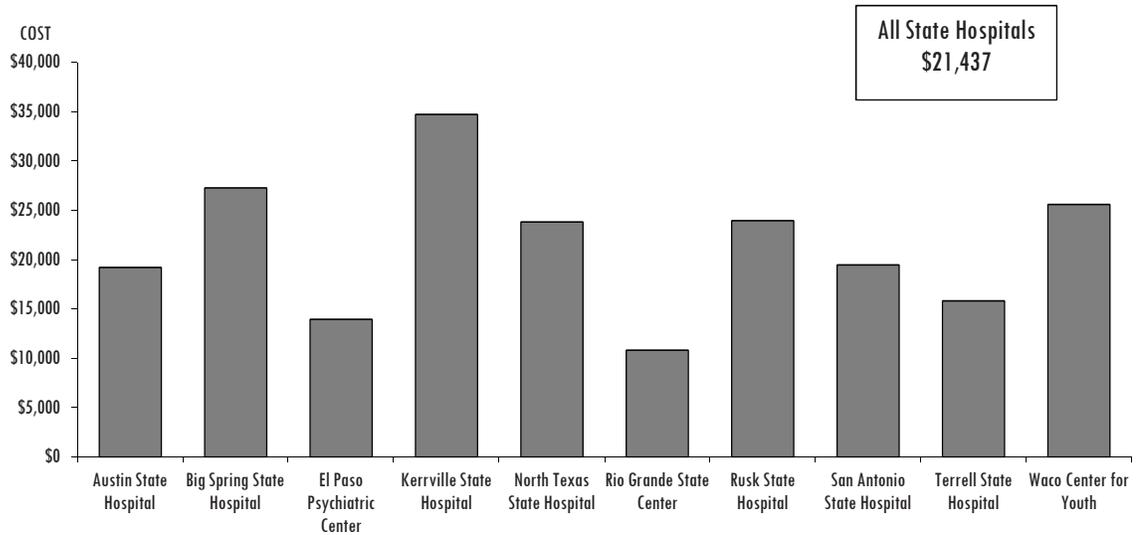
- facility size (larger facilities can spread certain fixed costs over a greater number of patients);
- patient mix (acute patients tend to have higher costs);
- outside medical services vary depending on whether or not a facility has a patient with serious medical complications;
- salaries of key clinical staff;
- labor pool size; and
- utility costs.

FIGURE 2
AVERAGE LENGTH OF STAY AT DISCHARGE FROM STATE HOSPITALS, FISCAL YEAR 2015



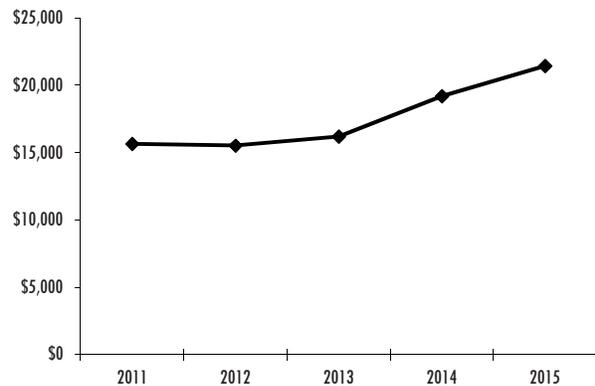
SOURCE: Texas Department of State Health Services.

FIGURE 3
AVERAGE COST PER PATIENT SERVED AT STATE HOSPITALS IN TEXAS, FISCAL YEAR 2015



SOURCE: Texas Department of State Health Services.

FIGURE 4
AVERAGE COST PER PATIENT SERVED AT ALL STATE HOSPITALS IN TEXAS, FISCAL YEARS 2011 TO 2015

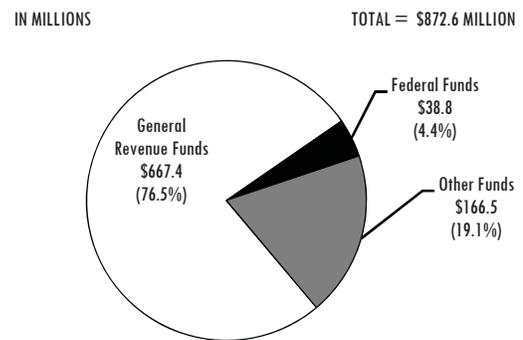


SOURCE: Texas Department of State Health Services

FUNDING STATE-OWNED HOSPITALS IN TEXAS

Figure 5 shows the type of funding and percentage of state appropriations for the state hospitals for the 2016–17 biennium. The state hospitals are funded predominantly with General Revenue Funds. Federal Funds and Other Funds constitute approximately 23.5 percent of funding. The Eighty-fourth Legislature, 2015, appropriated \$872.6 million in All Funds and approximately 7,838 full-time-equivalent (FTE) positions per fiscal year for state hospitals

