PENNSYLVANIA’S Office of Mental Health and Substance Abuse Services
Section 1

Underlying Assumptions
Funding Challenges

- Commonwealth Budget Deficit of Over $2B
- DPW Represents 34% of the Commonwealth General Fund Budget
- Loss of One-time Revenues
- Continued Growth in MA
- Entitlement Nature in MA
Impact on DPW

- Growth in Most Discretionary Programs Halted
- Some Adjustments in Mandatory Programs
- Greatest Challenge: Holding Ground
Guiding Principles

- Avoid Significant Reductions in Eligibility or Services
- Examine Business Practices
- Evaluate Program Effectiveness
- Share reductions Across All Program Areas, Including Department Administrative Operations
Holding Our Ground

- Avoided Significant Eligibility/Service Reductions
- Increases in Some Program Areas
  - CSPPPD
    (Community Support Program for People with Physical Disabilities)
  - Attendant Care
  - Early Intervention
Holding Our Ground

- **Initiatives:**
  - CCDFBG Child Care - $16.5M
  - Expand Community MR Svcs. - $3.2M
  - Expand Community MH Svcs. - $1.3M
  - Continued HCSIS Development - $3.4M
What Could Have Happened

- **Eliminate all MA Optional Services including Pharmacy**
  - $355M

- **Eliminate Medically Needy Only category of eligibility**
  - $291M

- **Eliminate all state-only programs (GA, State Blind Pension)**
  - $255M
Program Reductions - OMHSAS

- Behavioral Health Services Initiative Funding Eliminated

- Act 152 Drug & Alcohol Funding Eliminated
Section 2
Impact
A. Drug and Alcohol Reductions

Total amount currently available for drug and alcohol funding for Fiscal Year 2003/04 is $113.6 million. This includes HealthChoices ($110.2 million), and Medicaid FFS ($3.4 million).

Funding for BHSI and Act 152 were eliminated in Fiscal Year 2003/04. This funding totaled $57.6 million in Fiscal Year 2002/03.
BHSI/Act 152

BHSI D&A ($26,618,789)
BHSI IGT ($12,782,001)
Act 152 ($18,175,065)

Total Reduction ($57,575,855)

For Drug & Alcohol Services
BHSI (D&A) and Act 152 Persons Served
FY 2001 - 02

BHSI 26,101
BHSI IGT 13,231
Act 152 6,047
Total Served 45,379
### B. Mental Health Reductions

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHSI MH</td>
<td>$(21,290,211)</td>
</tr>
<tr>
<td>BHSI IGT</td>
<td>$(4,324,999)</td>
</tr>
<tr>
<td>EPPI</td>
<td>$(3,500,000)</td>
</tr>
<tr>
<td>Specialized Residences For the Mentally Ill Homeless</td>
<td>$(119,609)</td>
</tr>
<tr>
<td>NE HealthChoices</td>
<td>$(1,491,633)</td>
</tr>
<tr>
<td>Base Reduction</td>
<td>($3,008,000)</td>
</tr>
<tr>
<td>BHRS (5% reduction to rates)</td>
<td>(State &amp; Fed $)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$(33,734,452)</strong>*</td>
</tr>
</tbody>
</table>
Total Reductions

Drug & Alcohol  ($57,575,855)
Mental Health  ($33,734,452)
Total          ($91,310,307)

Also, move GA recipients from HealthChoices to Fee For Services – No Savings were budgeted but steps need to taken to avoid service reductions
## C. Other Related Budget Impacts

Movement of GA Recipients From HealthChoices to FFS*  

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>HSDF</td>
<td>($4,300,000)</td>
</tr>
<tr>
<td>PCCD</td>
<td>($7,397,000)</td>
</tr>
<tr>
<td>Delay of NE HealthChoices</td>
<td></td>
</tr>
</tbody>
</table>

No COLA  

**Total**  

($11,697,000)

* Potential for In-Service reductions of $35,559,742, Based on Calendar year 2002 Utilization Data
D. Program Maintenance

Community Mental Health - Received requested funds
No COLA provided

State Mental Hospitals - Received requested funds

HealthChoices - Northeast expansion delayed for one year
Rates need to be tightened

- OMHSAS Administrative Operating budget has been reduced by a minimum of 5% and it’s staff complement has been reduced by three state funded positions.
E. Budget Additions

CHIPP 33 Beds $1,281,000

- This 33 bed addition increases CHIPP discharges from 2,203 to 2,236 and funding from $165.8 million to $167.0 million
Section 3
Budget Continuation
## Movement of Funding from State Control to County Control

