BHSFG Commission Meeting

Department Updates and Capital Projects

December 6, 2024

DEPARTMENT OF
PUBLIC HEALTH &
HUMAN SERVICES

Meeting Agenda

1. Department Updates
    a) Near-Term Initiatives
    b) Governor's Budget
2. Public Comment
3. BHSFG Capital Projects
4. Commission Discussion
5. Next Steps

Near-Term Initiatives

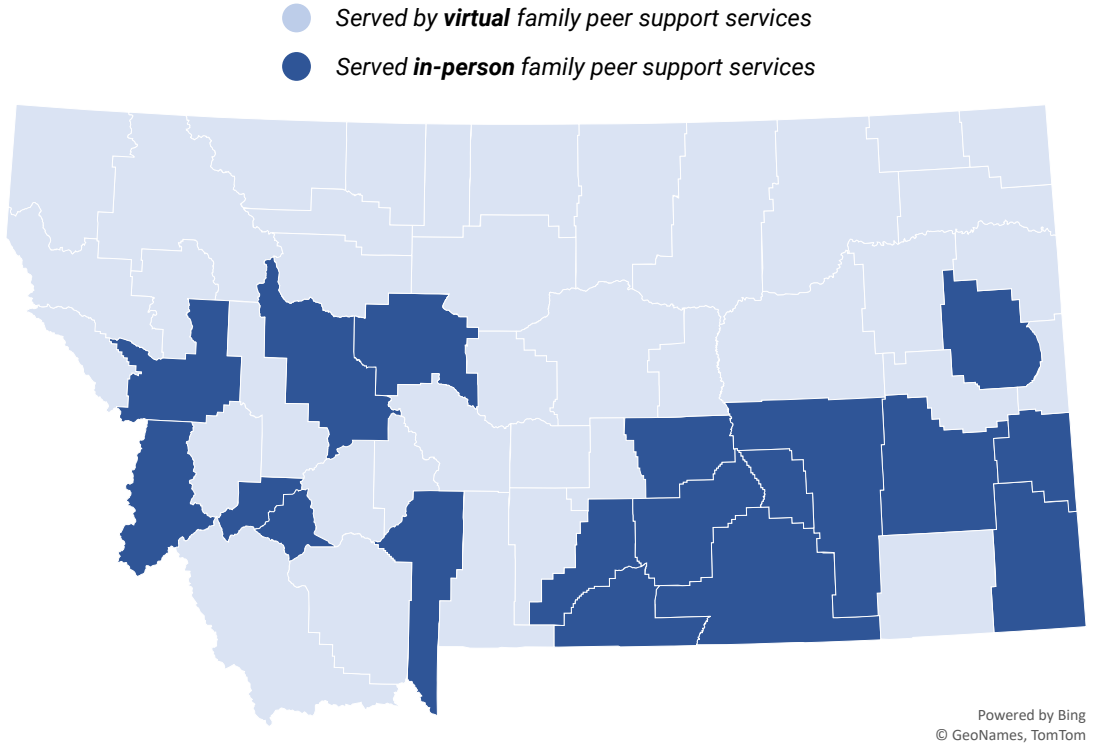
Near-Term Initiatives | Recent Highlights

- The department launched the grant application for the **Funding to Launch Occupational Therapy Doctorate (OTD) and Physician Assistant (PA) Programs** NTI**.** It will provide $4M to cover start-up costs for Montana-based institutions of higher education to launch OTD and PA programs, addressing critical workforce shortages.

- The department reviewed, selected, and notified awardees for the **Support for Tribes and Urban Indian Health Organizations** NTI. Each Tribe and UIO across Montana will receive up to $500K to expand or improve a BH solution tailored to meet community needs.

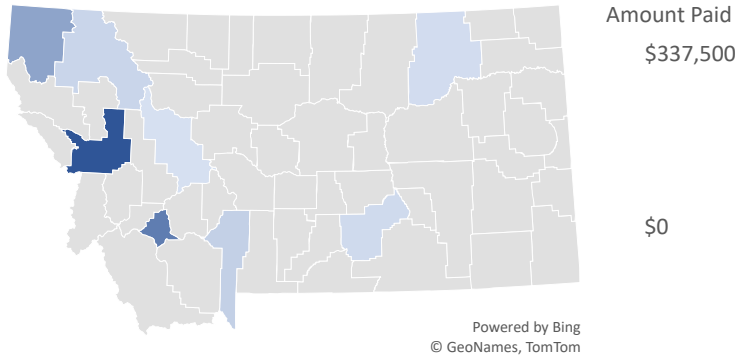
- The department also selected awardees to participate in the **Family Peer Support Pilot Program** NTI, which will provide $700K to hire family peer supporters to help families of children with behavioral health needs across the state. The map shows the projected service area of these peer supporters.

Projected Family Peer Supporter Service Map

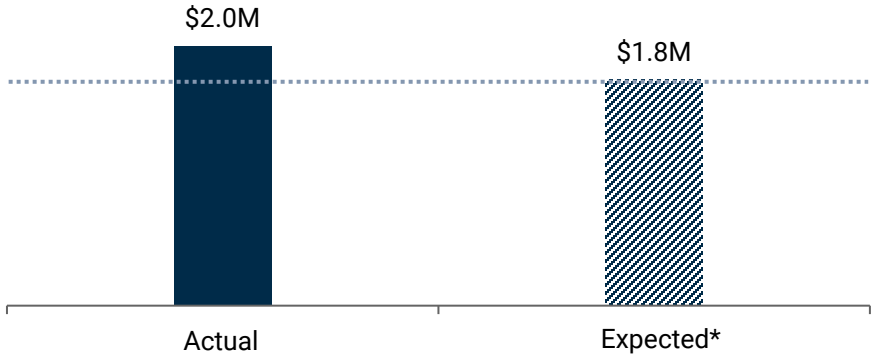


Near-Term Initiatives | Residential Grants Performance Monitoring

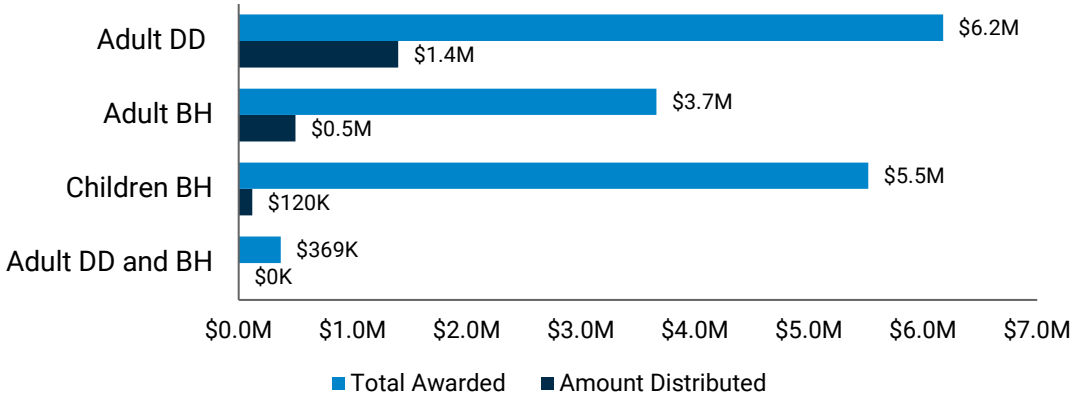
Residential Grants Distributions by County