FIGURE 5
STATE HOSPITAL FUNDING BY METHOD OF FINANCE, 2016–17 BIENNIUM



SOURCE: Legislative Budget Board.

for the 2016–17 biennium. Overall, the Eighty-fourth Legislature, 2015, increased appropriations for Texas state hospitals by \$14.6 million in All Funds from the 2014–15 biennium. Appropriations included \$667.4 million in General Revenue Funds.

Federal Funds constitute \$38.8 million, or 4.4 percent, of the 2016–17 biennial appropriation for state hospitals. This amount includes \$31.1 million in Medicaid funding. Pursuant to federal law, Medicaid funding appropriated to Texas state hospitals can only be used to serve children and adolescents age 21 and younger and eligible adults over age

65. Federal law prohibits federal Medicaid matching payments to institutions for mental diseases (IMDs) for patients ages 22 to 64, known as the IMD exclusion policy. The federal Social Security Act, Section 1905, defines an IMD as a hospital, nursing facility or other institution of more than 16 beds primarily engaged in providing diagnosis, treatment, or care of persons with mental diseases, including medical attention, nursing care, and related services. All 10 Texas state hospitals are classified as IMDs.

The IMD exclusion policy has been in place since Medicaid was enacted in 1965. At the time, state and local psychiatric hospitals housed large numbers of persons with severe mental illness at (non-federal) public expense. Congress intended for Medicaid funding to fund unmet health needs, and not to supplant public efforts already funded with state and local resources. Later, exemptions for children and the elderly were added by amendment.

Other Funds account for 19.1 percent of the 2016–17 biennial appropriations for Texas state hospitals and total \$166.5 million. This amount includes \$100.5 million in Public Health Medicaid Reimbursements that was appropriated in lieu of General Revenue Funds. The additional revenue from this account is the result of anticipated increased laboratory fee revenue due to a rate change to align with Medicare rates.

Other Funds also include \$29.8 million in Interagency Contracts. Most of these contracts are with the Department of Aging and Disability Services (DADS), which operates the State Supported Living Centers (formerly state schools). DSHS and DADS have contract agreements for services including food and laundry services. DSHS also provides intellectual developmental disorder services to DADS clients at the Rio Grande State Center.

Also included in Other Funds is \$26.4 million in MH Collections for Patient Support and Maintenance. These collections are defined as reimbursements received for health and other services provided to persons in state hospitals from third-party payers including insurance companies, clients, relatives, trusts and estates, and government retirement benefit programs including the U.S. Civil Service Retirement System, Federal Railroad Administration, U.S. Social Security Administration, U.S. Veteran Benefits Administration, the state of Texas, and the Teacher Retirement System. The remaining \$9.8 million in Other Funds are appropriated receipts, consisting of the receipts

from fees and reimbursements for services that are appropriated to DSHS to offset costs.

FACTORS AFFECTING STATE HOSPITALS IN TEXAS

Several factors affect the costs, operation, and growth of state hospitals in Texas. The data used to analyze the effects of these factors comes from selected state hospital state-wide performance indicators reported by the DSHS State Hospital Section, Hospital Management Data Services in their annual management report for fiscal years 2012 to 2015. This section will include discussion of the increasing proportion of forensic population, increasing outside medical costs, workforce and recruiting challenges, and aging infrastructure.

INCREASING FORENSIC POPULATION

Forensic commitments typically involve longer lengths of stay at state hospitals. According to DSHS, civil patient stabilizations can typically be achieved in 42 days, whereas initial restoration commitments (the shortest type of forensic commitment) take an average of 118 days. The longer length of stays associated with forensic patients results in fewer patients per year receiving services and consistent increases in the proportion of forensic patients to non-forensic patients.

