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## Mental Health System Modernization Initiative

HCR312 and SR119 were passed in the 2004 Regular Session. They both call for DHH to “investigate, study, and develop a plan or strategy to modernize and improve the state mental health system, focusing particularly on an assessment of the current operation and maintenance of East Louisiana Mental Health System, Central Louisiana State Hospital, New Orleans Adolescent Hospital and Southeast Louisiana State Hospital, with the resulting plan or strategy detailing how Louisiana can modify the current system to reflect the best practices in mental health care today.”

### Issue

OMH continues to operate an antiquated hospital system (consisting of four facilities) that is severely limited in meeting the needs of its mandate to serve Louisiana children with serious emotional disturbance and adults with serious mental illness. Currently, only 28% of the adult and 3% of the child target population receive services from OMH. Access to mental health services and the quality of care for the citizens of Louisiana should be increased through the reinvestment of significant operational savings from “sunk costs” now expended for the antiquated system. While there is an on-going shortage of funding for effective, community-based services, OMH continues operation of three large antiquated facilities. **Currently 97% of those served by OMH are served in the community, but 60% of OMH’s budget and 72% of staff support the hospital service settings.** These hospitals:

- present physical hazards to patient safety
- require millions of dollars annually to repair and maintain
- do not reflect current best practices or standards of care
- these hospitals make getting accreditation difficult by Joint Commission on Accreditation of Healthcare Organizations
- challenge compliance with Risk Management loss prevention measures

### National Trends

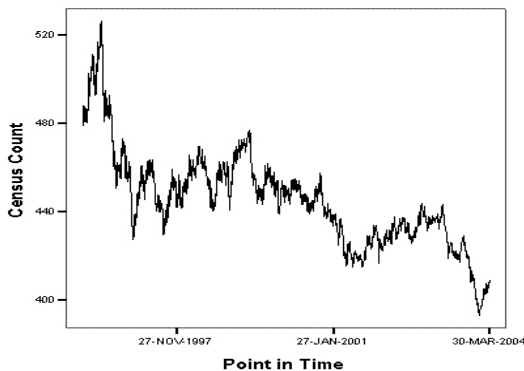
A great realignment in state mental health care occurred in the 1990s, from hospital to community-based care. From 1972 to 1990, according to data from the Center for Mental Health Services, state and county psychiatric beds decreased over 70 percent (from 361,765 to 98,647). In the 1990s, the number of hospital residents decreased to about 54,000 (a further decline of over 40%). Currently, half the states are reorganizing their state hospitals, including downsizing, reconfiguring, closing and/or consolidation. These reorganizations affect 84 hospitals, including 58 affected by downsizing or closures.

## Experience from Other States

Of the 35 states responding to requests for information by OMH, 20 have replaced or plan to replace their old institutional facilities (information found in tab 4). In keeping with the trend to develop community-based approaches for treatment, states are developing smaller, regional inpatient programs designed to work in combination with community resources to meet the needs of their target population. (For example, Mississippi opened a new 50-bed, six million dollar hospital in 2000.)

A common factor identified as associated with the decision to build was the problem of dealing with antiquated sites with many buildings, large landholdings, and declining patient populations (i.e. quality and capital issues). These factors and the accompanying budget problems appear to be the driving forces in the decisions to build new facilities.

## Louisiana Strategy



While the number of people being served in OMH hospitals has dramatically declined over recent years, all three antiquated hospitals remain in operation and require millions of dollars annually to maintain. This inefficient use of scarce resources contributes to the inability of the system to provide adequate funding for effective, community-based services. These buildings also place the state at risk and drain resources as described above.

Hospital grounds and facilities have significant fair market value. Additionally, millions of dollars annually are projected to be saved if the operations, maintenance and repair costs, and capital outlay reflect those of smaller, more modern facilities. Reinvestment of these savings would not only pay for the construction of new, smaller, safer and efficient facilities, but eventually allow much needed growth in the number of citizens served in the community.

Data for a recent study at SELSH indicate that a new state-of-the-art facility could be built and paid for in five years or less, thus reducing annual operating expenditures and providing for the redirection of these funds to community-based services (see study in tab 3). It is anticipated that similar revenue will be associated with other facilities.

Currently OMH is in the process of obtaining objective, external feasibility studies that will determine the actual funds that may become available for reinvestment through this strategy. Once those determinations are made, DHH will work with DOA to establish a mechanism to operationalize the modernization plan. The DHH strategy to accomplish

modification of the current system to reflect the best practices in mental health care follows.

### **Facilities/System of Care Modernization Strategy**

- I. Obtain external, objective financial feasibility study of the costs/benefits of constructing new facilities for inpatient mental health services.** The study will include specific recommendations about
- (a) the financial viability of using anticipated operational cost savings from system modernization in a comprehensive reinvestment strategy for the construction or lease of facilities
  - (b) options for funding the modernization project utilizing various financing mechanisms, including but not limited to: leasehold agreement, bond issue, or other appropriate financing arrangements.

The feasibility study will be conducted in the following manner:

*Phase 1* – Analyze all budget and expense data for the physical facilities over the past five years. Analyze census data for the locations.

*Phase 2* – Make site visits to each location. Interview physical plant personnel.

*Phase 3* - Assess physical facilities and, if necessary, get qualified real estate appraisals.

*Phase 4* – Meet with DHH/OMH officials to gauge what the anticipated physical plant needs are in the short-term and long-term.

*Phase 5* – Quantify costs for replacement facilities, including architect, engineering or construction experts.

*Phase 6* – Develop operating budgets for replacement facilities and community-based care.

*Phase 7* – Compare projected costs with cost savings.

*Phase 8* - Prepare report of findings.

**Status:** **Contracts approved January 25, 2005**  
**Anticipated completion date:** **April 25, 2005**

- II. Develop reinvestment plan to build OMH system of care based on fiscal/operational efficiencies as a result of restructured hospitals.** The plan will identify enhancements to the community mental health system which will expand and strengthen community mental health services provided throughout the state and divert future unnecessary admissions from the state hospitals. The enhancements recommended include but are not limited to:

- Additional staff strategically located in hospital ER's to facilitate triage, assessment and possible referral to community services.
- Intensive case management to ensure that connections are made, appointments are kept, and follow-up services are provided to those diverted or discharged from short-term inpatient psychiatric care.

- Mobile Treatment Teams serving adults 24 hours per day, seven days per week
- Assertive Community Treatment Teams
- Supportive Living / Transitional Housing
- Permanent Housing Options
- Peer Supports
- Multi-Systemic Therapy
- School-Based Services
- Crisis Prevention
- Transportation
- Data-Base Development

Provision of these services will improve the availability and effectiveness of community mental health treatment and avert the unnecessary hospitalization of a significant number of consumers who, with such services, would be enabled to attain an improved quality of life and remain within their communities.

**Status:**                           **Draft Completed (see tab 2)**

**III. Develop Business Plan to operationalize modernization initiative.** Based on information gained by the feasibility study and the reinvestment planning process, OMH will develop a plan which will include activities regarding the following:

- Plans and site selection for new facilities
- Financing mechanisms to provide for sale of property, dedication of funds to OMH, building new facilities
- Programmatic priorities for staged-in approach for community re-investment
- Integration with Joint Commission Accreditation activities
- Incorporation of forensic programming
- Legislative action if needed

**Status:**                           **Preliminary research to assist with feasibility study in progress, awaiting feasibility study results and Division of Administration approval to draft plan**

