Washington State Department of Social and Health Services

Transforming Lives

REPORT TO THE LEGISLATURE

State Hospital Clinical Staffing Model Financial Analysis

SSB 5883 Section 204(2)(h)
2017-19 Operating Budget

September 1, 2017

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EXECUTIVE SUMMARY

In 2017, the Legislature passed Substitute Senate Bill 5883, the state's 2017-19 Operating Budget. Section 204(2)(h) directs the Department of Social and Health Services (DSHS) to account for all spending related to the systems improvement agreement with the federal Centers for Medicare and Medicaid, and submit a financial analysis to the office of financial management and appropriate legislative committees, comparing current staffing levels at both state hospitals to the specific staffing levels recommended in the state hospitals' clinical model analysis project report submitted by OTB solutions (OTB). The analysis is due by September 1, 2017.

SSB 5883 Section 204(2)(h): *$20,234,000 of the general fund—state appropriation for fiscal year 2018 and $20,234,000 of the general fund—state appropriation for fiscal year 2019 are provided solely to meet the requirements of the systems improvement agreement with the centers for medicare and medicaid services as outlined in seven conditions of participation and to maintain federal funding. The department shall specifically account for all spending related to the agreement and reconcile it back to the original funding plan. Changes of more than ten percent in any area of the spending plan must be submitted to the office of financial management for approval. The department must submit a financial analysis to the office of financial management and the appropriate committees of the legislature which compares current staffing levels at eastern and western state hospitals, at the ward level, with the specific staffing levels recommended in the state hospitals' clinical model analysis project report submitted by OTB Solutions in 2016. To the extent that the financial analysis includes any differential in staffing from what was recommended in the report, the department must clearly identify these differences and the associated costs. The department must submit the financial analysis by September 1, 2017.*

BACKGROUND

Legislation passed in 2016 (ESSB 6656) directed DSHS to address ward-level staffing concerns at the two State Hospitals. Following from this legislation, OTB was contracted to recommend a staffing model to meet state hospital patient care demands, with a focus on the following issues:

- Barriers to recruitment and retention of staff
- Creating a sustainable culture of wellness and recovery
- Increasing responsiveness to patient needs
- Reducing wards to an appropriate size
- The use of interdisciplinary health care teams
- The appropriate staffing model and staffing mix to achieve optimal treatment outcomes considering patient acuity

OTB presented their report to the legislative Select Committee on Quality Improvement in State Hospitals in November 2016. The Select Committee recommended to the Governor that the state should move to adopt an acuity-based staffing model at the state hospitals informed by the model recommended by OTB, with modifications based on input from state hospital administrators and legislative appropriations.

As OTB noted in their report, this analysis takes the facilities "about 80 percent" toward their goal of defining staffing requirements, however additional fine tuning is necessary by each hospital to arrive at optimal staffing numbers. The recommendations presented in this report were completed under time constraints and therefore, did not address a level of detail that produces a full hospital staffing model.

The OTB report does not account for:

- Weekend staffing, seasonality patterns, nonproductive time
- Current vacancy levels and on-call coverage
- A ward-by-ward detailed analysis, such as variation in duties across wards
- Acuity – this not an acuity-based model, and ward-level analysis is not a good substitute for acuity
- Other clinical staffing needs and non-clinical staffing needs - the report includes direct care staff only
- Permanent versus temporary positions
- Differing roles within a job description (for example, how MHT1, MHT2, MHT3 are used)

METHODOLOGY FOR COMPARING CURRENT STAFF WITH OTB RECOMMENDATION

In order to accomplish the comparison required by the 2017-19 budget bill proviso, the Department had to make adjustments to the OTB report to account for areas where it was incomplete, and also to develop a methodology to estimate current staffing for both state hospitals at a ward-by-ward level.

Adjustments to the OTB report

- The most significant adjustment made to the OTB tables in their report was the addition of a 1.8 conversion factor for selected staff to account for weekend staffing, as well as coverage for sick leave, training, holidays, and other "non-productive" time for each FTE. The staff for which the conversion factor was applied is detailed in a separate tab in Attachments A and B of this report. They are primarily nursing and therapeutic treatment staff.

- The second adjustment was made to add one-on-one staff to the OTB tables. One-on-one staffing is used for patients who are high acuity or are violent. The number added was based on the current practice at each hospital.