In 2012, a Texas court ruling required DSHS to make beds available for incompetent defendants within 21 days of the date that the agency receives a criminal court's commitment order. DSHS increased bed capacity in 2012 to accommodate competency restoration needs. During fiscal year 2015, waiting lists at state hospitals included 1,668 persons for forensic-use beds. The average length of wait time for forensic patients waiting for admission into a maximum security unit (MSU) was 102 days. The average length of wait time for non-MSU forensic patients was 32 days. Before the 2012 ruling, wait times for a forensic bed were as long as six months. The 2012 ruling was reversed in an appeal decision on May 2, 2014. DSHS has attempted to continue to abide by the 21-day limit. During fiscal year 2012, DSHS added 100 maximum security (forensic commitments) beds to accommodate forensic patients. The addition of the extra beds was completed in fiscal year 2013. For fiscal year 2015, the average daily census of the state hospitals was 50.3 percent civil patients compared to 57.2 percent in fiscal year 2013. DSHS expects the proportion of civil patients to decrease to 48.7 percent in fiscal year 2017.

The 2016–17 General Appropriations Act, Eighty-fourth Legislature, Regular Session, 2015, includes \$1.7 million in

General Revenue Funds for fiscal year 2016 to develop a jail-based competency restoration pilot program pursuant to the Texas Code of Criminal Procedure, Article 46B.090. DSHS was originally appropriated \$3.5 million for the biennium, split between fiscal years. The Governor’s Veto Proclamation reduced the appropriation by half. Jail-based competency restoration is intended to increase the efficiency with which defendants are moved through the criminal justice system and may serve to deflect some of the forensic population from the state hospitals.

For fiscal year 2015, the average state hospital daily census was 2,236 including 1,125 civil patients (50.3 percent) and 1,111 (49.7 percent) forensic patients. **Figure 6** shows the average daily census for civil and forensic beds at each state hospital in fiscal year 2015.

INCREASING OUTSIDE MEDICAL COSTS

In addition to treating all patients admitted to state hospitals for mental illness, the facilities are also responsible for providing medical and dental care. Medicaid does not cover the costs for Medicaid-eligible patients ages 22 to 64, due to the IMD exclusion. Outside medical costs continue to increase for the state hospital population, from \$11.3 million for fiscal year 2006 to \$19.1 million for fiscal year 2015. DSHS reported that non-mental health medical care

accounted for 4.4 percent of total state hospital expenditures for fiscal year 2015.

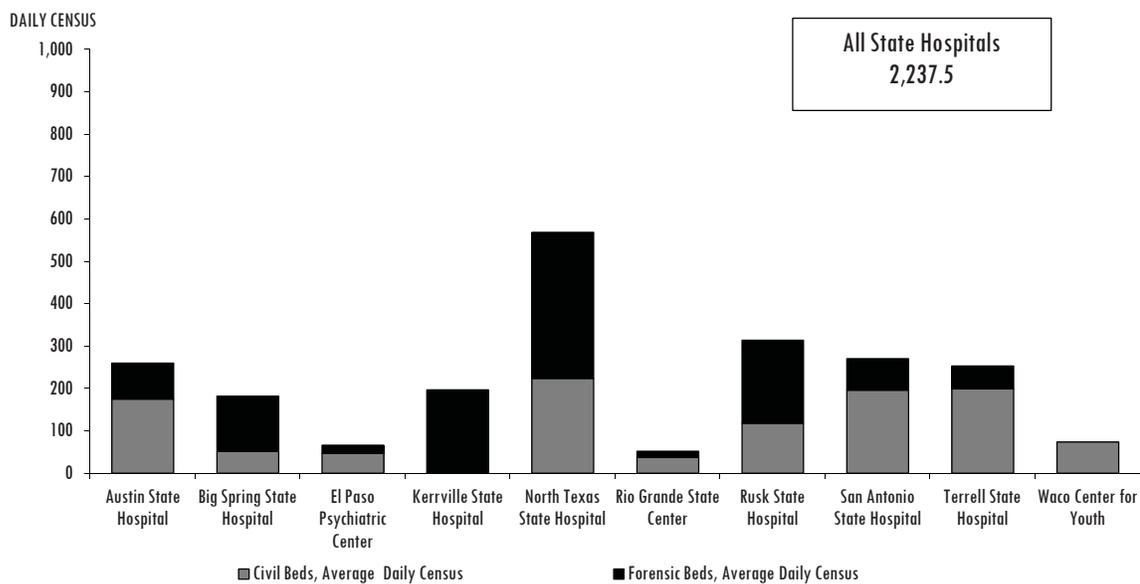
WORKFORCE SHORTAGES

According to DSHS, state hospitals experience consistent shortages in critical staff, particularly for psychiatrists, registered nurses, licensed vocational nurses, and psychiatric nursing assistants. The percentage of vacant critical staff positions was 8.3 percent in fiscal year 2012, 7.5 percent in fiscal year 2013, 7.8 percent in fiscal year 2014 and 7.9 percent in fiscal year 2015. **Figure 7** shows the percentage of vacancies in critical staff positions per facility for fiscal year 2015.

