



Windows Into The Budget

Senator Andy Hill

A Bipartisan Reform Proposal to Fix Western State Hospital

Four steps to improve care, safety and outcomes

During the 2015 legislative session, lawmakers from both parties made mental health a priority in the state budget. Significant new investments in both treatment and expanding community capacity were made.

Total funds were increased by 23% in the session, a more than \$400 million historic infusion into the mental health system.¹

These investments were made because it was humane and smart fiscal policy.

Yet, six months later, the Legislature is confronted with multiple findings against Western State Hospital, investments in treatment and capacity stalled due to dysfunction at that institution, and with the hospital and governor's office offering few if any reforms and only continuing to ask for more money.

This much is clear: **reform is needed.**

A: Current system, especially at Western State Hospital, is broken

"We should find it completely unacceptable that we as taxpayers pay for [Western State] hospital to be run and this is how it's being run."

- David Carlson, Disability Rights Washington²

Western State Hospital is the largest state-run mental institution in the West and one of the largest in the country at more than 800 beds. The facility serves a vital role in the treatment and care of people with mental illness in Washington. Yet, it is rife with problems.

Patients stay on average one full year at the facility, nearly three times the length of stay at Eastern State Hospital.³ Staff feel unsafe, with documentation to bear out their fears including more than 40,000 missed days of work in recent years due to injuries.⁴ Concerns about patient safety and care have been significant enough to bring about multiple federal inspections, resulting in "immediate jeopardy" findings that brought the hospital perilously close to losing federal funding this past fall.⁵

As one news headline aptly put it, "Many failures inside Western State Hospital."⁶

These findings in and of themselves are extremely troubling, disappointing, and, frankly, an indictment on the current administration. But, as a legislator, they are even more troubling because many of the bipartisan investments we made in the current budget to provide additional services for those with mental illness – including a new ward and ensuring timely treatment for individuals in jail– are being put on hold by the governor and his administration due to the previously mentioned failures at Western State Hospital.⁷

B: Four steps toward reform

[Senate Bill 6656](#) proposes four key steps to lead to better care, safety and outcomes.

1. Improve Geriatric Care by Moving Patients to a Smaller Community Setting

Within the 800-bed facility, there is a ward dedicated to geriatric patients, who could be better served in a specialized community setting due to both moral and financial reasons.

Additionally, providing service in the community should lead to federal matching funds not available for the state-run hospital, freeing up additional state dollars for mental health treatment.

2. Utilize Willing Caregivers - Psychiatric Nurse Practitioners

There is a shortage of psychiatrists in the state, particularly at Western State Hospital, which impedes care.

But there is a viable solution: the use of psychiatric nurse practitioners. These professionals do many of the same things a psychiatrist does, including diagnosing mental illness and

prescribing medication. Their scope of practice is particularly well-suited to working at a state-run hospital as they can provide needed therapeutic services, which include helping patients with depression, anxiety and other mental illnesses.⁸

This is a group of professionals that has not been utilized at the state hospital and could go a long way toward getting patients the care they need.

3. Improve Staff Safety & Patient Outcomes - Emulate Ward Size at Eastern

The third necessary component of reform, with both staff and patient benefits, is to lower the average patients per ward to the level at Eastern State Hospital.

Currently, there are significantly more staff injuries and longer patient stays at Western State Hospital than Eastern. This has implications for staff safety, patient outcomes and the overall cost of treating a patient. The fact that patients stay more than three times longer at Western than at Eastern (354 days vs. 127 days), along with 40,000+ staff work days missed at Western due to injuries in recent years, should be alarming to all policymakers.⁹

While there have been a myriad of reasons proffered for this wide discrepancy between the two institutions, one area where policymakers can help is to ensure that the two facilities have the same number of patients per ward.

This should yield dual benefits: less staff injuries at Western; and hopefully much shorter stays in the institution, mirroring more closely Eastern's outcomes; along with overall reduced costs.

4. Aligning Incentives to Drive Better Outcomes for Patients

[Senate Bill 6656](#) makes a fundamental change to how mental health care is paid for in the state.

Right now, each mental health region in the state is given a bed allocation for use at the state hospitals. These beds are "free goods" to each mental health region, in that they do not pay any money for these beds, unless they exceed their allocation. Financing of the hospital is instead paid for via a direct appropriation by taxpayers to the state hospitals through the state budget.

