



PSYCHIATRIC HOSPITALS
PROPOSED FEE INCREASES
Health Systems Quality Assurance
December 1, 2020

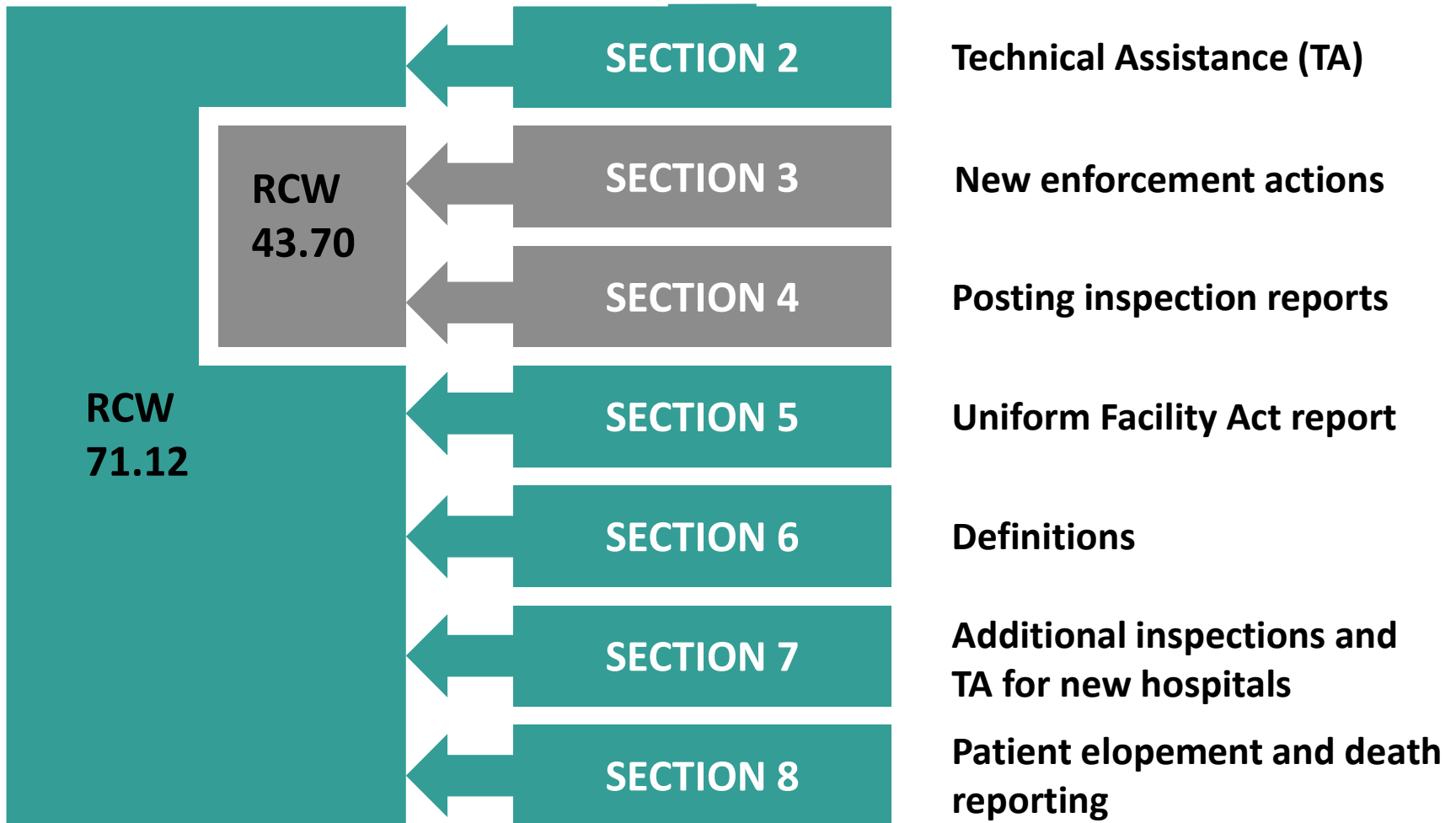
Objectives

- Share information with you about:
 - Current financial status of the psychiatric hospital program
 - The need for fee increases
- Respond to questions and hear your feedback