<table>
<thead>
<tr>
<th>Year</th>
<th>Community Grant Program</th>
<th>HealthChoices</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1992</td>
<td>$275,782,280 (22%)</td>
<td></td>
</tr>
<tr>
<td>2003-2004</td>
<td>$491,566,514 (23%)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991-1992</td>
<td>$947,549,050 (78%)</td>
</tr>
<tr>
<td>2003-2004</td>
<td>$1,666,408,112 (54%)</td>
</tr>
</tbody>
</table>

### Percentage of OMHSAS Funding

- **Under County Control**
  - HealthChoices: 54%
  - Community Grant: 22%
  - State: 23%

- **Under State Control**
  - HealthChoices: 23%

**Note:** State Mental Hospital and Medicaid Fee-For-Service Funding are under State Control.
Mental Health Percentage of Total Medicaid Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY91-92</td>
<td>8.33%</td>
</tr>
<tr>
<td>FY92-93</td>
<td>9.64%</td>
</tr>
<tr>
<td>FY93-94</td>
<td>7.29%</td>
</tr>
<tr>
<td>FY94-95</td>
<td>6.56%</td>
</tr>
<tr>
<td>FY95-96</td>
<td>5.59%</td>
</tr>
<tr>
<td>FY96-97</td>
<td>6.84%</td>
</tr>
<tr>
<td>FY97-98</td>
<td>9.26%</td>
</tr>
<tr>
<td>FY98-99</td>
<td>9.78%</td>
</tr>
<tr>
<td>FY99-00</td>
<td>9.74%</td>
</tr>
<tr>
<td>FY00-01</td>
<td>10.10%</td>
</tr>
</tbody>
</table>
Percentage of Mental Health Funding From Medicaid

Fiscal Years

91-92 92-93 93-94 94-95 95-96 96-97 97-98 98-99 99-00 00-01 01-02 02-03 03-04

Percentage:
- 36.69%
- 38.22%
- 30.57%
- 29.12%
- 27.72%
- 33.01%
- 41.82%
- 42.74%
- 47.53%
- 49.52%
- 53.49%
- 55.44%
- 57.52%
Mental health and substance abuse services were carved out and delegated to OMHSAS for administration.

The Southeast zone was implemented in February 1997, the Southwest zone in January 1999, and Lehigh/Capital zone in October 2001.

Currently there are approximately 970,000 people enrolled in HealthChoices.
The budget delays expansion of the HealthChoices program in the Northeast and Northwest zones for one year.

In light of the new federal requirements, a full review of all HealthChoices rates is now being undertaken.
Projected As of July 1, 2003

OMHSAS STATE MENTAL HEALTH FACILITIES & SERVICE AREAS
<table>
<thead>
<tr>
<th>Facility</th>
<th>Staff</th>
<th>Patients</th>
<th>Projected Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allentown</td>
<td>384</td>
<td>174</td>
<td>210</td>
</tr>
<tr>
<td>Clarks Summit</td>
<td>454</td>
<td>217</td>
<td>265</td>
</tr>
<tr>
<td>Danville</td>
<td>352</td>
<td>147</td>
<td>170</td>
</tr>
<tr>
<td>Harrisburg</td>
<td>562</td>
<td>277</td>
<td>300</td>
</tr>
<tr>
<td>Mayview</td>
<td>758</td>
<td>372</td>
<td>400</td>
</tr>
<tr>
<td>Norristown</td>
<td>870</td>
<td>388</td>
<td>457</td>
</tr>
<tr>
<td>So. Mountain</td>
<td>330</td>
<td>162</td>
<td>230</td>
</tr>
<tr>
<td>Torrance</td>
<td>510</td>
<td>220</td>
<td>270</td>
</tr>
<tr>
<td>Warren</td>
<td>468</td>
<td>205</td>
<td>250</td>
</tr>
<tr>
<td>Wernersville</td>
<td>419</td>
<td>182</td>
<td>240</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>5,107</strong></td>
<td><strong>2,344</strong></td>
<td><strong>2,792</strong></td>
</tr>
</tbody>
</table>
As of March 7, 2003, three of the ten state mental health facilities had more than 260 patients.

The budget supports the continued accreditation and certification of all hospitals and elimination of seclusion and restraint in all hospitals.

The budget does not include the closing of any state hospital but does not preclude this option. All hospitals are evaluated annually for possible changes in size and use.
Community/Hospital Integration Projects Program (CHIPP)

- Annualizes CHIPP projects funded in Fiscal Year 2002/03 at $1.4 million
- CHIPP Expansion for Fiscal Year 2003/04 will be 33 placements from state hospitals with $1.3 million in funds. These funds will be annualized at $2.6 million.
- 2,236 persons will have been discharged through CHIPP through June 30, 2004 with funding at $167.0 million