In addition, turnover has increased in these critical staff positions. The average turnover rate in critical staff positions was 2.4 percent in fiscal year 2012, 2.5 percent in fiscal year 2013, 2.6 percent in fiscal year 2014, and 2.7 percent in fiscal year 2015. **Figure 8** shows the turnover rate in critical staff positions per facility for fiscal year 2015.

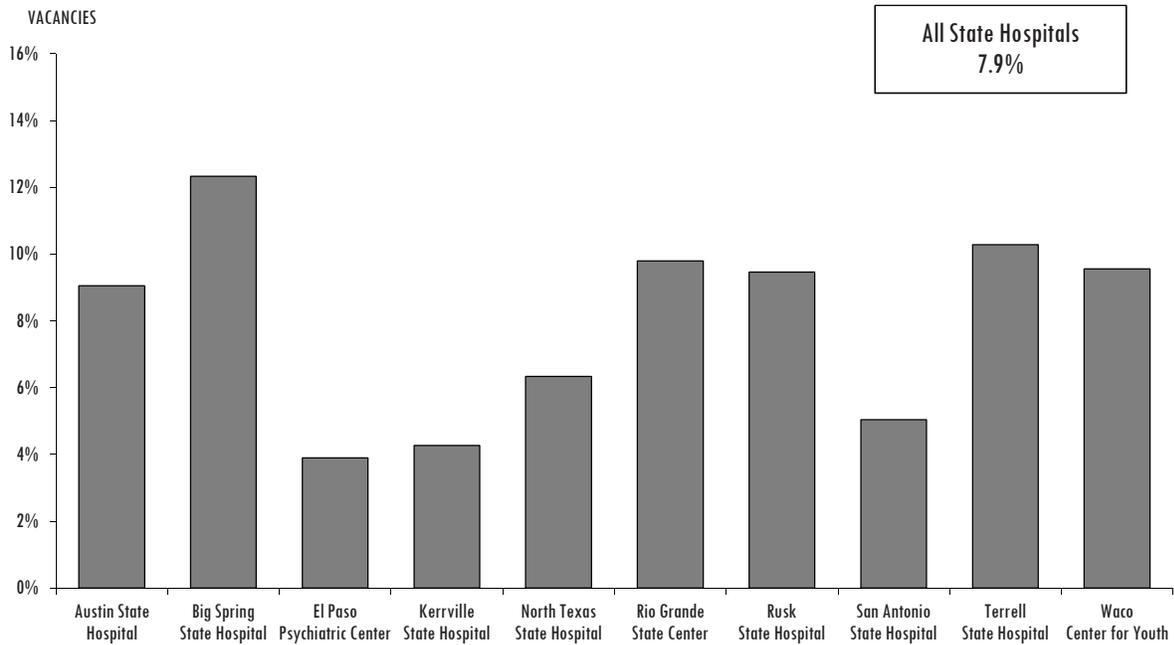
Recruitment and retention for psychiatrists and physicians is hampered by lower starting salaries for psychiatrists offered by state hospitals relative to other public and private sector employers. DSHS indicates that salary levels for physicians and psychiatrists are not competitive, which negatively affects staff retention. Insufficient numbers of nurses and

