

Report to the Legislature

DEPARTMENT OF SOCIAL AND HEALTH SERVICES REPORT ON HEALTH CARE COSTS FOR THE SPECIAL COMMITMENT CENTER

November 1, 2014

Juvenile Justice and Rehabilitation Administration
Special Commitment Center
PO Box 45045
Olympia, WA 98504-5045
(360) 902-7957
Fax: (360) 902-7848



TABLE OF CONTENTS

EXECUTIVE SUMMARY..... 3

BACKGROUND..... 3

DSHS INITIATIVES

- A. US Department of Veterans Affairs Support..... 4
- B. Health Care Authority Support.....5
- C. Department of Corrections and Juvenile Justice & Rehabilitation Administration Partnership in Medicaid and Health Benefit Exchange Process and Actions to Consider During the 2015 Legislative Session 5
- E. Potential Pharmacy Savings: History and Current Status..... 6

SUMMARY..... 7

DEPARTMENT OF SOCIAL AND HEALTH SERVICES REPORT ON HEALTH CARE COSTS FOR THE SPECIAL COMMITMENT CENTER

EXECUTIVE SUMMARY

In 1990, Washington State became the first state to pass legislation authorizing indefinite civil commitment for persons found by the court to be Sexually Violent Predators (SVPs). Originally, persons committed under the law were housed in a wing of the Twin Rivers Correctional Center in Monroe, Washington. In 1998, the Special Commitment Center (SCC) was moved to a portion of the McNeil Island Correctional Center. By 2004, a separate Total Confinement Facility (TCF) was opened on McNeil Island and, subsequently, two Secure Community Transition Facilities (SCTF) in Pierce County (PC) and King County (KC) were established. As of October 2014, 295 SCC residents are supported by the state.

The demographics of the resident population are changing. The population is aging and requiring increased health care support which impacts SCC healthcare costs. During fiscal year 2014, the SCC experienced a significant increase outpatient and inpatient costs that came directly out of the SCC's budget allocation. This included treatment for Hepatitis C and extended hospitalizations for conditions such as peritonitis. In one instance, a SCC resident bill for an inpatient stay was \$400,000.

The Department of Social and Health Services (DSHS) recognized such expenditures were not sustainable and began to aggressively pursue means by which costs could be contained. In parallel, the Legislature was seeking more information on how DSHS might be able to leverage Medicaid enrollment, Affordable Care Act & Health Care Exchanges, multistate consortiums and consolidated contracts to control spiraling costs and achieve cost savings or cost avoidance.

As a result of both efforts, DSHS identified near and long-term solutions to achieve significant cost avoidance and cost savings and initiated actions that have already achieved positive outcomes.

BACKGROUND

Legislation

In 2014, the Washington State Legislature passed the Supplemental Operating Budget, ESSB 6002, which contained a provision requiring the Department of Social and Health Services to provide a report to the Office of Financial

Management and the Legislature by November 1, 2014 that evaluates certain medical and pharmacy costs within the SCC.

SCC Healthcare

The SCC operates an on-island outpatient health care clinic that provides routine medical and dental services to residents in the Total Confinement Facility. The clinic is a 24 hour-a-day, seven days per week operation; however, an on-site health care provider is only available Monday through Friday from 8:00 a.m. – 4:00 p.m. All specialty outpatient health care services and inpatient care are provided off-island at various clinics and area hospitals. Medical emergencies and after-hours provider care require off-island transport.

During Fiscal Year 2014, the SCC paid \$609,812.00 for off-island outpatient health care and \$890,278.20 for off-island inpatient care. Operational costs for all SCC health care services were \$4,971,504.71.

DSHS INITIATIVES

US Department of Veterans Affairs Support

In December 2013, DSHS requested federal assistance in enrolling eligible Veterans for VA benefits. If eligibility was confirmed, SCC residents would be able to actively seek a wide array of benefits available through the Veterans Benefits Administration as well as Veterans Health Administration.¹ In early 2014, SCC officials met with VA representatives and the outcome of the joint meeting was the identification of “next steps” to enroll veterans which included gathering the following information: confirming whether or not SCC residents were honorably or generally discharged veterans; previously enrolled but not utilizing benefits; not enrolled but eligible for benefits; not eligible for benefits; or needing assistance in the enrollment process.

On July 10, 2014, the SCC CEO met with twenty-five self-identified SCC residents who may have served in the armed forces to complete releases of information that allowed the VA to determine the status of service discharge and enrollment for benefits. All twenty-five residents signed releases which were forwarded to the VBA Regional Office for records retrieval and assessment of eligibility. SCC officials are awaiting the report from VBA to determine appropriate follow-up actions.

¹ The Chief Executive Officer (CEO) for SCC wrote the Department of Veterans Affairs (VA) Secretary to request a meeting to discuss resident eligibility for VA benefits. As a result of the request, Former Secretary Shinseki directed the Regional Veterans Benefits Administration (VBA) Office as well as the Veterans Health Administration’s (VHA) Veterans Integrated Service Network to work with SCC officials in determining eligibility. On January 16, 2014, the first contact between VHA and SCC senior officials occurred. VBA Regional Office and SCC senior officials met on March 7, 2014.

Health Care Authority Support

In March 2014, Juvenile Justice and Rehabilitation Administration (JJ&RA) and Health Care Authority officials met to discuss the potential of Medicaid and Affordable Care Act coverage for SCC residents.² HCA explained that a January 2014 change to Medicaid enrollment would enable SCC residents who were admitted for inpatient stays to be eligible for Medicaid reimbursement.³ In order to facilitate the process, the SCC assigned two staff members to be trained and complete required paperwork. One hundred percent of the residents who were inpatients agreed to sign the application for reimbursement and the paperwork was submitted to Medicaid. These actions resulted in the SCC achieving a cost avoidance of \$596,634.62 over a six month period.

