



COMMONWEALTH of VIRGINIA

DEPARTMENT OF BEHAVIORAL HEALTH AND DEVELOPMENTAL SERVICES

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ALISON G. LAND, FACHE
COMMISSIONER

Friday, October 15, 2021

The Honorable Ralph S. Northam, Governor
Patrick Henry Building
1111 E Broad St
Richmond, VA 23219

Governor Northam:

Item 320.PP of the 2021 Acts of Assembly directs the Department of Behavioral Health and Developmental Services (DBHDS) to collaborate with Chesapeake Regional Healthcare on strategies to reduce the census pressure on state behavioral health hospitals. Specifically, the language states:

The Department of Behavioral Health and Developmental Services is authorized to collaborate with the Chesapeake Regional Healthcare to develop a memorandum of understanding (MOU) for dedicating a portion of the future bed capacity of a 20-bed psychiatric unit at the hospital for use in providing treatment services to individuals that may otherwise be admitted to a state behavioral health hospital. The MOU should detail the priority populations that would be best served at Chesapeake Regional Healthcare and that assists the Commonwealth in reducing census pressure on state behavioral health hospitals. As part of the MOU the department and Chesapeake Regional Healthcare shall develop an estimated financial contribution for the potential benefit of such an arrangement to the Commonwealth. The department shall report on the details of the MOU to the Governor and the Chairs of the House Appropriations and Senate Finance and Appropriations Committees by November 1, 2021.

This report details how DBHDS and Chesapeake plan to collaborate to dedicate a portion of the future bed capacity at Chesapeake to treat individuals that would otherwise be admitted to state hospitals and includes estimated associated costs. Staff are available should you have any questions.

Sincerely,

Alison G. Land, FACHE
Commissioner, Department of Behavioral Health & Developmental Services

CC:

Vanessa Walker Harris, MD
Susan Massart
Mike Tweedy



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Friday, October 15, 2021

The Honorable Janet D. Howell, Chair, Senate Finance and Appropriations Committee
The Honorable Luke E. Torian, Chair, House Appropriations Committee
Pocahontas Building
900 E. Main St,
Richmond, Virginia 23219

Senator Howell and Delegate Torian:

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Report on Item 320.PP of the 2021 Appropriations Act

Report on Collaboration between DBHDS and Chesapeake
Regional Healthcare

To the Governor and the Chairs of the House Appropriations and Senate Finance
and Appropriations Committees

Friday, October 15, 2021

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Preface

Item 320.PP of the 2021 Acts of Assembly directs the Department of Behavioral Health and Developmental Services (DBHDS) to collaborate with Chesapeake Regional Healthcare on strategies to reduce the census pressure on state behavioral health hospitals. Specifically, the language states:

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Introduction

The Department of Behavioral Health and Developmental Services (DBHDS) has been working diligently to secure partnerships with community providers in order to provide diversion and step-down options for state hospital patients. In recent years, the state hospital census has averaged well above 85 percent, or optimal safe operating capacity. Identifying potential diversion opportunities with community hospitals has been a key focus of the agency in order to alleviate the state hospital census and place individuals in or nearer to their home communities.

Chesapeake Regional Healthcare is in the process of constructing a new, 20-bed inpatient psychiatric unit which will accept voluntary admissions as well as admissions under a temporary detention order, or TDO. These beds are anticipated to come online in February 2024. In order to identify how best to leverage these new beds to alleviate the state hospital census, DBHDS and Chesapeake have been in discussions to identify priority populations and develop cost avoidance estimates to the state, all of which is detailed in this report.

Background

The State Mental Health Hospital Census

Virginia’s state mental health hospitals have been consistently operating above safe operating capacity in recent years. Though research and national standards show that operating at 85 percent of capacity is optimal for both patients and staff, Virginia’s state hospitals are operating at a 98 percent utilization rate or above. This results in compromised quality of care for patients, leading to possible readmissions and exacerbated mental health conditions. Even more concerning is the compromised safety experienced by both patients and staff.

Data from Table 1 displays the average state hospital census FY 2019-FY 2021 for the Commonwealth’s eight adult mental health hospitals. It is common for these rates to go reach well above 100 percent during peak times.