Developing the State Hospital staffing for comparison

- In order to attribute current staff to wards, May 2017 salaries and benefits information was taken from payroll and state accounting data sources.
- Salaries and benefits for each job class were averaged and then annualized.
- Actual staff costs were not adjusted for vacancies.
- Staff not assigned to wards, such as food service workers and environmental services were distributed to wards using methodologies detailed in report Attachments A and B.
- Ward administrators and one-on-one staff were added to each ward.

All efforts were made to be consistent across the two state hospitals to depict the comparison of actual staffing levels to the OTB report. More detailed descriptions of the methodology can be found in report Attachments A and B.

RESULTS OF COMPARISON

This table depicts the differences between OTB and both state hospitals' current practice in total. The attached Excel files show differences in more detail at the ward level.

	Eastern State Hospital		**Western State Hospital**	
	FTEs	Cost	FTEs	Cost
OTB Total	920.0	$ 81,657,738	2,261.4	$ 214,940,910
Current Staffing	498.0	$ 48,942,917	1,496.8	$ 139,514,813
Difference	(422.0)	($ 32,714,821)	(764.6)	($ 75,426,097)

Observations

- While current staffing is short across most job classes compared to the OTB report, it is particularly acute in nursing and treatment staff at both hospitals.
- Both hospitals also have a serious shortage of psychiatrists, the availability of which is an issue across the entire country.

Issues

- The OTB report is built on the staffing levels and staffing mix that were currently in force at the hospitals during the time of the study, which didn't necessarily reflect ideal staffing conditions.
- Because of the short timeline for the OTB study (three months), as well as the fact that the current staffing for the fiscal analysis was based on only one

month of expenditure data (May), there needs to be a longer period of analysis to account for holidays and other seasonality issues that affect staffing.

- There are no psychiatric staffing models in existence in the U.S. that make for a reasonable comparison to Western and Eastern State Hospitals. The closest example of a successful state psychiatric hospital that could be used for comparison is Oregon State Hospital (OSH), which the Behavioral Health Administration (BHA) is currently examining more closely with the assistance of former OSH Chief Executive Officer (CEO) Greg Roberts.

NEXT STEPS

Because the OTB report does not provide recommendations for the full staffing needs to operate Eastern State and Western State Hospitals, BHA is in the process of developing a full staffing model. Developing this model will help BHA determine what resource structure is needed to provide safe, quality care.

The OTB Solutions Report and BHA agree that OSH is a comparable state psychiatric hospital that faced many of the same challenges now faced by Western State Hospital, and overcame those challenges to be cited as a model hospital operation. The Joint Commission even recommended that OSH apply for Baldridge certification.

BHA, with the assistance of the former OSH CEO, Greg Roberts, is well on its way to completing a whole hospital staffing model, using the OSH staffing structure as a benchmark.

Over the next 180 days, BHA will focus on maintaining compliance at both institutions in five key areas:

- Protecting patients and staff from harm
- Providing appropriate care and treatment to patients
- Ensuring appropriate use of seclusion and restraint
- Ensuring each State hospital has adequate nursing care staff
- Reviewing each state hospital's discharge planning processes to ensure placement in the most appropriate settings

The state hospitals' leadership teams will be accountable for the development of robust continuous improvement planning (utilizing Lean focused strategies), improved staff training, improved quality assurance programs, continued seclusion/restraint reduction efforts, compliance with life safety requirements (including fire drills and extinguisher checks), and a focus on OSHA compliance.

The transformation will begin with ensuring all employees understand the fundamentals of individual accountability at all levels. Specifically, the Administration will:

- Prioritize and organize the planned changes
- Establish clear authority and accountability for leadership
- Reduce the number of committees that have been created, resulting in redundant and uncoordinated functioning
- Improve performance monitoring and disciplinary action
- Address the perception that management cannot dismiss poor performers
- Clarify the difference between compliance and quality improvement
- Develop hospital-wide performance measures that reflect the mission of the hospital
- Require hospital leaders to be more regularly present on patients units, so as to directly observe operations
- Place more emphasis on staff development and training that result in demonstrated competency

Learning from OSH, which previously had its own performance issues but is now recognized nationally as one of the best-performing state hospitals in the country, BHA looks forward to a successful transformation with significant improvements in performance.