This creates an array of incentives that are misaligned with the outcomes we as policy-makers would like to drive:

- First, a "free good" is much more likely to be utilized.¹⁰ This is concerning on three fronts:

- (1) Care at the state hospitals is among the most expensive settings for people with mental illness, meaning taxpayers are bearing the financial brunt of this practice;
 - (2) Research has shown that community care, in most instances, is better for the patient than institutionalized care; and
 - (3) Legal precedents require serving patients in the least restrictive environment that will meet their safety and health care needs.
- Second, the financial incentive to keep patients in state hospitals raises the specter of whether decisions are being made in the best interest of the patient. While regions get an allocation of "free beds" to use while patients are in the state hospital, after the patients are discharged they have to pay for their care in non-institutional settings out of their budget appropriation. Meanwhile, complaints are heard about the state hospital being too slow to discharge the patients of low acuity which would be least expensive to serve in community settings. These dynamics interfere with level-headed assessment of patient risks and needs which should guide quality care. While in most instances, the reason for disagreements is care-based, the possibility that financial motivations may interfere with appropriate care decisions should be eliminated.
 - Third, and most importantly, the absence of a purchaser-supplier relationship between the regions and the hospitals means there is little, if any, incentive to ensure care is provided at the most efficient and effective level. The absence of "skin in the game" means that regions, by and large, have no encouragement to be invested in the costs or quality of care given at the hospitals and, likewise, the hospitals have no incentive to be responsible to the needs or requests of the regions.

In a properly functioning system with the correct incentives, the regions as the "customer" purchasing service from the state hospital would be providing a forcing function to ensure continuous improvements at the state hospitals, knowing that the costs of overly long stays were coming directly out of their budget. They, likewise, would be exploring the opportunity to provide care in less costly settings that can drive better patient outcomes. And, knowing these dynamics exist with their customer, the state hospitals would be acutely aware and responsive to their purchaser of services.

This is a dynamic that is completely lacking at present.

So how do we fix these misaligned incentives?

Simply put, the state will convert to a "bundled payment" system of funding for mental health regions, providing the state funds to each region necessary to purchase the number of hospital bed days equivalent to their current allocation. This money will be theirs for the using - deciding to purchase days at the hospital or, alternatively, they may choose to use the funds to purchase diversion services or community treatment. The region will now be the "purchaser" of services, with the full benefits and responsibilities that entails.

This may be the single most important step to driving reform in patient care and outcomes, both at the state hospital and in community settings. By aligning incentives, there will be built in forces to get patients the most cost effective and appropriate care possible, thus also freeing up money for more mental health care and treatment in our state to receive much needed services.

Window's Reflection

Our state's largest mental health facility, Western State Hospital, is in dire need of reform.

The present institution is an unacceptable blight, yet merely throwing money at the problem is unlikely to bring about needed changes.

[SB 6656](#) is a thoughtful, bipartisan proposal to improve care, safety and outcomes.

1. LEAP, fiscal.wa.gov (In 2015 session, mental health total funding increased from \$1.86 billion to \$2.29 billion)
2. Komo 4, "Feds: Many 'Failures' inside Western State Hospital" (Dec. 11, 2015) <http://komonews.com/news/komo-4-investigators/feds-many-failures-inside-western-state-hospital>
3. Senate Ways and Means staff, 2/1/16 (Based on CY 15 data, civil beds only - Western 354 days average length of stay vs. Eastern 127 days average length of stay)
4. Seattle Times, "Assaults on staff at Western State Hospital costing millions" (Nov. 27, 2015) Cites 41,301 days of work missed by injured employees between 2010 and 2014. <http://www.seattletimes.com/seattle-news/health/assaults-on-staff-at-psychiatric-hospital-costing-millions/>
5. Tacoma News Tribune, "'Immediate jeopardy' seen at Western State Hospital" (Nov. 5, 2015) <http://www.thenewstribune.com/news/local/politics-government/article43229640.html>
6. See footnote #2.
7. The 2015-17 budget put \$27 million toward a competency restoration ward at Western State Hospital, which has been put on hold by the Inslee administration.
8. Psychiatric Nurse Practitioner background (<https://www.discovernursing.com/specialty/psychiatric-nurse-practitioner>)
9. See footnote #3 and #4.
10. An offsetting factor worth noting is that staffing problems at the state hospital may result in not all beds being able to be utilized. This, of course, does not address the underlying misaligned incentive, but rather points out the need for the earlier proposed reforms #2 & #3.