**FIGURE 6
AVERAGE DAILY CENSUS FOR CIVIL AND FORENSIC BEDS AT STATE HOSPITALS IN TEXAS, FISCAL YEAR 2015**



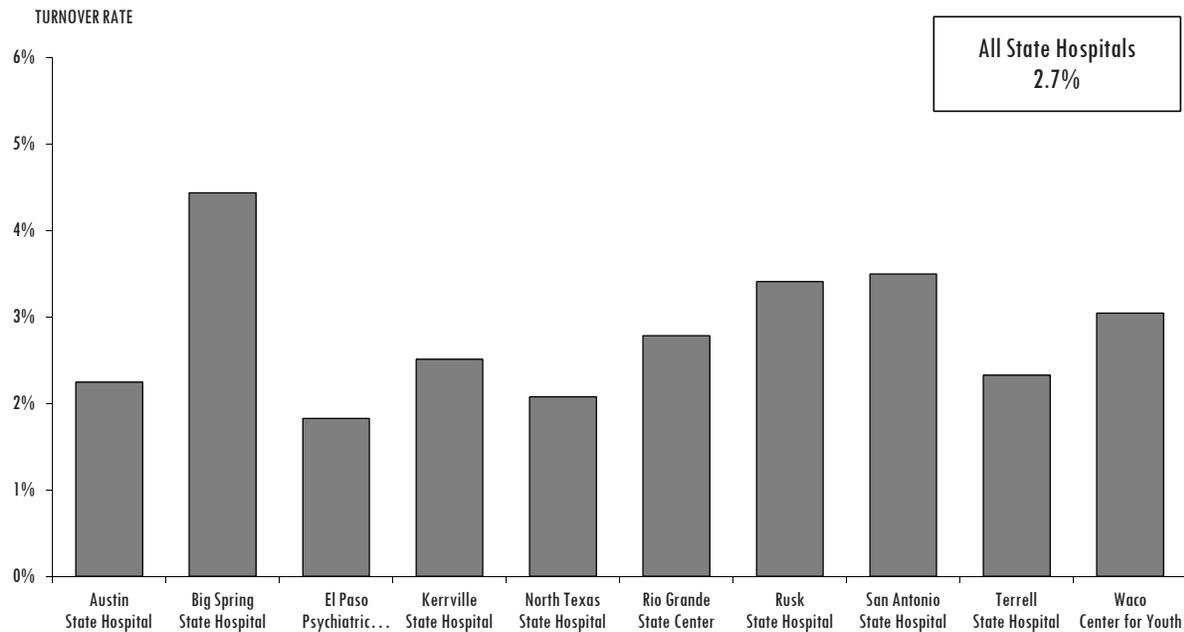
SOURCES: Legislative Budget Board/ABEST; Texas Department of State Health Services.

FIGURE 7
VACANCIES IN CRITICAL STAFF POSITIONS AT TEXAS STATE HOSPITALS, FISCAL YEAR 2015



SOURCE: Texas Department of State Health Services.

FIGURE 8
TURNOVER RATE FOR CRITICAL STAFF POSITIONS AT TEXAS STATE HOSPITALS, FISCAL YEAR 2015



SOURCE: Texas Department of State Health Services.

nursing assistants can directly impact bed availability due to licensing and accreditation standards.

AGING HOSPITAL INFRASTRUCTURE

Aging infrastructure will continue to challenge the mental health system. Most hospital facilities were built before 1965. Although the state hospitals generally remain structurally sound, the facilities are in need of renovation and repair to maintain certain standards and programmatic requirements. Repair and renovation is critical for continued accreditation by The Joint Commission (TJC) and can affect federal funding. TJC is a not-for-profit organization that sets standards for healthcare organizations and evaluates them in accordance with nationally recognized guidelines. To maintain accreditation, hospitals must comply with TJC's environment of care standards that requires buildings and equipment be maintained in a safe manner and provide a therapeutic environment conducive to clients' recovery. All 10 state hospitals are currently accredited by TJC.

PREVIOUS BUDGETARY ACTIONS

The state hospitals have consistently experienced increases in caseloads over the last 10 years. Increased caseloads have driven budgetary efforts to expand state hospital capacity and retain staff. During the 2006–07 biennium, \$34.0 million was transferred from the Texas Health and Human Services Commission (HHSC) to DSHS to increase bed capacity at state hospitals to 2,477, a 240-bed increase from the previous bed capacity of 2,237.

For the 2008–09 biennium, the agency was appropriated an additional \$13.3 million in General Revenue Funds to maintain the fiscal year 2007 bed capacity of 2,477. In addition, a fiscal year 2007 salary increase and the General Appropriations Act (2008-09 biennium), Article IX, Section 19.62, Appropriation for a Salary Increase for State Employees, provided an estimated \$17.2 million for additional salary increases for state hospital staff for the 2008–09 biennium. Despite these increases, fiscal year 2007 bed capacity was not maintained. This shortfall was primarily due to unanticipated increases in staffing costs, as well as greater competition for clinical staff in local markets, and increased costs for prescription drugs, outside medical services, food, operating costs, and overhead charges DSHS pays to HHSC for cost-allocated support services. To address these issues, HHSC transferred \$21.4 million to DSHS to maintain the fiscal year 2007 bed capacity and \$22.4 million for Enterprise Support Services associated with state hospitals. DSHS was also able to use some additional

collected revenue and re-allocate funds from its bill pattern (Strategy F.2.1, Capital Items – Public Health) to help address the shortfall. For fiscal year 2009, DSHS was provided \$15.9 million in 2009 supplemental General Revenue Funds to address these increased costs.

