

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 636 (Senator Pipkin)
Finance and Budget and Taxation

**Mental Hygiene Administration - Upper Shore Community Mental Health Center
- Continued Operation**

This emergency bill adds the Upper Shore Community Mental Health Center (USCMHC) to the list of State facilities maintained by the Mental Hygiene Administration (MHA) and requires MHA to continue the operation of the center.

Fiscal Summary

State Effect: General fund expenditures increase by \$1.7 million in FY 2010 to restore funding for the center, which is scheduled to close on February 28, 2010. Future years reflect annualization and 3.5% annual increases in expenditures.

(\$ in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	1.7	5.4	5.7	6.0	6.3
Net Effect	(\$1.7)	(\$5.4)	(\$5.7)	(\$6.0)	(\$6.3)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: The bill does not directly impact local finances, but Kent County advises that the bill enables it to maintain the tax base it loses if the center closes.

Small Business Effect: None.

Analysis

Current Law: MHA is responsible for the treatment and rehabilitation of the mentally ill. State-run psychiatric facilities include six hospitals and two residential treatment centers – Regional Institutions for Children and Adolescents – for the mentally ill.

Although USCMHC is a State-run psychiatric facility and is therefore included in the count above, it is not specified as a State facility in statute.

Background: USCMHC is a psychiatric hospital in Chestertown, Kent County, with a licensed capacity of 64 beds. The center also houses tenants: the Whitsitt Center, a residential treatment facility for substance abusers operated by the Kent County Health Department, and the J. DeWeese Carter Center, a juvenile detention facility operated by the Department of Juvenile Services (DJS).

As part of a plan to move mentally ill and developmentally disabled individuals out of State psychiatric facilities into community placements and other institutional placements, the Board of Public Works (BPW) voted to close USCMHC. Admissions to Upper Shore ceased on January 4, 2010, and the facility plans to close on February 28, 2010. Of the 89 positions at USCMHC as of August 2009, 85 employees need to be “placed,” since four permanent employees will remain at the center – two maintenance employees and two security guards, as well as one contractual housekeeper. The current tenants of the Upper Shore building, the Whitsitt Center and DJS program, plan to remain at the center and will be assisted with services by the remaining employees of Upper Shore.

As part of the decision to close USCMHC, a series of community service expansions have been proposed – at an annual cost of \$3 million – that are consistent with actions that the department has taken in the past with regard to facility closure. The plan has the following three broad components to deal with the admissions currently handled by USCMHC:

- MHA plans to maximize the use of Purchase of Care (POC) beds on the Eastern Shore (*i.e.*, paying for hospital admissions in the private sector). For the uninsured, hospitals will be kept whole through the Health Services Cost Review Commission uncompensated care system with MHA paying physician service costs. MHA plans to have POC agreements at the Union Memorial Hospital in Cecil County, Peninsula Regional in Wicomico, and Rockford Center in Delaware and is also anticipating entering into an agreement with Dorchester General Hospital. Patients requiring long-term care (or the occasional forensic admission), will be handled by other State-run psychiatric facilities as appropriate, but preferably at the Eastern Shore Hospital.
- The development of an emergency operations center, mobile crisis teams, four behavioral health crisis beds, access to urgent care clinics, Assertive Community Treatment teams, and additional psychiatric staffing capacity at Chester River Emergency Department, as well as a range of ancillary services.

- Expanding residential substance abuse treatment capacity through the Kent County Health Department, accommodating 200 admissions annually. The plan calls for 16 beds offering detox and residential services and integrating appropriate mental health services, all at substantially less cost than providing those services in a psychiatric hospital.

State Fiscal Effect: General fund expenditures increase by \$1.7 million in fiscal 2010 to restore funding for the center to keep it in full operation. Since the center is scheduled to close on February 28, 2010, an estimated \$2.8 million in State funding will support the center from March through June of 2010. This estimate includes salaries and benefits for the 85 FTEs that will otherwise be terminated with the closure of the center. This estimate also reflects the assumption that the fiscal 2010 deficiency appropriation of \$1.1 million for community services will no longer be needed, offsetting the \$2.8 million needed to continue operations at USCMHC. Future years reflect annualization, 3.5% inflation, and the fact that the annual \$3 million for community service expansion will no longer be needed.

Legislative Services notes that the fiscal 2010 budget includes a special fund appropriation of \$254,491 for Upper Shore. The Department of Health and Mental Hygiene advises that this special fund income as well as reimbursable fund income (expected to total \$190,558 in fiscal 2010) will likely continue in future years to help support the community services listed above.

Additional Information

Prior Introductions: None.

Cross File: HB 156 (Delegate Sossi, *et al.*) - Health and Government Operations.

Information Source(s): Kent County, Department of Health and Mental Hygiene, Department of Legislative Services

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ncs/mwc

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