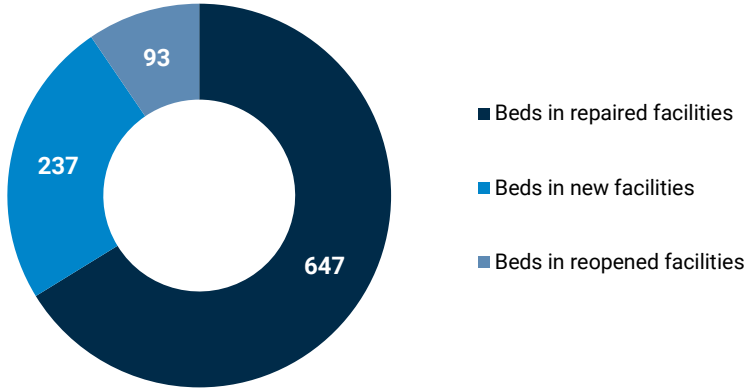
First Two Months of Grant Distribution – Actual vs. Expected



Total Awarded vs. Amount Distributed by Population Served



Breakdown of Projected Residential Bed Capacity



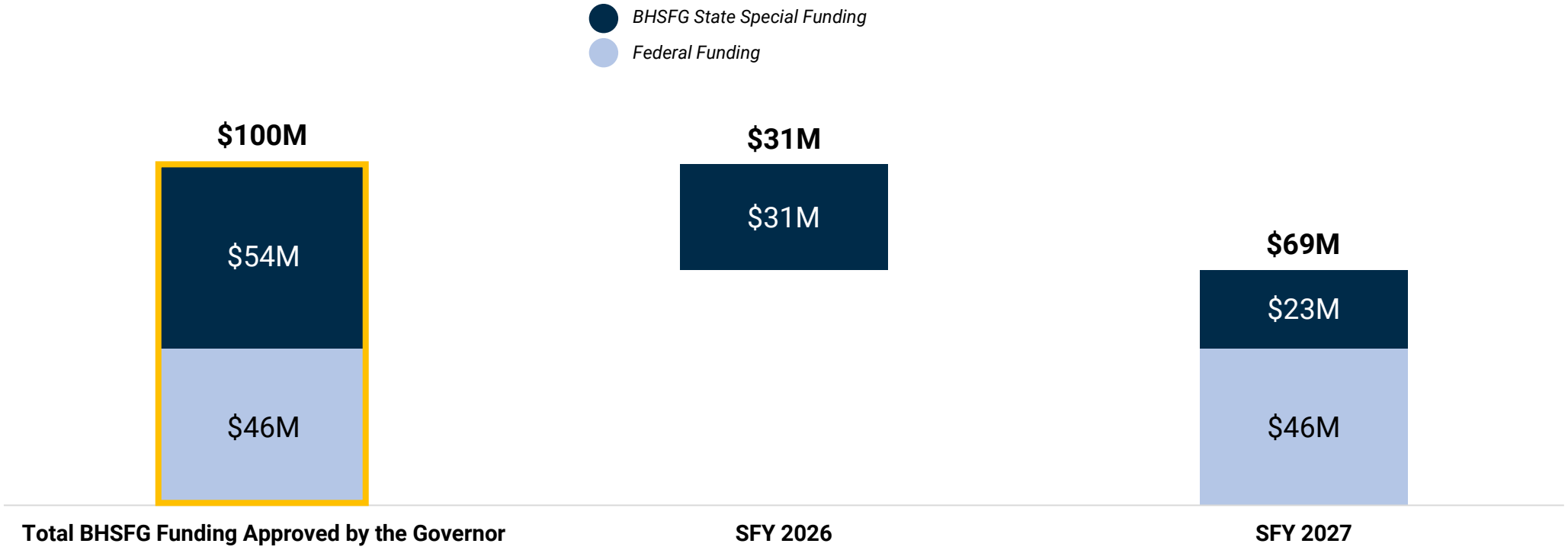
** The $15.6M in total grant funding must be spent by awardees over an 18-month period with an average monthly distribution of $867K. Monthly distributions will vary.*

Governor’s Budget

Governor's Budget | HB 872 Recommendations (1 of 3)

The Governor's Office has authorized $100M for the implementation of 10 of the recommendations advanced by the Commission, including all eight Phase 1 recommendations and two Phase 2 recommendations.

Governor-Approved BHSFG Recommendation Funding by State Fiscal Year (SFY) Allocation



Governor's Budget | HB 872 Recommendations (2 of 3)

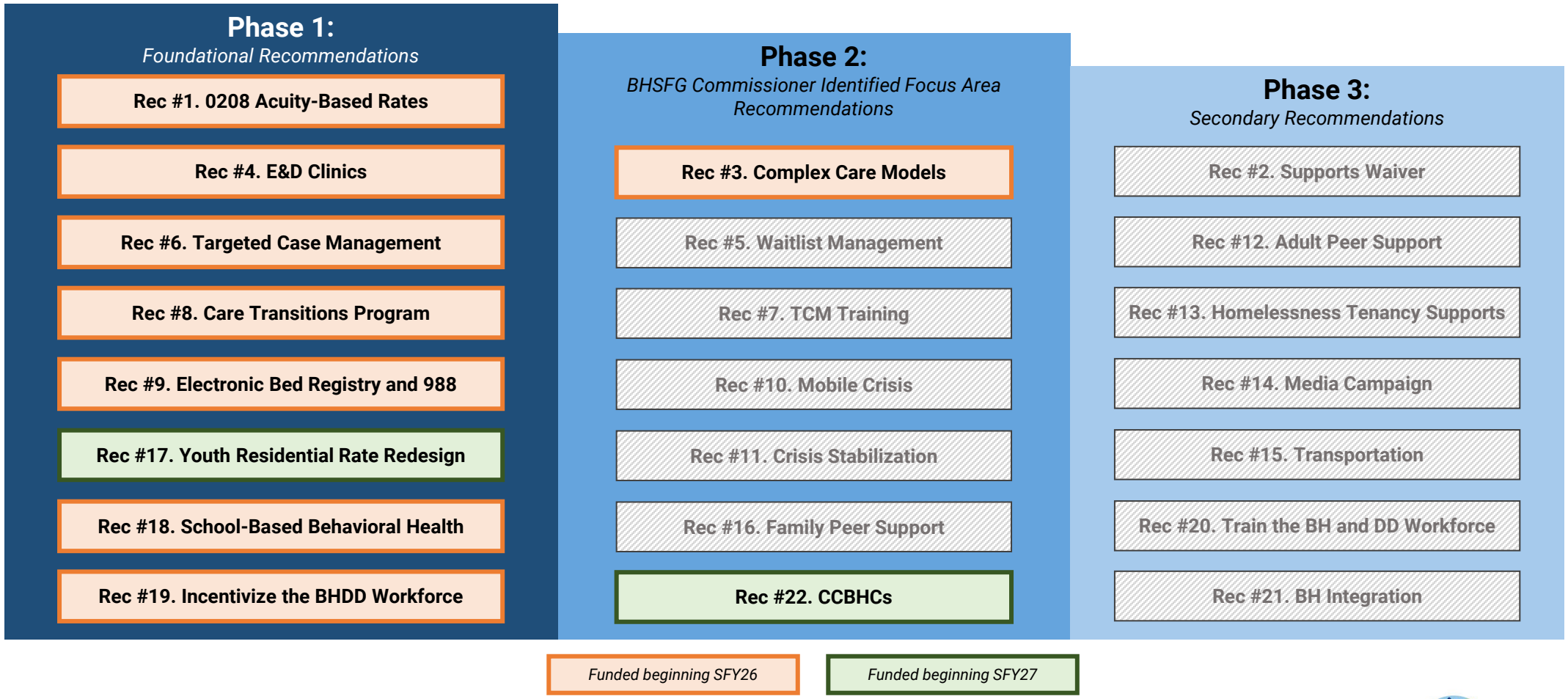
The 2027 Biennium Executive Budget includes funding for all eight Phase 1 Recommendations advanced by the Commission and two Phase 2 recommendations.