For the 2010–11 biennium DSHS was appropriated an additional \$29.7 million in All Funds, again due to anticipated increases in caseloads and staffing costs. In addition, the agency used \$7.4 million in one-time funds associated with an enhanced stimulus match rate for Medicaid to address these increasing costs.

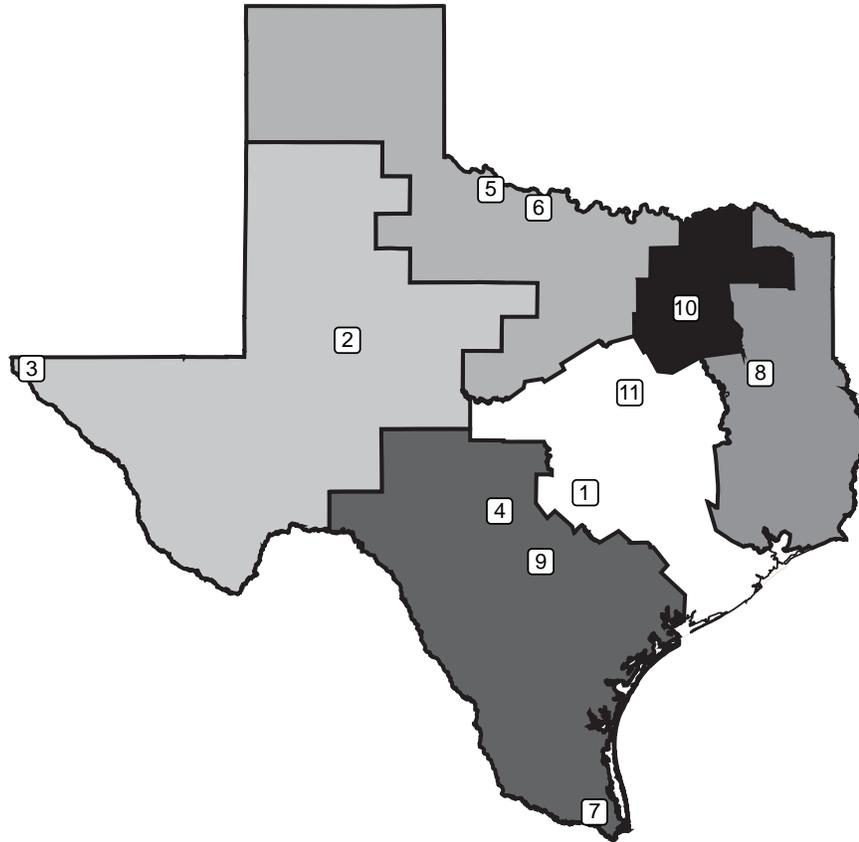
For the 2012–13 biennium, the Legislature increased appropriations to maintain the bed capacity of 2,477. In addition, \$5.0 million in General Revenue Funds was appropriated to provide market-level salaries for psychiatrists. To repair facilities, \$13.2 million in General Obligation bonds were appropriated. To meet the increased demand for beds, DSHS utilized \$91.6 million in Public Health Medicaid Reimbursements from lab fee revenue. The agency purchased beds in community hospitals and expanded the number of forensic beds in state facilities.

For the 2014–15 biennium, DSHS was appropriated \$14.8 million in General Revenue Funds for targeted pay increased for psychiatric nursing assistants and \$2.0 million in General Revenue Funds to expand the physician residency program at the state hospitals. DSHS also utilized an additional \$16.3 million in Public Health Medicaid Reimbursements to maintain the existing bed capacity.

For the 2016–17 biennium, DSHS was appropriated \$24.4 million in General Revenue Funds to address inflation-related direct cost increases for operating the current system, \$1.7 million in General Revenue Funds for replacement of information technology infrastructure, and \$2.5 million in General Revenue Funds for a supported community transition program.