History and background

- Since 2014, eight psychiatric hospitals opened or changed ownership in Washington.
 - Several have struggled to comply with state licensing laws.
- Department requested SHB 2426 – Protecting patient safety in psychiatric hospitals and other facilities
 - Passed during the 2020 Legislative Session
 - New expenditures were covered through July 1, 2021 by GF-S

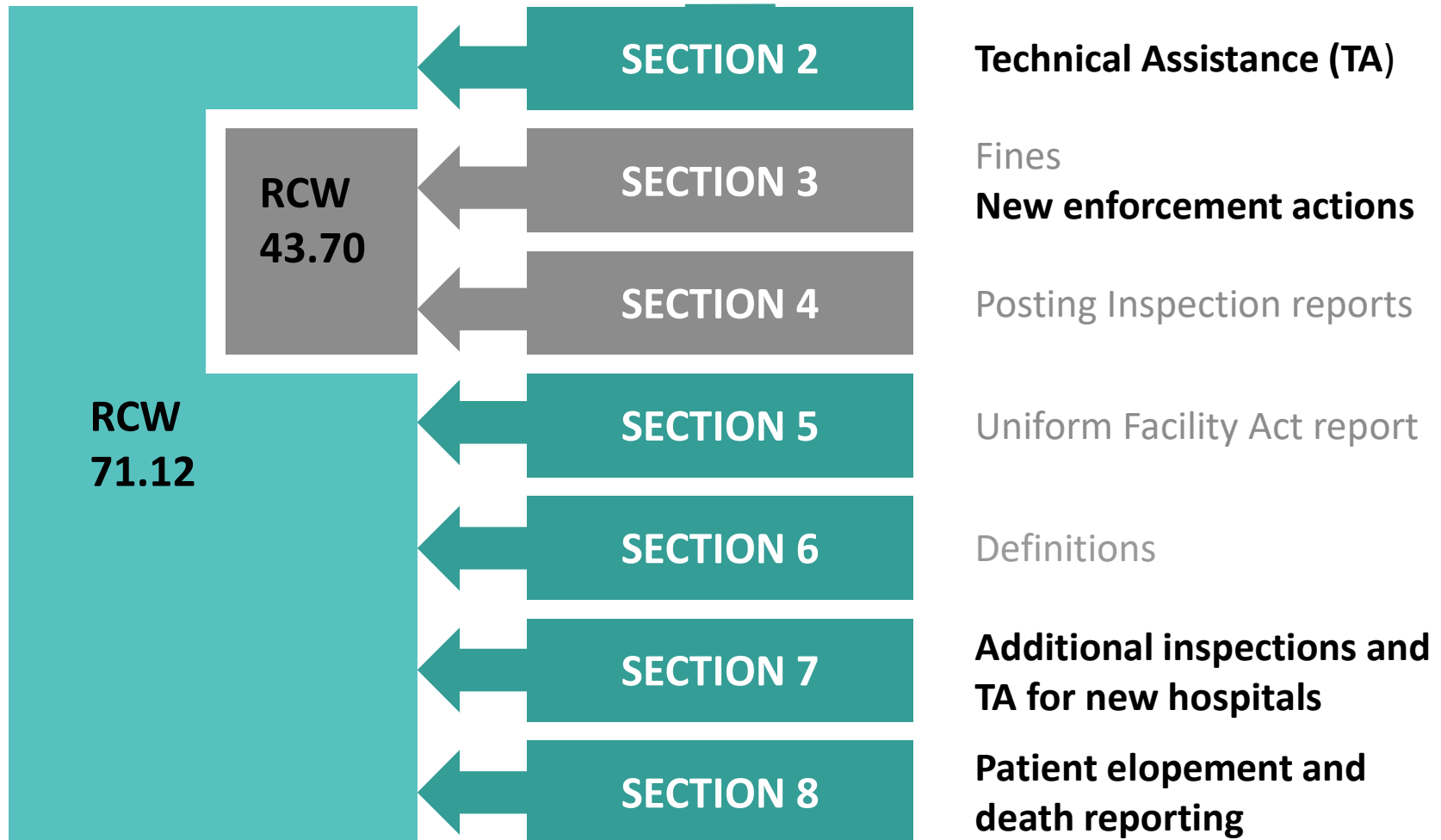
SHB 2426 Structure



SHB 2426 Department Requirements

- **Provide technical assistance**
- **Conduct three additional inspections during the first two years of licensure or change of ownership**
- **Assess and investigate hospital reports of patient elopements and certain patient and staff deaths**
- Publish inspection and investigation reports and supporting documents
- Develop a severity matrix for fines
- Work with stakeholders to make recommendations on a uniform facility enforcement act

Activities implemented by this action



Technical Assistance (Section 2)

RCW 71.12.700 “any psychiatric hospital may request from the department or the department may offer ...technical assistance.”