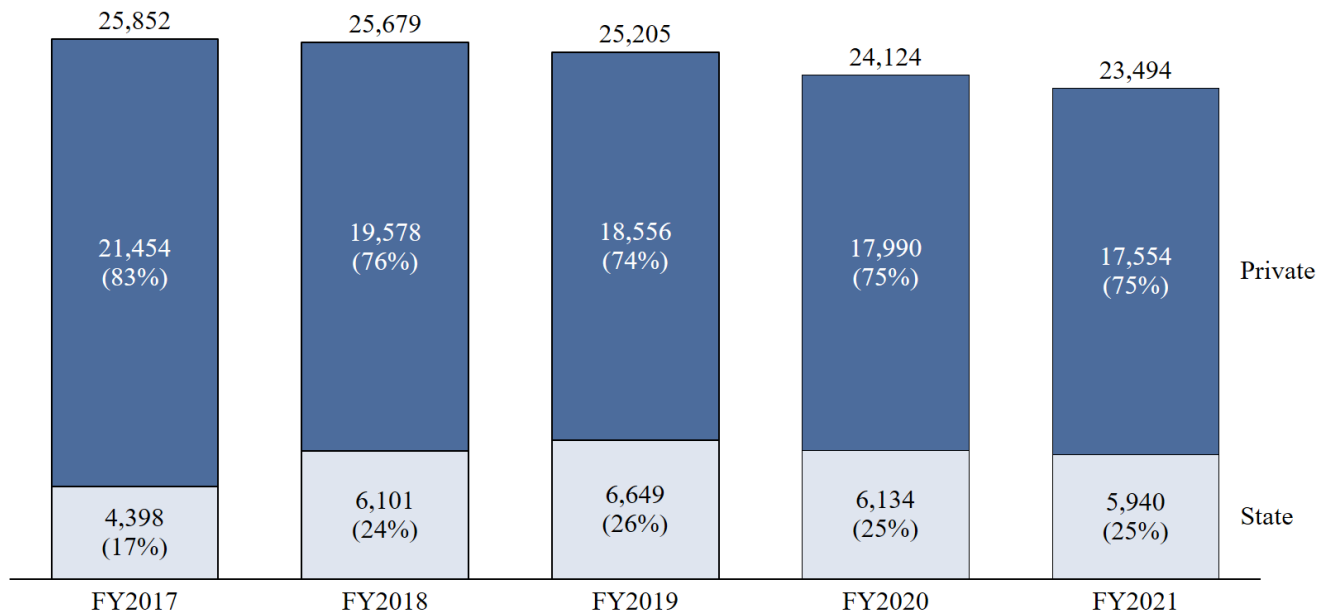
Table 1: Average State Hospital Census, Adult Mental Health Hospitals

	Catawba	Central State	Eastern State	Northern Va. MH	Piedmont Geriatric	Southern Va. MH	SW Va. MH	Western State
FY2019	94%	85%	99%	93%	98%	89%	91%	97%
FY2020	95%	93%	99%	86%	99%	88%	91%	96%
FY2021	94%	96%	97%	92%	86%	84%	91%	97%

Source: Avatar. Average percentage of beds occupied with all days included. Central State value is for civil beds only (excludes maximum security). FY2021 includes data through March 2021.

However, due to 2014 “Bed of Last Resort Legislation,” the state mental hospitals must serve anyone under a temporary detention order (TDO) who cannot be placed in a community mental health hospital. In fact, since 2014, the state’s hospitals have taken on an increasing proportion of TDO admissions, rising from 17 percent of the state’s TDOs in FY 2017 to 25 percent in FY 2021. Figure 1 displays the breakdown of private and state hospital TDO admissions FY 2017- FY 2021.

Figure 1: Virginia’s TDO Admissions by Fiscal Year



Chesapeake Regional Healthcare

Chesapeake Regional Medical Center, located in Chesapeake, VA currently serves as the region’s only independent adult acute care community hospital. It has a total of 310 non-psychiatric inpatient beds and offers the following behavioral health services:

- Telehealth assessment and consultation;
- Outpatient and inpatient assessment, diagnosis, treatment planning, and intervention to identified patients;
- The PROUD (Prevention and Recovery from Opioid Use Disorder) Program, coordinated care of behavioral health and substance use disorder patients seen in the emergency department; and
- The BRIDGES Program, operated by Chesapeake Integrated Behavioral Healthcare, which offers security and custody services to individuals in psychiatric or substance abuse crisis brought to Chesapeake’s emergency department by the Chesapeake police for assessment and treatment.

Chesapeake has noted that there are currently no licensed adult acute psychiatric treatment beds within the City of Chesapeake. In addition, since the beginning of 2018, over 55 percent of TDO transfer patients from Chesapeake’s emergency department have been sent to facilities outside of the area. These transfers, which place an increasing burden on law enforcement as well as result in out-of-community placements for patients and delayed initiation of treatment, have led to Chesapeake’s proposal to construct 20 adult acute inpatient psychiatric treatment beds.

State Hospital Admissions from the Chesapeake Area

In FY 2021, Virginia’s adult state hospitals admitted 712 patients under a civil TDO from Region 5, which encompasses Chesapeake as well as Virginia Beach, Norfolk, Portsmouth, Hampton-Newport News, and Western Tidewater areas. (See Appendix A for a map of all regions). Sixty-six percent of these admissions occur at Eastern State Hospital, located in Williamsburg. Table 2 displays a breakdown of all Region 5 TDO patients admitted to state hospitals. These patients stay an average of 63 days at state hospitals, resulting in approximately 45,000 annual bed days. Fifty-six percent of these patients are Medicaid beneficiaries.