Recommendation and Purpose	SFY26	SFY27
Phase 1: Foundational Recommendations		
#1. Refine and Reconfigure the Current 0208 Comprehensive Waiver Services Rates: ➢ Implement a standardized assessment tool and redesign reimbursement models for support services based on acuity and complexity of needs.	**$950K**	**$7.5M**
#4. Redefine and Reopen Evaluation and Diagnostic Clinics to Support Families More Effectively: ➢ Engage stakeholders to redefine the role of Evaluation and Diagnostic (E&D) clinics and pilot the newly defined model to assess its effectiveness.	**$2.0M***	**$1.0M**
#6. Enhance the Targeted Case Management Program: ➢ Re-evaluate the Targeted Case Management (TCM) reimbursement model, expand program availability to address service needs, and incentivize providers to measure outcomes for a shift toward value-based models.	**$1.3M**	**$750K**
#8. Implement a Care Transitions Program: ➢ Design and implement a care transitions service for individuals discharged from institutions that facilitates reintegration back into their communities.	**$1.1M**	**$992K**
#9. Adopt Electronic Bed Registry and Enhance 988: ➢ Develop a web-based system for real-time BH bed tracking, strengthen PSAP and 988 coordination, and enhance virtual tools for crisis teams.	**$4.2M**	**$1.8M**
#17. Redesign Rates to Improve In-State Youth Residential Services: ➢ Design an acuity-based rate structure and support smaller residences for high-acuity youth to meet their resource-intensive needs.	**-**	**$150K**
#18. Invest in School-Based Behavioral Health Initiatives: ➢ Identify priority communities for school-based investments, enhance support through interprofessional training, and collaborate with OPI on policies and funding for sustainability.	**$2.7M**	**$7.2M**
#19. Incentivize Providers to Join the Behavioral Health Workforce: ➢ Develop a tuition reimbursement program for BH workers in Montana and dual enrollment programs for high school students pursuing BH and DD careers.	**$8.0M**	**$250K**
Phase 2: BHSFG Commissioner Identified Focus Area Recommendations		
#3. Expand the Service Delivery System to Support Individuals with Complex Needs: ➢ Pilot the START Program, provide specialized training for providers, and develop an Enhanced Community Living service in the 0208 Waiver for individuals with complex needs.	**$10.6M**	**$8.8M**
#22. Expand and Sustain Certified Community Behavioral Health Clinics: ➢ Enhance Montana's BH system to adopt the CCBHC model statewide and provide funding to support data, technology, and training for compliance with SAMHSA requirements.	**-**	**$40.4M**
Total Governor-Approved BHSFG Recommendation Funding:	**$31M**	**$69M**

**This figure will be updated to ensure it more closely aligns with the budget presented in the BHSFG final report and will reflect the revised $1M allocation for SFY 26.*

Governor's Budget | HB 872 Recommendations (3 of 3)

The 2027 Biennium Executive Budget includes funding for all eight Phase 1 Recommendations advanced by the Commission and two Phase 2 recommendations.



Public Comment

BHSFG Capital Projects

BHSFG Capital Expenditures | Framework

DPHHS has identified and developed three “capital tracks” for Commission consideration:

Track #1

Investments in Existing State Facilities

- Montana State Hospital (MSH) upgrades

Track #2

Investments in New or Existing State-Owned Facilities Related to BHSFG Recommendations

- Relocate IBC operations to another location

Track #3

Investments in New State-Owned Facilities Identified as a Result of System Gaps

- Subacute step-down behavioral health facility

BHSFG Capital Expenditures | Summary of Current Estimates by Track

Below is a summary of initial capital and operating expenditure estimates for all three tracks; figures shown represent the high end of current estimates with more detail on the range for each track provided in subsequent slides.

Summary of Current Capital and Operating Expenditure Estimates (High End) by Track

	Capital Expenditures	Annual Operating Expenditures	Total by Track
Track 1: Montana State Hospital (MSH) Upgrades	$19.2M	-	**$19.2M**
Track 2: Relocation of IBC	$13.3M	$14.0M*	**$27.3M**
Track 3: Subacute Step-down Behavioral Health Facility	-	$2.1M	**$2.1M**
Total by Type of Expenditure	**$32.5M**	**$16.1M**	**$48.6M**

**Assumes current IBC operating costs would resume at the same per member per day rate. These funds do not reflect net new dollars.*

Disclaimer: *The expenditure estimates provided are preliminary ranges and are subject to change; funding is subject to approval by the Governor's Office and appropriation (for operations) by the Legislature. The estimates for Track 1 were developed with the Architecture and Engineering Division (A&E) of the Department of Administration and the estimates for Tracks 2 and 3 were developed with subject matter experts from Guidehouse.*

Track #1

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Track #1: Existing State Facilities | Montana State Hospital

Place in Continuum

Treatment

Projected Total Funding

$16.4M–$19.2M

Projected State Funding

	Low	High
Capital Expenditures	$16.4M	$19.2M
Operating Expenditures	-	-

Summary

Impacted Facility: Montana State Hospital (MSH)

Purpose:

- Provide further essential repairs to MSH and modernize its infrastructure to improve the quality of patient care and outcomes.
  - This includes repairs that department leadership believes to be important but were not included in HB 5 (2023 Legislature), in part due to not being a requirement for CMS certification.
- Enhance the facility design to improve quality, capacity, safety, and alignment with best practices.