- Except during an inspection or investigation

On-Going Technical Assistance

Policy and process updates



- CN
- CRS
- Credentialing
- Inspection

Policy Resource Book



Onsite Technical Assistance



Roundtable Discussions



- Policy
- Compliance
- Implementation

Cost of Section 2 SHB 2426

	FY22	FY23	FY24	FY25
FTE	0.40	0.40	0.40	0.40
Salaries & Benefits	\$43,000	\$45,000	\$47,000	\$48,000
Goods & Services	\$6,000	\$6,000	\$6,000	\$7,000
Travel	\$0	\$0	\$0	\$0
Indirect	\$14,000	\$15,000	\$15,000	\$16,000
Total	\$63,000	\$66,000	\$68,000	\$71,000

Added Inspections & Tech. Assistance (Sec. 7)

RCW 71.12.480(2) “During the **first two years of licensure** for a new psychiatric hospital or any existing psychiatric hospital that changes ownership...the department shall provide **technical assistance**, perform **at least three unannounced inspections**, and conduct additional inspections...to verify...”

Technical Assistance for New Hospitals (Sec. 7)

- Organize and conduct initial meetings
 - Connect prospective providers and key department representatives
 - Discuss vision
 - Path to licensure
- Conduct pre-licensure technical assistance visit
 - Coordinated with other department on-site visits

Inspections for New Hospitals (Sec. 7)

- Perform at least 3 unannounced inspections in the first two years of licensure
 - Inspection preparations
 - Travel
 - On-site inspection
 - Coordination with State Fire Marshal's Office
 - Inspection report writing
 - Responding to facility questions & reviewing plan of corrections (if necessary)
 - Management review and oversight

Costs of Section 7 SHB 2426

	FY22	FY23	FY24	FY25
FTES	0.60	0.60	0.60	0.60
Salaries & Benefits	\$95,000	\$99,000	\$103,000	\$106,000
Contracts	\$2,000	\$2,000	\$3,000	\$3,000
Goods & Services	\$8,000	\$9,000	\$9,000	\$9,000
Travel	\$6,000	\$6,000	\$6,000	\$7,000
Indirect	\$31,000	\$32,000	\$33,000	\$35,000
Total	\$142,000	\$148,000	\$154,000	\$160,000

Death and Elopement Reporting (Sec. 8)

RCW 71.12.720 “(1) Every psychiatric hospital...shall report to the department every patient elopement and every death...specified in subsection (2)...that occurs on the hospital grounds within three days...

(2) The patient or staff deaths that must be reported to the department under subsection (1) of this section include the following:

- (a) Patient death associated with...elopement;
- (b) Patient suicide;
- (c) Patient death associated with medication error;
- (d) Patient death associated with a fall;
- (e) Patient death associated with the use of physical restraints or bedrails; and
- (f) Patient or staff member death resulting from a physical assault.

Cost of Section 8 SHB 2426

	FY22	FY23	FY24	FY25
FTE	0.5	0.5	0.5	0.5
Salaries & Benefits	\$84,000	\$87,000	\$91,000	\$94,000
Goods & Services	\$7,000	\$8,000	\$8,000	\$8,000
Travel	\$6,000	\$6,000	\$7,000	\$7,000
Indirect	\$28,000	\$28,000	\$30,000	\$30,000
Total	\$125,000	\$129,000	\$136,000	\$139,000