Table 2: FY 2021 State Hospital Admissions, Patients from Region 5

State Hospital	Region 5 Admissions
Catawba Hospital	37
Central State Hospital	12
Eastern State Hospital	470
Northern Virginia Mental Health Institute	68
Piedmont Geriatric Hospital	29
Southern Virginia Mental Health Institute	23
Southwestern Virginia Mental Health Institute	32
Western State Hospital	41
Grand Total	712

Diverting State Hospital Admissions

Chesapeake’s proposed inpatient psychiatric unit, comprising 20 beds to become available in February of 2024, could help to divert patients from state hospitals and alleviate the high bed census. Additional information regarding Chesapeake’s expansion plans and strategies to divert state hospital patients are described below.

Chesapeake Expansion Plans

Chesapeake’s proposal to add 20 adult acute inpatient psychiatric treatment beds to its existing complement of licensed beds would allow it to better serve its primary service area population. Chesapeake residents currently encounter significant barriers to access for psychiatric treatment services because, to obtain these services, they must abandon their local community and support system and leave the city. Often, they must travel even further and leave the region. The addition of these beds would allow Chesapeake and residents from around South Hampton Roads to seek

psychiatric treatment services closer to home. It is important for psychiatric treatment patients to receive inpatient treatment close to home to ensure that there is no breakdown in the continuum of care and that the patient still has access to their in-place support system, vital to long-term psychiatric health and treatment. These geographic barriers to care seem to particularly impact the most vulnerable population groups; namely, TDO patients and patients that rely on Chesapeake Integrated Behavioral Health (CIBH), the local community services board, to receive psychiatric treatment services.

When fully operational, the completed Behavioral Health unit expects to offer the following services:

- inpatient psychiatric care for adults 18 and over with acute mental illness;
- inpatient psychiatric care for geriatric adults;
- in-depth individual assessment, comprehensive diagnosis, and treatment planning;
- expanded integration with additional primary care clinics;
- medication management;
- individual talk therapy;
- structured recreation/activity therapy;
- symptom education;
- family care and support services including the Health Steps Program to identify at-risk children and families and connect them to behavioral health and developmental support and resources;
- medical detoxification services for dual diagnosis patients to complement the existing PROUD Program;
- care coordination and discharge planning services to assist with transitioning back to the community; and
- group therapy, family therapy, and individual therapies.

Currently, four out of five of over 900 assessments for temporary detention annually are now done in the Chesapeake emergency department or elsewhere on Chesapeake's campus. Once it's determined that a patient requires inpatient services (which occurs in about two-thirds of the on-campus assessments), that requires transport from the campus to an inpatient psychiatric facility with an available bed. Recent Chesapeake Sheriff's Office data show that over half of those inpatient psychiatric placements are occurring outside of the region.

Chesapeake Capital Needs

Chesapeake plans to add a new, 20-bed acute inpatient psychiatric unit to the West Wing of the 6th Floor of their facility. The scope of work involves renovations to an existing medical/surgical unit. The existing wing and beds date back over 30 years and do not meet current building code and clinical space design criteria. The renovation requires a complete interior demolition of the 6th floor West Wing. This will remove all existing non-load bearing interior structures, and Chesapeake plans to rebuild the interior to meet the currently applicable design requirements for a behavioral health unit. The two halls of the newly redesigned space will fit the milieu requirements for a 7-bed geropsych unit and a 13-bed adult psychiatric unit.

Chesapeake has estimated that the total financial needs for construction of the new 20-bed unit would be approximately \$6 million. This includes:

- Direct construction \$ 4,257,225
- Equipment not included in construction contract \$ 1,288,494
- Site preparation cost \$ 107,000
- Architectural and engineering fees \$ 436,423
- Other consultant fees \$ 50,000

Opportunities for Partnership

DBHDS and Chesapeake have had multiple discussions to determine the priority patient populations that would best be served at Chesapeake and would help to alleviate the critically high state hospital census. Chesapeake has indicated that, should they enter into a formal agreement with DBHDS, it would prioritize admissions for individuals under a temporary detention order so long as safe and appropriate for their current milieu. Specifically, Chesapeake has committed to reserving at least 8 of its 20 bed capacity for TDO admissions that would otherwise be sent to a state psychiatric facility and who are exhibiting aggressive or assaultive behaviors. The additional 12 beds would be open to both voluntary and TDO admissions and subject to the following inclusion and exclusion criteria.