Project Expenditure Examples:

1. **Ancillary Buildings:** Construct a new maintenance building and address other needs.
2. **Electrical and Generators:** Replace end-of-life electrical infrastructure and outdated generators.
3. **Roof Replacement:** Replace roofs on MSH group homes and housing.
4. **Miscellaneous:** Other projects such as road and sidewalk improvements.

Project Phases

Design and planning → *Facility enhancement and maintenance activities commence* → *Facility enhancement and maintenance activities are completed*

Track #1: Existing State Facilities | Capital Expenditure Estimates

Capital Expenditure Estimates: Montana State Hospital

The figures provided below reflect an estimated range of expenditures required for funding more capital improvements at MSH; estimates were provided by A&E. The items are listed in priority order, with the highest priority items at the top of the list.

	Capital Expenditures		
Component*	**Low Estimate**	**High Estimate**	**Description**
Electrical	$1.5M	$2.0M	Replace end-of-life electrical infrastructure and improve access to backup power.
Generators – Main Hospital	$500K	$800K	Address outdated generators and lack of replacement parts for generators at the main hospital.
Group Home and Housing Roof Replacement	$3.6M	$4.0M	Replace end-of-life roofs for the group homes and housing on the MSH campus.
Admission Unit and Infirmary	$1.8M	$2.2M	Convert the existing 'Med Clinic' to a medical infirmary and an admission hold facility in line with best practice.
Ancillary Buildings**	$6.8M	$7.4M	Construct a new maintenance building and address other needs.
Guard House Front Entrance	$75K	$100K	Construct a guard house with a gate to increase MSH campus security.
Roads, Sidewalks, and Parking	$2.2M	$2.7M	Fix potholes, pave dirt roads, build additional parking space, and address sidewalk hazards such as frost heaves.
Total Cost:	**$16.4M**	**$19.2M**	*Total cost does not reflect the cost of projects without an existing estimate.*

**Three additional items—boiler and plumbing, repair and replace HVAC, and tunnels—requested by MSH leadership are currently included in the 2025 session HB 5 request and therefore excluded in the estimate provided above. Additionally, two other requested items—generators for group homes and housing as well as IT infrastructure—require further cost estimation and are also excluded in the current estimate.*

***This estimate for ancillary buildings includes the construction of a maintenance building for trade workers. MSH leadership has also requested an educational building for staff, students, and patients, which could serve as a substitute for the maintenance building. If this substitution is made, the estimated subtotal for ancillary buildings would be $3.3M—$4.4M, resulting in an overall estimated total of $13.0M—$16.2M.*

Disclaimer: *The expenditure estimates provided are preliminary ranges and are subject to change; funding is subject to approval by the Governor's Office and select appropriation by the Legislature.*

Track #2

Track #2: BHSFG Recommendations | IBC Relocation

Place in Continuum

Treatment

Projected Total Funding

$24.4M–$27.3M

Projected State Funding

	Low	High
Capital Expenditures	$11M	$13.3M
Operating Expenditures	$13.4M	$14.0M

Summary

Impacted Facility: Intensive Behavior Center (IBC)

Purpose:

- Transition current IBC operations from Boulder to a new modern location in Montana with greater access to staffing (including direct support staff and clinical staff) and community-based opportunities for clients.
- Provide high-quality, person-centered, home-like environments to promote skill development and support greater independence of clients (when possible).
- To the degree possible, establish a shared staffing model between IBC and a START resource center.
- Reevaluate and reduce licensed bed count to align with current and forecasted demand.

Project Expenditure Examples:

1. **Planning costs:** Zoning, architectural, and engineering plans for the new facility design.
2. **Construction costs:** Land purchase, material, and labor for facility construction.
3. **Supplies/Equipment**: Assistive devices, adaptive equipment, and sensory and skill building supplies.

Project Phases

Design and planning

Construction phase commences

Transition IBC operations to the new location

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Summary of Background Research: Residential Facilities

Purpose	Relocate the Intensive Behavior Center (IBC) and transition current operations from Boulder to a new modern location in Montana with greater access to staffing (including direct support staff and clinical staff) and community-based opportunities for individuals with complex needs.
Objective	Review state models that provide comparable environments for individuals with developmental disabilities and co-occurring mental health conditions to identify effective models.
State Models	California and Missouri.
Key Findings	• California's Enhanced Behavioral Supports Homes and Missouri's Optimistic Beginnings program offer two distinct models for structuring a relocated IBC. • California demonstrates a homelike environment designed for residents requiring intensive care and support beyond what is typically available in community-based settings. • In contrast, Missouri's model is more restrictive and closely aligns with IBC's current structure in Montana.
Key Considerations for Montana	Key considerations for relocating IBC in Montana include ensuring a central, accessible location, accommodating individuals with complex needs, and addressing acuity, safety, and staffing needs. Other factors include compliance with licensing regulations, admission/discharge criteria, and financial feasibility. Key focus areas include: 1. **Security and Setting Model**: Appropriate security measures to meet the needs of individuals receiving services at IBC including health and safety requirements. 2. **Licensing and Services**: Regulatory compliance and support needs. 3. **Cost and Staffing**: Operational expenses and skilled staff retention.

Overview of State Models | California and Missouri

California's Enhanced Behavioral Supports Homes and Missouri's Optimistic Beginnings program offer two distinct models for structuring a relocated IBC. California demonstrates a homelike environment designed for residents requiring intensive care and support beyond what is typically available in community-based settings. In contrast, Missouri's model is more restrictive and closely aligns with IBC's current structure in Montana.

	Facility Name / Description	Secure or Non-secure	Individuals Served	Services Offered	Number of Beds	Capital Cost	Operating Cost	Facility Licensing
CA	**Enhanced Behavioral Supports Homes (EBSHs)**	Variable; a limited number employ doors with delayed egress and secure perimeters (e.g., 8-foot wood fencing)	Individuals with developmental disabilities who require enhanced behavioral supports and supervision.	Nonmedical care, including behavior supports, person-centered planning, and trauma-informed care.	• Up to 4 beds	• Variable; examples include $500K to purchase and renovate a 4-bedroom home and $7.5M* ($1.5M a piece) to develop five EBSHs with secure perimeters (2020-21)	• **Annual Cost**: One four-bed home has costs of approximately $5M per year (contracted through a provider)	• Adult residential facility or group home
MO	**Northwest Community Services - Optimistic Beginnings**	Shared, locked environment	Individuals with dual diagnoses of developmental disabilities and mental health conditions.	Wraparound care and DBT-based therapy for individuals with developmental disabilities and mental health conditions.	• 16 beds total (12 beds home-like, 4 beds institutional-like)	• $5.2M (lease payment, PS, OT, EE, and contracted providers)	• **Annual Cost Per Person**: $657K** per year per participant (State operated)	• Residential treatment facility

*Cost estimate for a new facility.
**The annual per-person cost was calculated using the $1.8K daily cost of care per person. Assumptions are based on the facility generally operating at full capacity.