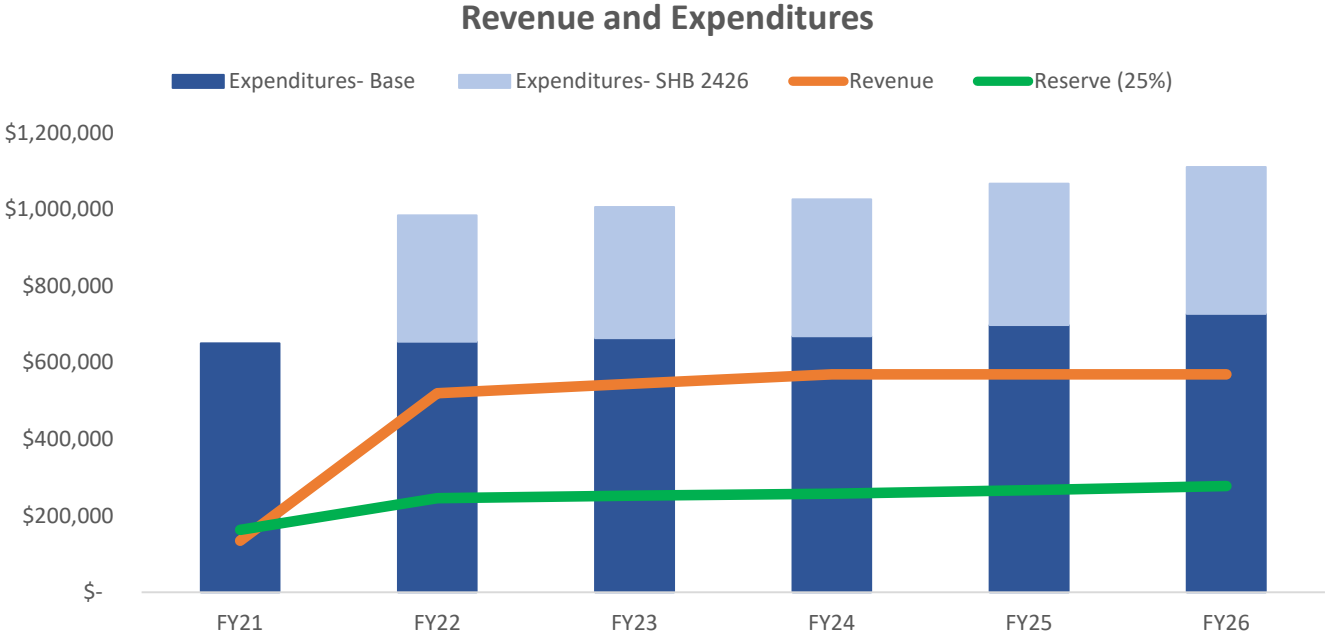
Enforcement Actions (Section 3)

- SHB 2426 provided the department with additional enforcement tools
 - Impose conditions on a license
 - Impose civil fines
 - Immediately stop placement (suspend admissions)
 - Immediately suspend a license
- Fee increase **does not** assume additional costs for enforcement
 - TA is meant to reduce the need to take enforcement actions
 - Will monitor enforcement costs over time and make future fee adjustments if necessary

Current financial situation

- RCW 70.42.090 and 43.70.250 require fees to cover all program costs.
- Revenue from licensing fees does not support all required activities like timely initial inspections and technical assistance.
- Revenue also does not support obligations to:
 - Achieve and maintain a positive fund balance throughout biennium; and
 - Achieve and maintain an adequate fund balance reserve.
- Expenditures exceed revenue and gap is expected to grow.

Current financial situation (cont)



Total Cost of New Work - \$330,000 annually

Provider License Projections

- 2020 the department licensed
 - 11 psychiatric hospitals with 951 total beds
- Department anticipates an increase of 50 beds per year through 2024

		FY21	FY22	FY23	FY24	FY25
Psychiatric Hospitals	Application	50	50	50	50	-
	Renewal	951	1,001	1,051	1,101	1,151
Total Bed Count		1,001	1,051	1,101	1,151	1,151

This equates to \$378,000 in the first year following the increase and grow by 4% per year through fiscal year 2024

Proposed fee increases

Fee Type	Current Rate Per Bed	Proposed Rate Per Bed
Application	\$135	\$495
Renewal	\$135	\$495

This new rate is based off a fee increase of \$360 per bed to cover new work

Next steps

- File proposed fee increase rule and share with stakeholders - anticipated in late December
- Accept public input through written comments and public hearing – anticipated in February
- Consider comments and adopt final rule – anticipated in late March
- Share final rule with stakeholders
- Plan for July 1, 2021 effective date

Questions?



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