APPENDIX A: STATE HOSPITALS IN TEXAS AND COUNTIES SERVED

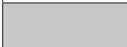
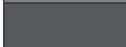
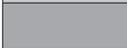
**FIGURE A1
STATE HOSPITALS IN TEXAS AND COUNTIES SERVED, 2016**



HOSPITALS

- | | |
|---|-------------------------------|
| 1. Austin State Hospital | 7. Rio Grande State Center |
| 2. Big Spring State Hospital | 8. Rusk State Hospital |
| 3. El Paso Psychiatric Center | 9. San Antonio State Hospital |
| 4. Kerrville State Hospital | 10. Terrell State Hospital |
| 5. North Texas State Hospital, Vernon Campus | 11. Waco Center for Youth |
| 6. North Texas State Hospital, Wichita Falls Campus | |

COUNTIES SERVED

| | | | |
|---|----------------------------|---|----------------------------|
|  | Austin State Hospital |  | Rusk State Hospital |
|  | Big Spring State Hospital |  | San Antonio State Hospital |
|  | North Texas State Hospital |  | Terrell State Hospital |

NOTE: Facilities serving the entire state include Waco Center for Youth; Rusk State Hospital and North Texas State Hospital, Vernon Campus (both of which provide maximum security services); and Kerrville State Hospital, which provides transitional forensic services. In addition to serving their designated services areas, Big Spring and Rusk hospitals provide transitional forensic services, while Austin, El Paso Psychiatric Center, North Texas, Wichita Falls campus, Rio Grande State Center, Rusk, San Antonio, and Terrell provide competency restoration services to patients admitted directly from jail. North Texas State Hospital, Wichita Falls, provides an intermediate security program. Children's and adolescent services are provided at five hospitals, expanding the number of counties those hospitals serve.

SOURCE: Texas Department of State Health Services.

APPENDIX B: COUNTIES IN STATE HOSPITAL SERVICE AREAS

AUSTIN STATE HOSPITAL

Austin, Bastrop, Bell, Blanco, Bosque, Brazoria, Brazos, Burleson, Burnet, Caldwell, Colorado, Coryell, Falls, Fayette, Fort Bend, Freestone, Galveston, Grimes, Hamilton, Hays, Hill, Johnson, Lampasas, Lee, Leon, Limestone, Madison, Matagorda, McCulloch, McLennan, Milam, Mills, Robertson, San Saba, Travis, Waller, Washington, Wharton, and Williamson

BIG SPRING STATE HOSPITAL

Andrews, Bailey, Borden, Brewster, Briscoe, Callahan, Castro, Cochran, Coke, Concho, Crane, Crockett, Crosby, Culberson, Dawson, Ector, Fisher, Floyd, Gaines, Garza, Glasscock, Hale, Hockley, Howard, Hudspeth, Irion, Jeff Davis, Jones, Kent, Lamb, Loving, Lubbock, Lynn, Martin, Midland, Mitchell, Motley, Nolan, Parmer, Pecos, Presidio, Reagan, Reeves, Runnels, Scurry, Shackelford, Stephens, Sterling, Swisher, Taylor, Terrell, Terry, Tom Green, Upton, Ward, Winkler, and Yoakum

EL PASO PSYCHIATRIC CENTER

Andrews, Borden, Brewster, Crane, Culberson, Dawson, Ector, and El Paso

KERRVILLE STATE HOSPITAL

Provides statewide adult forensic services

NORTH TEXAS STATE HOSPITAL, VERNON CAMPUS

Provides statewide adult and adolescent forensic services

NORTH TEXAS STATE HOSPITAL, WICHITA FALLS CAMPUS

Archer, Armstrong, Baylor, Brown, Carson, Childress, Clay, Coleman, , Collingsworth, Comanche, Cooke, Cottle, Dallam, Deaf Smith, Denton, Dickens, Donley, Eastland, Erath, Foard, Gray, Grayson, Hall, Hansford, Hardeman, Hartley, Haskell, Hemphill, Hood, Hutchinson, Jack, Johnson, King, Knox, Lipscomb, Montague, Moore, Ochiltrie, Oldham, Palo Pinto, Parker, Potter, Randall, Roberts, Sherman, Somervell, Stephens, Stonewall, Tarrant, Throckmorton, Wheeler, Wichita, Wilbarger, Wise, and Young

RIO GRANDE STATE CENTER

Brooks, Cameron, Duval, Hidalgo, Jim Wells, Kenedy, Kleberg, and Willacy

RUSK STATE HOSPITAL

Anderson, Angelina, Bowie, Cass, Chambers, Cherokee, Gregg, Hardin, Harris, Harrison, Houston, Jasper, Jefferson, Liberty, Marion, Montgomery, Nacogdoches, Newton, Orange, Panola, Polk, Red River, Rusk, Sabine, San Augustine, San Jacinto, Shelby, Smith, Trinity, Tyler, Upshur, Walker, and Wood Counties.