Case Study: California | Enhanced Behavioral Supports Homes

In California, Enhanced Behavioral Supports Homes (EBSHs) provide care in a homelike setting to individuals with developmental disabilities who require enhanced behavioral supports and supervision.

EBSH Program Locations

EBSHs are located across California, including in rural areas of the state.

Merakey Stockton EBSH



Staffing:

- There must always be at least one direct support professional and one lead direct support professional on duty, as well as an administrator for 20 hours per week.
- Additional staffing is based on the individual needs of residents but may include increased access to mental health providers and board-certified behavior analysts.
- California also requires the direct support professionals who work in these homes to be certified as Registered Behavior Therapists (RBTs).

Admissions Process

- **Individuals Served:** EBSHs serve individuals with developmental disabilities and challenging behaviors that require additional supports and supervision.
- **Admissions Process:** Department of Developmental Services Regional Centers, which are community-based nonprofits responsible for coordinating service delivery, determine whether individuals are eligible for EBSH admission.

Program Services

- **Services offered:** EBSHs offer nonmedical care to individuals with developmental disabilities, including behavior supports, person-centered planning, and trauma-informed care. They provide a greater level of services and supports than what is typically available in a community setting.
- **Individualized behavior support plan:** EBSHs must develop an individualized behavior support plan for each resident within seven days of admission, which is created by a team that includes the individual receiving services, a regional center service coordinator, a clients' rights advocate, and anyone else deemed necessary by the individual receiving services.

Facility Characteristics

- There are a maximum of four beds per home in private bedrooms.
- EBSHs may use delayed egress devices, but California code limits the number of EBSHs that may use them and receive certification.
- Most also have a secure perimeter (i.e., wood fencing).

Case Study: Missouri | Optimistic Beginnings

In Missouri, Optimistic Beginnings provides residential care for individuals with dual diagnoses of developmental disabilities and mental health conditions. It focuses on therapeutic support, skill-building, and helping residents achieve stability and independence.

Optimistic Beginnings Program Location

Optimistic Beginnings is a residential program located in Marshall, Missouri, offering access to essential services and supporting community integration of individuals with dual diagnoses. In 2018, the program received a two-year accreditation from the National Association for the Dually Diagnosed (NADD), which highlights its dedication to delivering high-quality care to individuals with complex needs.

Optimistic Beginnings

Staffing:

- The treatment team includes a physiatrist, physician or nurse practitioner, program director, licensed clinical social worker, licensed behavioral analyst, habilitation specialists, direct support professionals, and Northwest Community Services (NWCS) administration.

Candidates for Optimistic Beginnings

- Mild to borderline developmental disabilities, along with mental health conditions like Borderline Personality Disorder, PTSD, Bipolar Disorder, or Oppositional Defiant Disorder.
- A history of frequent placements in hospitals, jails, or treatment centers.
- High exposure to violence and traumatic experiences, including abuse (sexual, emotional, and physical).These individuals often require intensive, long-term care to address their complex behavioral and mental health needs.

Program Enrollment and Services

- **Services Offered:** The program provides wraparound care, including physical health, counseling, psychiatry, and daily support in a residential setting. Treatment is based on Dialectical Behavior Therapy (DBT) to help individuals change challenging behavior patterns.
- **Program Overview:** The program serves individuals with mild to borderline developmental disabilities and mental health disorders like PTSD, Bipolar Disorder, and Borderline Personality Disorder. Many have a history of trauma, including abuse and self-harm. Length of stay ranges from 12 to 24+ months, and the program is licensed by the Department of Mental Health.

Facility Characteristics

- Operates as a state-funded residential program under the Department of Mental Health.
- The facility features connected two ranch-style homes designed to foster a therapeutic and community-oriented environment for its residents.

Track #2: BHSFG Recommendations | Capital Expenditure Estimates

Capital Expenditure Estimates: IBC Relocation

The figures provided below reflect an estimated range of expenditures required for constructing a new facility for the relocation of IBC; estimates were developed by the Department with support from the Guidehouse Alternative Settings team.

	Capital Expenditures		
Assumption	**Low Estimate**	**High Estimate**	**Estimation Steps and Notes**
Estimated Square Footage for a 12-Bed Facility	12.8K sq ft	12.8K sq ft	The space requirement for one bed typically ranges from around 700 to 1,100 square feet.
Design and Build Cost per Square Foot	$452	$550	-
Estimated Construction Cost	$5.8M	$7.0M	Estimated as construction cost per square foot multiplied by square feet.
Design Cost	$578K	$1.1M	Estimated as 10% (low estimate) or 15% (high estimate) of construction cost.
Furniture, Fixtures, and Equipment / Startup Cost	$1.7M	$2.1M	Estimated as 30% of construction cost.
Land Acquisition Cost	$1.0M	$1.0M	Land costs vary by location and should be benchmarked against recent purchases in the area.
Escalation to Year Built Cost	$911K	$1.1M	Estimated as 10% of all other capital costs.
Total One Time Costs – Capital Development:	**$10.0M**	**$12.3M**	
Contractor Support	$1.0M	$1.0M	One-time expense to plan and design the service delivery model.
Total Estimated One Time Costs:	**$11.0M**	**$13.3M**	

Disclaimer: *The expenditure estimates provided are preliminary ranges and are subject to change; funding is subject to approval by the Governor's Office and appropriation by the Legislature.*

Track #2: BHSFG Recommendations | Operating Expenditure Estimates

Operating Expenditure Estimates: IBC Relocation

The figures provided below reflect an estimated range of expenditures required for operating a potentially relocated IBC; estimates were developed by the Department with support from the Guidehouse Alternative Settings team.