Inclusion criteria for adult/geriatric inpatient unit at Chesapeake:

- Imminent danger to self and others due to a mental health condition
- Needs intensive treatment, protection, and a therapeutic environment for the safety of the patient and/or others; suicidal/homicidal; or inability to provide for their basic needs.
- Has a diagnosable psychiatric illness with acute, severe symptoms significantly impairing the ability to function and impairing their ability to care for themselves or protect themselves from harm. To include exhibiting acute psychosis with aggression or manic behavior including potential of involuntary admission for the purpose of evaluation and treatment.
- There is reasonable expectation that the presenting symptoms can be reduced or controlled.
- The patient is medically stable. Our facility will have capabilities to provide minor wound care, conduct frequent vital sign monitoring, and utilize infection disease precautions. Medications can be oral, subcutaneous, and intramuscular.

Exclusion criteria at Chesapeake:

- The person's sole diagnosis (or diagnoses) is/are substance abuse or substance dependence. Patient is at risk for imminent withdrawal.
- The person's primary diagnosis is advanced dementia or intellectual or developmental disability.
- The person needs a forensic treatment setting.

- The person needs a long-term treatment setting.

Next Steps

Agreement Structure

An agreement between DBHDS and Chesapeake would need to outline the various obligations of both parties as well as admissions and bed day authorizations and a structure for billing and compensation. Overarching responsibilities of Chesapeake would include:

- Certain staffing and service requirements
- Communication with local CSB's to ensure joint treatment and discharge planning
- Regular reporting requirements including utilization

Overarching responsibilities of DBHDS would include:

- Oversight of the utilization of the agreement
- Appropriate compensation

It is important to note contracting with private inpatient settings is one of DBHDS's key strategies to alleviating the state hospital census and ensuring individuals subject to a TDO receive needed care. In order for DBHDS to enter into an agreement with any entity, DBHDS must go through a procurement process. A competitive bid is required in order to enter into an agreement, which precedes a contract detailing payment for services rendered. Should the General Assembly direct DBHDS and Chesapeake to formulate an agreement, the method for procurement or agreement should be addressed specifically in the authorizing language. Additionally, any agreement that DBHDS develops with a private provider must fit into certain financial parameters, namely, that funding agreements do not duplicate payments received by Chesapeake through Medicaid or other insurance sources and that all CMS, state, and federal regulations are followed.

Financial Considerations

The anticipated outcome for the strategies outlined in this report would be a decrease in state hospital admissions for the target populations identified. State mental health hospitals incur costs for uninsured individuals and for when an insured individual remains at the state hospital after the clinical situation no longer meets the medical necessity criteria for continued stay as defined by Medicaid or another insurer. For the purposes of this report, DBHDS used this financial data to inform what a potential cost avoidance benefit would be for DBHDS that could be used in contracting with Chesapeake should an agreement be implemented, paying for services otherwise not reimbursed through Medicaid or a private insurer.

Table 3 displays FY2020 data for state hospital admissions from Region 5.

Table 3: FY 2020 Admissions Data from Region 5

FY 2020 Data	
Total Civil Admissions	712
Total Bed Days	44,856

Average LOS	63
Cost per Bed Day	\$1,660.78

Should Chesapeake admit individuals that would otherwise be admitted to a state hospital, there would be cost avoidance for DBHDS. The estimated annual cost avoidance is based on Chesapeake consistently filling at least 8 of its inpatient beds with individuals who would otherwise be admitted to a state facility, including individuals exhibiting aggressive or assaultive behaviors. Table 4 displays estimated annual cost avoidance based on the amount of time the eight dedicated beds are occupied, based on the average length of stay and cost per bed day detailed in Table 3. The result is cost avoidance ranging from approximately \$3.3M to \$4.3M annually and 41-53 annual state hospital diversions. It is important to note that this cost avoidance would not be recognized until FY 2025-26 as the beds will not become available until late in the third quarter of FY 2024.

Table 4: Estimated Annual Cost Avoidance (beg. February 2025)

% Occupancy of the 8 Beds	Bed Days	Est. State Hospital Diversions	Est. Cost Avoidance
70%	2,044	41	\$3,394,634
80%	2,336	47	\$3,879,582
90%	2,628	53	\$4,364,530

Based on these estimates, it would take between one-and-a-half to two years of state hospital diversions to Chesapeake in order to produce a cost avoidance approximate to the costs of capital needs for the Chesapeake expansion plan.

Conclusion

The construction of 20 new inpatient psychiatric beds in Region 5 will provide relief for Virginia’s state mental hospitals. DBHDS and Chesapeake will continue to work together on an ongoing basis to prioritize serving individuals who would otherwise be admitted to state hospitals once these beds become available. A contract between DBHDS and Chesapeake would require allocation of funds and development of a contract per Virginia procurement rules.

Appendix A: DBHDS Regional Designations