Department of Corrections and Juvenile Justice and Rehabilitation Administration Partnership in the Medicaid and Health Benefit Exchange Process and Actions to Consider During the 2015 Legislative Session

In April 2014, a joint DOC and JJ&RA meeting was held to discuss the process for inmate enrollment in Medicaid.⁴ DOC is statutorily allowed to enroll inmates immediately upon incarceration. During the April meeting, DOC detailed the process they utilize, as well as provided copies of forms used in the enrollment process. SCC does not have similar capability for civilly committed residents.

To that end, DSHS is requesting legislation to allow SCC to automatically enroll all SCC residents in Medicaid. Such action would ensure residents are able to present Medicaid cards when hospitalized and eliminate the need for SCC to continuously complete Medicaid enrollments each time a resident not previously enrolled is hospitalized. This achieves significant efficiencies for SCC and increases opportunity to avoid the expenditure of operational dollars to pay for inpatient care.

It is requested that the legislation include the following:

1. To the extent that federal law allows and federal financial participation is available, for the limited purpose of implementing this section, the

² The DSHS Juvenile Justice and Rehabilitation Administration (JJ&RA) proactively requested a meeting with senior representatives from the Health Care Authority (HCA) to determine if SCC residents were eligible for health care support through Medicaid or the Affordable Care Act. In attendance at the March 18, 2014 meeting were the HCA Administrator, HCA Medicare Program Manager, HCA Office of Medicaid & Medicare Exchange Program Section Manager, Juvenile Rehabilitation (JR) Director of Operations Support Services, Executive Assistant to the JJ&RA Assistant Secretary, and SCC CEO.

³ For residents over age 65, retroactive enrollment was possible for one month prior to the end of calendar year 2013 and for all residents (regardless of age) four months retroactively in calendar year 2014.

⁴ In attendance at the April 11, 2014 meeting to discuss how DOC enrolls inmates in Medicaid were the Department of Corrections (DOC) Finance Program Administrator, other DOC senior officials, JR Budget & Contracts Manager, JR Director of Operations Support Services, Central Budget Office Chief, and SCC CEO.

Department, or the Department's designee, is authorized to act on behalf of a SCC civilly committed resident for purposes of applying for Medicare and/or Medicaid eligibility and/or reimbursement.

2. To the extent that federal or state law allows and federal or state participation is available, for the limited purpose of implementing this section, the Department, or Department's designee, is authorized to act on behalf of a SCC civilly committed resident for purposes of applying for participation in a health care exchange supporting implementation of the Affordable Care Act.
3. In instances where the Special Commitment Center expends payment for health and/or dental services provided by off-island health care or dental facilities and/or providers, the SCC shall seek reimbursement for payments dispersed as allowed by federal or state law.
4. To the extent that federal law allows and federal participation is available, for purposes of implementing this section, the Department, or Department's designee is authorized to act on behalf of a SCC civilly committed resident for purposes of applying for veterans benefits, specifically, veterans' health benefits.

Potential Pharmacy Savings: History and Current Status

Pharmacy services and costs for SCC are currently provided by Costless Pharmacy located in Gig Harbor under the Minnesota Multi- State consortium contract. Electronic order entry is not available and the SCC does not have an electronic health record. Processes are manual and labor intensive. There is no standard formulary.⁵

There are two options that SCC is currently pursuing after researching the four basic options available to purchase pharmaceuticals (Option 2 is preferred by the SCC). The four options are:

1. Purchase as any other citizen would, from a local pharmacy.
2. Continue to purchase pharmaceuticals through the Minnesota Multi-state consortium.
3. Adopt a formulary and procure through DOCs new centralized pharmacy. DOC believes it can competitively supply SCC as an additional delivery in their new operations. DOC purchases pharmaceuticals through Health Care Authority (HCA) which is akin to the premier level pricing Western State Hospital (WSH) is obtaining.

⁵ Currently, pharmacy prescriptions are called in by the resident Psychiatrist, Dr. Sziebert, or the outside physician or off island physician the resident. Costless fills all SCC prescriptions by name or resident and delivers on a daily basis to the dock house in a crate that is then transported to the medical clinic by a RN or CNA, within SCC grounds on McNeil Island. Once the medications reach the clinic they are sorted by residents, some of whom are designated as "may carry" (the resident may carry their own medications.) This amounts to approximately 60-75% of the residents. All prescriptions are on what is called a bingo card (a card like plastic material that holds the medications by pill, perforated and easy to extract the pills.)

4. SCC procures pharmaceuticals directly through HCA.

DOC and HCA are currently working on bids for pharmaceutical services based on six month historical pharmaceutical purchases by SCC. SCC will select a final option based on price and availability.

For outpatient services not covered by Medicaid, DSHS is developing a list of frequently-used medical outpatient services and will proceed to advertise and pursue a contract for services for both WSH and SCC

SUMMARY

Much work remains to ensure the continuation of immediate enrollment of SCC residents in Medicaid upon being admitted for an inpatient stay. SCC will continue to aggressively pursue enrollment of eligible veterans for benefits to which they are entitled. Such enrollment may result in immediate saving for outpatient, inpatient, dental, and pharmacy savings for the State of Washington.

DSHS will continue to identify health care savings and/or cost avoidance for the Special Commitment Center to include:

1. Leveraging potential benefits of pharmaceutical purchases through existing or emerging consortiums;
2. Identifying and achieving health cost savings through contract sharing and negotiated rates;
3. Pursuing passage of legislation allowing the SCC to pursue optimal opportunities for enrollment of residents in the ACA/HCE; and
4. Increasing opportunities to partner with other state departments/agencies that have similar concerns regarding management of health care costs, i.e., Department of Corrections.