	Operating Expenditures		
Assumption	**Low Estimate**	**High Estimate**	**Estimation Steps and Notes**
Total Daily Cost of Care (FY24)	$2.6K	$2.6K	The direct costs are approximately 80% of the total daily cost of care.
Number of New Facility Beds	12	12	The projection includes the addition of 12 new facility beds following the relocation of IBC.
Annual Cost Subtotal	$11.4M	$11.4M	Estimated as the total daily cost of care multiplied by the number of beds and 365 days to calculate an annualized cost subtotal.
Escalate to Year Operated (FY28)	$2.0M	$2.6M	The low estimate uses a non-compounded annual inflation rate of 4.5% for a total increase of 18% over four years, while the high estimate uses 5.8% for a total increase of 23% over four years. The higher estimate of 5.8% is comparable to the average growth in the producer price index for residential developmental disability homes from 2021 to September 2024.
Total Ongoing Costs:	**$13.4M**	**$14.0M**	

Disclaimer: *The expenditure estimates provided are preliminary ranges and are subject to change; funding is subject to approval by the Governor's Office and appropriation by the Legislature.*

Track #3

DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES

Track #3: System Gaps | Subacute Behavioral Health Step-Down Facility

Place in Continuum

Treatment

Projected Total Funding

$4.7M

Projected State Funding

	Low	High
Capital Expenditures	-	-
Operating Expenditures	$1.1M	$2.1M
*State Share of Medicaid Costs**	*(10%)*	*(37.63%)*

Summary

Proposed Facility: Subacute Step-Down Facility

Purpose:

- Reduce the waitlist at Montana State Hospital (MSH) and facilitate the transition of stable patients to appropriate subacute behavioral health step-down settings.
- Prevent "cycling" and readmission to MSH.
- Fill a gap in the behavioral health continuum by offering a less intensive intervention than the state psychiatric hospital but more intensive than partial hospitalization.
- Provide psychiatric care, nursing care, and psychosocial rehabilitation services that are determined based on the needs of patients with serious mental illness to foster independence and client autonomy.

Project Expenditure Examples:

1. **Staffing:** Clinical, behavioral health, and care managers.
2. **Health Information Technology:** Computers, electronic health record (EHR) software.
3. **Utilities:** Electricity, gas, sewer, water.
4. **Miscellaneous:** Pharmacy, lab services, security, transportation, janitorial.

Project Phases

Summary of Background Research: Subacute BH Step-Down Facilities

Purpose	Reduce the waitlist at Montana State Hospital (MSH) and facilitate the transition of stable patients to appropriate subacute behavioral health step-down settings.
Objective	Explore alternative care settings, such as subacute step-down facilities, by reviewing state models that provide lower-acuity care for stable patients.
State Models	Colorado, Idaho, Oregon, Texas, and Washington.
Key Findings	• Subacute behavioral health (BH) step-down facilities offer a less intensive intervention than state psychiatric hospitals but more intensive than partial hospitalization. • States are increasingly using subacute facilities to transition patients to less restrictive residential-like environments. • Subacute BH facilities provide care to patients in a secure, non-secure, or a combined approach if there is the ability to separate the two patient populations (voluntary and involuntary). • While the service array can vary depending on the acuity of the patient population, facilities often provide psychiatric care, nursing care, and psychosocial rehabilitation services that are determined based on the needs of patients with serious mental illness. • Capital costs for facilities with 17 or more beds in the selected state models typically range from an average of $375K to $961K per bed. • In comparison, facilities with fewer than 16 beds generally incur construction costs averaging between $236K and $416K per bed, depending on the facility type and specific requirements.
Key Considerations for Montana	Key considerations for Montana in investing in subacute behavioral health step-down facilities include the commitment status of the patient population (less acute patients that are still at risk of harm to self or others), clinical acuity, capacity, hiring or contracting for provider staff, clinical staffing ratios, the ability to recruit/retain competent staff, safety and security needs, and associated costs. The following are a few considerations to guide the decision-making process: 1. Security and Facility Model (voluntary vs. involuntary) 2. Facility Licensing Regulations 3. Services Required for the Patient Population Based on their Diagnosis and Care Needs 4. Patient Population / Admission and Discharge Criteria 5. Capital and Operational Costs

Secure and Non-Secure Facilities | Example Benefits and Disadvantages

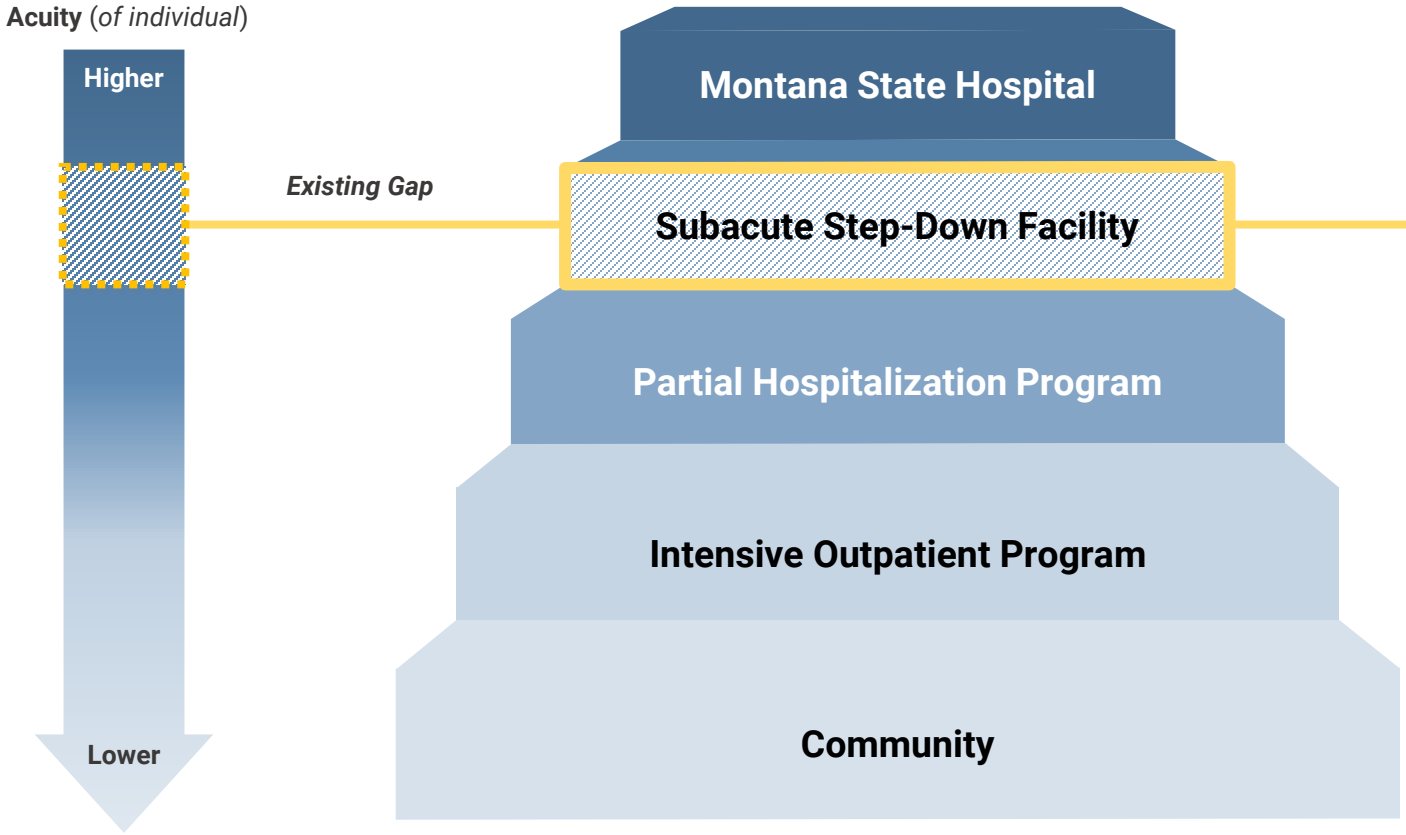
The table below outlines the benefits and disadvantages of involuntary/secure and voluntary/secure subacute behavioral health facility models, intended to inform planning and policy development.

