



**Update on
Osawatomie State Hospital**

House Social Services Budget Committee

Tim Keck, Interim Secretary

March 9, 2016

Medicare Certification

- Approximately \$1 million per month in DSH (\$600,000) and Medicare (\$400,000) reimbursement
- Annual DSH is calculated at beginning of Federal fiscal year, Oct. 1, with payments disbursed quarterly
 - Since current FY16 DSH payment was based on Federal FY15 status, immediate cost impact is mitigated
 - Loss of certification will be reflected in annual calculation at the end of this Federal FY, so payment losses will actually be seen in Federal FY17 DSH revenues to state hospitals

Re-certification

- Utilizing KB Behavioral Healthcare Consulting, LLC, in preparation to re-apply for certification
 - Highly specialized with CMS experience and solid record of expedited re-certification
 - Alleviates pressure of “survey fatigue” on OSH staff and allows them to focus on patient care
 - Consultant team at OSH March 3-6
 - Goal is to be ready for CMS survey by May
- Two surveys necessary for re-certification
 - Revisit to confirm correction of termination findings
 - Full survey for certification



Preparation for Re-certification

- Enacting final plans to comply with CMS requirement of separate hospitals for certified and licensed beds
 - Osawatome State Hospital – Certified will be 60 renovated beds in Adair A1 and A2
 - Osawatome State Hospital – Licensed will be remaining beds licensed by KDHE
 - Separation deals with CMS certification for billing purposes only, not the level or type of care
- Reformed admission process to accommodate both “hospitals”
- Completed training for department leaders on new treatment plan format
- Update incident investigations and develop plans to improve investigative process



OSH Certified

- Minor renovations to accommodate better space for patients/visitors and staff documentation
 - Physical layout changes would allow nursing staff to be responsive to direct care workers in floor area while completing written aspects of supervisory duties
 - Modifications are relatively simple and can be done in-house
- Staffing patterns need to be increased as soon as possible
- Additional nurses are critical – goal is to add 15 immediately
 - Area nursing shortage
 - Pay increase likely necessary to improve ability to recruit and retain this discipline in a highly competitive market
- Review medical monitoring and discharge processes

Potential Public/Private Partnership

- Developing RFP for potential public/private partnership
 - Given the degree of specialization in behavioral healthcare, KDADS believes it is responsible to explore all options
 - Goal is long-term future of hospital at Osawatomie
 - Priorities are patient care and employee satisfaction
- SB 460 introduced to provide flexibility in 5 existing civil service statutes
 - Hearing next week in Ways and Means Committee
 - Also plan to discuss legislative engagement in RFP process
- Budget proviso prohibits expenditure of funds for privatization without express legislative authorization
 - Jeopardizes renewal of existing contracts, such as food service
 - Could worsen staffing shortages and overtime

Operating Budget

- Revenue shortages outside cost of decertification
 - Increased expenses first half of FY16 to meet and maintain CMS requirements for physical construction and increased staffing rounds prior to renovations
 - Savings from staffing vacancies exceed by overtime and contract labor expenses
- In-service training on documentation with MCOs at OSH, as well as LSH, to improve billing practices and increase reimbursement revenue
- Increased funding for pay enhancements
 - 5% salary increase = \$1.2 million
 - 10% salary increase = \$2.4 million



Budget

- Additional \$2 million for recertification and staffing in budget signed Friday
 - Focus on salaries
 - Recruitment as well as contract staff providing temporary coverage while full-time employment is increased
- Supplemental request will be included in Governor's Budget Amendment