H.B. NO. 3146

A BILL FOR AN ACT

MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR THE ADULT MENTAL HEALTH DIVISION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. This Act is recommended by the governor for immediate passage in accordance with section 9 of article VII of the Constitution of the State of Hawaii.

SECTION 2. Although funds were appropriated to the department of health for adult mental health services for the fiscal period beginning July 1, 2007, and ending June 30, 2008, a critical funding emergency now exists. The program will expend all appropriated funds before the end of the current fiscal year, and the department will be unable to meet its fiscal obligation to provide services to certain adults with severe mental illness.

The adult mental health division serves a continuously increasing number of eligible mental health consumers. Concurrently throughout the year, the adult mental health division has increased its related services in the areas of case management, crisis services, treatment services, rehabilitation services, and housing. This emergency increase is to continue

existing services to meet the needs of the expanding eligible population and to continue funding of required services developed during the fiscal year.

An emergency appropriation is also needed as the one-time Medicaid Rehab Option retroactive billing opportunity has passed, resulting in a deficit in federal matching funds. Additional emergency funding is also required to address higher operational costs at the Hawaii State Hospital as a result of an increased census.

The purpose of this Act is to appropriate emergency funds for ongoing services of the adult mental health division, revenue shortfall, and operational costs at the Hawaii State Hospital.

SECTION 3. There is appropriated out of the general revenues of the State of Hawaii the sum of $10,000,000, or so much thereof as may be necessary, for fiscal year 2007-2008 for ongoing services provided by the adult mental health division, revenue shortfall, and operational costs at the Hawaii State Hospital.

SECTION 4. The sum appropriated shall be expended by the department of health for the purposes of this Act.

SECTION 5. This Act shall take effect upon its approval.

INTRODUCED BY: Calvin K.Y. Say

BY REQUEST

JAN 22 2008

H.B. NO. 3146

Report Title:
Emergency Appropriation for the Adult Mental Health Division

Description:
To authorize an emergency appropriation for fiscal year 2007-2008 of $10,000,000 from general funds to the Department of Health (DOH), for the Adult Mental Health Division (AMHD).

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JUSTIFICATION SHEET

DEPARTMENT: Health

TITLE: A BILL FOR AN ACT MAKING AN EMERGENCY APPROPRIATION TO THE DEPARTMENT OF HEALTH FOR THE ADULT MENTAL HEALTH DIVISION.

PURPOSE: To authorize an emergency appropriation for fiscal year 2007-2008 of $10,000,000 from general funds to the Department of Health (DOH), for the Adult Mental Health Division (AMHD).

MEANS: Emergency appropriation of general funds for the AMHD of the Department of Health for fiscal year 2007-2008.

JUSTIFICATION: There are three reasons for this emergency appropriation:

(1) A continued increase in the number of people entering the service system who are eligible for AMHD services;
(2) Special Fund Ceiling in relation to Medicaid Rehab Option (MRO) revenues; and
(3) Operational deficits at Hawaii State Hospital (HSH) related to high census.

(1) A continued increase in the number of people entering the service system who are eligible for AMHD services:

This emergency appropriation is to continue existing services to meet the needs of the expanding eligible population and to continue funding of required services developed during the current fiscal year.

Over the past five fiscal years, the adult mental health division has served an increasing number of eligible mental health consumers. Concurrently, services have

increased in the areas of case management, crisis services, treatment services, rehabilitation services, and housing. For comparison consideration, in fiscal year 2003-2004 7,543 consumers received services from the adult mental health division; 10,136 in fiscal year 2004-2005; and over 12,200 in fiscal year 2005-2006. In fiscal year 2006-2007, AMHD services were provided to approximately 14,492 consumers.

(2) Special Fund Ceiling in relation to Medicaid Rehab Option Revenues:

The current budgeted purchase of service (POS) special fund has a ceiling of $20,414,479. This amount offsets AMHD's allotment of general funds and is unattainable this year. This fund is primarily revenue generated under a Memorandum of Agreement (MOA) with the Department of Human Services (DHS) called the Medicaid Rehab Option (MRO). Under the MRO, AMHD is allowed to bill DHS for certain services paid to POS contractors. DHS returns federal matching funds to AMHD for these expenditures based on a percentage of the State dollars expended. The shortfall is occurring because when the MRO was initiated, DHS allowed AMHD a two-year window to bill services retroactively. This retroactive billing resulted in the inflated special fund ceiling. AMHD has billed for the retroactive services and is now current in its billing.

The projected fiscal year 2007-2008 revenue from MRO billing is anticipated to total only $14,810,630.

(3) Operational deficits at Hawaii State Hospital related to high census:

Last fiscal year, HSH had a budget deficit of $5,000,000. This included funding forty beds at Kahi Mohala. The Kahi Mohala contract has been reduced to thirty-two beds this year, resulting in a savings of over $500,000. Additionally, HSH management has taken measures to reduce the use of contracted agency staff, resulting in lower deficits. The hospital budget is based on an expected daily census of 178. However, this year since September the HSH average daily census has been 191. In total, the budget deficit for fiscal year 2008-2009 is projected to be $1,104,698.

Impact on the public: The sustainability of services will positively impact adults with severe and persistent mental illness served by the AMHD, including those individuals served at HSH. Approval of this funding will allow AMHD to continue to address related social issues of homelessness, co-occurring substance abuse, emergency mental health services, and access to critical mental health services including housing, employment opportunities, rehabilitation, treatment, and case management. In total, this funding will allow AMHD to assist people with severe mental illness in Hawaii to fully participate and contribute in the community through their recovery process.

Impact on the department and other agencies: Allows for more consumers to be cared for in the community, potentially lessening the census at HSH.

GENERAL FUND: $10,000,000 (fiscal year 2007-2008).

OTHER FUNDS: None.

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PPBS PROGRAM DESIGNATION: HTH-420.

OTHER AFFECTED AGENCIES: Department of Budget and Finance.

EFFECTIVE DATE: Upon approval.