Facility Type	Benefits	Disadvantages
Involuntary / Secure	• Provides highest level of safety, security, and levels of observation at a decreased cost per day compared to acute care • Provides a less restrictive environment than inpatient hospital to support wellness while remaining in a secure environment • Shorter length of stay (LOS) than acute care • Patients continue to receive in-depth care planning to reduce recidivism • Staffing model can provide treatment for patients with non-acute and stable medical conditions such as hypertension and diabetes • Due to the nature of the facility, there is less of a concern with discharge against medical advice (AMA) and elopements	• Labor and staff intensive • Patients can be difficult to discharge to PHP/IOP even when they are stable due to their admission history • Higher capital and operating costs compared to non-secure facilities • Once a patient's commitment is lifted, they no longer meet admission criteria and must be discharged or placed in a voluntary setting, if available
Voluntary / Non-secure	• Provides an array of services and supports designed to transition people to the next level of care • Shorter LOS than involuntary • Used for patients in crisis or newly diagnosed • Many voluntary patients only require medication management	• Provides a lower level of safety and security compared to secured facilities • Shorter lengths of stay (often time limited) mandated by payor • Decreased medication treatment adherence • Potential challenges with facility siting and Not In My Back Yard (NIMBY) issues • Individuals may have low engagement, readiness to change and may not seek treatment

Notes:
- *Voluntary and involuntary refers to the ways in which individuals access treatment. Voluntary settings serve individuals who willingly seek treatment and request to be admitted to a behavioral health setting.*
- *Involuntary settings serve individuals who are civilly committed to mental health treatment under MCA 53-21-141.*
- *Secure and non-secure refer to the facility's supervision, security (locked versus unlocked) that is determined by legal status.*

Montana Considerations | Filling Gaps in the BH Continuum of Care

The following outlines the gap in the continuum of care, specifying where a subacute step-down facility would be positioned and the services it would provide to address this gap, should it be established in Montana.



Sample Service Array

Subacute step-down is a residential service designed for patients that require 24/7 care to develop skills necessary for daily living, and to assist with successful reintegration into other services and/or into the community, as part of their recovery journey.

Services may include:

- Medication management, daily living, social and life skills activities, therapeutic services, group activities, and support with ADLs.
- Behavioral health, nursing, and personal care services.
- Enhanced supervision when needed to ensure safety.

Montana Considerations | Sample Admission Criteria and Patient Population

Below are sample admission criteria and patient population, provided for illustrative purposes only. This example is intended to help decision-makers understand the population a subacute BH facility could serve and sample admission criteria.

Patient Population *(Sample)*

- Individuals with involuntary commitments, long-term stays, or those cycling through Montana State Hospital.
- Behavioral health diagnosis.
- Relatively stable, requiring less intensive care than state psychiatric hospital settings.
- May resemble the patient population transitioning to Grasslands:
    - Up to 20 individuals that are unlikely to discharge and relatively stable
    - Main hospital population currently includes up to 40 patients potentially eligible

Admission Criteria *(Sample)*

- Individual is currently residing at MSH and is not yet ready to be discharged to the community but may have their needs met in a lower (subacute) level of care, freeing up beds in the main hospital for higher acuity admissions.
- Has a behavioral health disorder or a cognitive impairment that results in symptoms or behaviors requiring supervision and supportive services.
- Has been assessed by the Department and their provider to need the services provided in a step-down subacute facility.
- Has been assessed as medically and psychiatrically stable.
- Patient has met acute inpatient psychiatric criteria but does not meet continued acute inpatient care criteria.
- No active self-harm or risk of harm to others.

State Operational and Financial Models | Option A: 16 or Fewer Beds

One approach is small (16 or fewer bed) inpatient and step-down behavioral health facilities, providing a level of support suitable for patients who no longer require state psychiatric hospitalization but still require 24/7 care in a highly structured setting.

	Facility Name / Description	Secure or Non-secure	Population Served	Services Provided	Typical Beds per Location	Capital Cost	Annual Operating Cost	Daily Medicaid Rate per Bed	Facility Licensing
CO	**Mental Health Transitional Living Homes**	Variable (some homes may include delayed egress systems)	Mildly acute individuals ready to transition into the community with a primary behavioral health diagnosis.	Transitional living: daily living, medication management, vocational support, skill building	• To be determined	• Unavailable	• Unavailable	• $403.34	• Assisted living Residence
OR	**Residential Treatment Facilities and Secure Residential Treatment Facilities**	Variable (Oregon has secure and non-secure RTFs)	RTFs: Individuals with mental or emotional disorders who would not be able to remain in the community on their own. SRTFs: Individuals who do not require hospitalization, but do require a highly structured, secure environment.	24-hour care in a locked or unlocked home-like environment, including skill building, crisis intervention, medication monitoring, and daily living support.	• **Secure**: 13 beds • **Non-secure**: 15 beds	• **Secure**: $5.8M / $416K per bed (2024)* • **Non-secure:** $3.7M / $250K per bed (2024)*	• Unavailable	• RTFs: Up to $676.64*** • SRTFs: Up to $899.21*** • Residential entities also receive some supplemental revenue	• RTF • SRTF
TX	**State Hospital Step-Down Program Homes**	Non-secure	Individuals with a history of serious mental illness transitioning from the state hospital to the community.	Intensive case management, coordination, and assistance with daily living activities. Additional services may include transition assistance, employment support services, and SUD counseling.	• 4-10 beds	• Unavailable	• Dependent on site and number of beds; pilot program funding ranged from $687K (6 bed site) to $1.9M (10 bed site) (2022) • Average daily cost of $413 in FY23	• N/A****	• Assisted living facilities or residential treatment centers
WA	**Enhanced Services Facilities**	Non-secure	Individuals with complicated behavioral and personal care challenges who do not require inpatient treatment.	Behavioral health care and personal care services and nursing at a higher level of intensity than typical for a long-term care facility.	• 16 beds	• Median cost of $3.8M / $236K per bed (2015-23)**	• Unavailable	• Range between $390.95 and $596.10, supplemented by additional funding through area MCOs	• Enhanced services facility

*Cost estimate for a new facility; **Median of existing project costs; ***Rates vary based on facility bed size and the tier assigned to each patient; ****The sites do not bill Medicaid for any services. Instead, they are funded through general revenue, mental health block grants, and residual ARPA funds.