Provides statewide adult forensic services.

SAN ANTONIO STATE HOSPITAL

Aransas, Atascosa, Bandera, Bee, Bexar, , Brooks, Calhoun, Cameron, Comal, Dewitt, Dimmit, Duval, Edwards, Frio, Gillespie, Goliad, Gonzales, Guadalupe, Hidalgo, Jackson, Jim Hogg, Jim Wells, Karnes, Kendall, Kenedy, Kerr, Kinney, Kimble, Kleberg, La Salle, Llano, Lavaca, Live Oak, Mason, Maverick, McMullen, Medina, Menard, Nueces, Real, Refugio, San Patricio, Schleicher, Starr, Sutton, Uvalde, Val Verde, Victoria, Webb, Willacy, Wilson, Zapata, and Zavala

TERRELL STATE HOSPITAL

Camp, Collin, Dallas, Delta, Ellis, Fannin, Franklin, Hopkins, Hunt, Kaufman, Lamar, Morris, Navarro, Rains, Rockwall, and Titus

WACO CENTER FOR YOUTH

Provides statewide residential psychiatric services for adolescents ages 13 to 17.

Note: Facilities serving the entire state include Waco Center for Youth; Rusk State Hospital and North Texas State Hospital- Vernon Campus (both of which provide maximum security services); and Kerrville State Hospital, which provide transitional forensic services. In addition to serving their designated services areas, Big Spring and Rusk State Hospitals provide transitional forensic services, while Austin, El Paso Psychiatric Center, North Texas State Hospital Wichita Falls campus, Rio Grande State Center, Rusk, San Antonio and Terrell provide competency restoration services to patients admitted directly from jail. North Texas State Hospital Wichita Falls campus provides an intermediate security program. Children and adolescent services are provided at five hospitals expanding the counties those hospitals serve.

APPENDIX C: LOCAL MENTAL HEALTH AUTHORITIES IN STATE HOSPITAL SERVICES AREAS

LMHAS IN AUSTIN STATE HOSPITAL SERVICE AREA

Austin-Travis County Integral Care; Bluebonnet Trails Community Services; Central Counties Services; The Gulf Coast Center; Heart of Texas Region MHMR Center; MHMR Authority of Brazos Valley; and Texana Behavioral Healthcare & Developmental Disabilities Services

LMHAS IN BIG SPRING STATE HOSPITAL SERVICE AREA

Betty Hardwick Center; Central Plains Center; MHID Services of Concho Valley; StarCare Specialty Health System; Permian Basin Community Center; and West Texas Centers for MHID

LMHAS IN EL PASO PSYCHIATRIC CENTER SERVICE AREA

Emergence Health Network

LMHAS IN KERRVILLE STATE HOSPITAL SERVICE AREA

Provides statewide adult forensic services

NORTH TEXAS STATE HOSPITAL, VERNON CAMPUS

Provides statewide adult and adolescent forensic services

LMHAS IN NORTH TEXAS STATE HOSPITAL, WICHITA FALLS CAMPUS SERVICE AREA

Center for Life Resources; Denton County MHMR Center; Helen Farabee Regional Center; Pecan Valley Center for Behavioral and Developmental Healthcare; MHMR Tarrant; Texas Panhandle Centers Behavioral and Developmental Health; Texoma Community Center

LMHAS IN RIO GRANDE STATE CENTER SERVICE AREA

Coastal Plains Community Center and Tropical Texas Behavioral Health

LMHAS IN RUSK STATE HOSPITAL SERVICE AREA

ACCESS; Andrews Center Behavioral Healthcare System; Burke Center; The Harris Center for Mental Health and IDD; Community Healthcore; Spindletop Center; Tri-County Behavioral Healthcare

The Rusk State Hospital also provides statewide adult forensic services.

LMHAS IN SAN ANTONIO STATE HOSPITAL SERVICE AREA

Border Region Behavioral Health Center; Camino Real Community Services; Center for Health Care Services; Coastal Plains Community MHID Center; Gulf Bend Center; Hill Country Community MHDD Center; and Behavioral Health Center of Nueces County.

LMHAS IN TERRELL STATE HOSPITAL SERVICE AREA

Lakes Regional MHMR Center.

WACO CENTER FOR YOUTH

Provides statewide residential psychiatric services for adolescents ages 13 to 17.