State Operational and Financial Models | Option B: 17+ Beds

Another approach is behavioral health facilities with 17 or more beds and higher levels of care. The department has submitted an 1115 waiver amendment request to the Centers for Medicare and Medicaid Services (CMS) for approved use of federal Medicaid matching funds for mental health facilities more than 16 beds.***

	Facility Name / Description	Secure or Non-secure	Patient Population	Services Provided	Number of Beds	Capital Cost	Annual Operating Cost	Medicaid Rate per Bed	Facility Licensing
ID	**Secure Mental Health Facility**	Secure	Patients with behavioral health conditions, including those put into involuntary treatment by court order.	*Facility still in the planning stage*	• 26	• $25M / $961K per bed* (2025)	• Currently estimated at $6.5M	• New planned facility; not yet available	• Psychiatric hospital or secure treatment facilities
TX	**Expansion of Rio Grande State Center to a 50-Bed maximum security unit**	Secure	Patients requiring behavioral health treatment who require a secure facility.	*Facility still in the planning stage*	• 50	• $120M / $2.4M per bed* (2024)	• Unavailable	• $846 (maximum daily rate)	• Inpatient psychiatric facility
WA	**Clark County Community-Based Facility**	Secure	Civilly committed individuals who require psychiatric care.	Screening, evaluation, and treatment, as well as wraparound supports including medication management, case management, and medical care.	• 48 (3 separate facilities on one campus with 16 beds apiece)	• $42M / $875K per bed* (2022)	• Unavailable	• $933.41 (not including room and board)**	• Residential treatment

*Cost estimate for a new facility
**WA received approval for an IMD waiver in 2020 for stays of up to 15 days in acute inpatient facilities, and up to 60 days per client stay, with federal match. Stays longer than 60 days must be paid for with state funds. The Clark County campus is made up of three separate 16-bed facilities.
***States may submit a federal waiver amendment to CMS for approved use of federal Medicaid matching funds for reimbursement to Institutions for Mental Diseases (IMD) for facilities with more than 16 beds. These facilities may include short-term inpatient, residential, and other services provided to Medicaid enrolled adults aged 21 to 64 with behavioral health diagnoses.

Case Study: Idaho | IDOC Secure Mental Health Facility

The Idaho Department of Correction (IDOC) plans to build a new 26-bed secure facility to provide a better environment for the treatment of patients with serious behavioral health needs and civil commitments or criminal commitments for restoration to competency.

Background

- Idaho currently lacks a secure mental health unit and as a result, non-criminal patients are housed at the prison's Security Medical Program.
- The state plans to build a 26-bed secure forensic facility to provide a less restrictive and more appropriate setting for patients with either civil commitments or criminal commitments for restoration to competency.
- Funding for the facility has been approved by the Governor, with facility construction currently in the planning stages.

Patient Population

- The facility will serve civil commitments and criminal commitments for restoration to competency who are determined to be dangerously mentally ill and require a secure forensic facility.

Facility Characteristics

- A 26-bed secure forensic facility is planned, including 10 beds for IDOC residents who require acute BH interventions.
- The facility will be jointly operated by IDOC and the Idaho Department of Health and Welfare.

Financing

- Idaho does not expect the facility will be eligible for Medicaid or other insurance providers, requiring operating costs to be financed from the state's general fund.
- The state expects that the facility will cost $25M to construct and $6.5M to operate annually.

Location

- Idaho plans to build a single facility, which is expected to be located on state-owned land south of Boise.

Case Study: Washington | Enhanced Services Facilities (ESF)

In Washington, Enhanced Services Facilities (ESFs) support individuals transitioning from state hospitals to community-based settings to smooth reintegration into the community and lower risk of readmission. ESFs provide a combination of behavioral health, nursing, and personal care services.

ESF Program Locations

There are over ten different ESFs in Washington State, around half of which are in Eastern Washington. ESFs are non-secure and typically have around 16 beds.

Parks Place ESF

Liberty Place ESF

Staffing:

- ESFs must have sufficient staff with the appropriate credentials and training to provide a range of services to patients, including supervision, behavioral health support, medication services, assistance with daily living, skilled nursing, and dietary services.
- All ESFs are required to meet common administrative and statutory staffing requirements, including one staff member for every four residents.

Eligibility Process

- **Eligibility Criteria:** Patients may be admitted to ESFs if they are 18+, require daily care or assistance with daily living, have a behavioral health disorder, are medically and psychiatrically stable, and have been assessed by the Department of Social and Health Services to need the services of an ESF.

Program Enrollment and Services

- **Services offered:** ESFs offer behavioral health, personal care, and nursing services, which is a combination that is not typically available in long-term care settings. They also provide care at a greater level of intensity than is typically seen in other long-term care settings.
- **Individualized behavior support plan:** ESFs must develop an individualized behavior support plan for each resident that is based upon a comprehensive assessment and any other relevant information in the person's record. Where the person is under the supervision of the Department of Corrections, the facility shall collaborate with the Department of Corrections to maximize treatment outcomes and reduce the likelihood of re-offending. The plan will also include a plan for their appropriate transfer, discharge, or return to the community.

Facility Characteristics

- ESFs must include common areas that all residents have access to such as a suitably large dining room and outdoor recreation space.
- They must also have a bedroom for each resident and a bathroom for every four residents.
- ESFs are non-secure.

Track #3: System Gaps | Operating Expenditures and Revenue Estimates

Operating Expenditures and Revenue Estimates: MSH Grasslands Step-Down Facility

The figures provided below reflect an estimated range of expenditures for operating a 16-bed subacute step-down facility at MSH Grasslands; estimates were developed by the Guidehouse Alternative Settings team.

	Operating Expenditures and Revenue		
Assumption	**Low Estimate**	**High Estimate**	**Estimation Steps and Notes**
Cost per Patient Day (FY24)	$780	$780	Cost per patient day is based upon a mid range estimate of similar Montana facilities.
Number of Beds	16	16	The MSH/Grasslands step-down/step-up facility is expected to have 16 beds.
Occupancy Rate	95%	95%	The Department expects high demand for services for this population, resulting in a high utilization rate.
Producer Price Index Adjustment	4%	4%	A 4% adjustment is used to estimate the cost for each year of inflation based on the trend in the producer price index for psychiatric hospitals between 2021 and September 2024.
Estimated Total Costs based on Patient Days	$4.7M	$4.7M	Calculated as cost per patient day multiplied by 365 days in a year, 16 beds, and the 95% occupancy rate, multiplied by 104% twice to adjust for two years of inflation.
Total Ongoing Costs:	**$4.7M**	**$4.7M**	
FMAP	90%	61.46%	Assumes Medicaid recertification of MSH and an 85% Medicaid eligibility rate among patients. The low estimate uses a 90% FMAP estimate, which assumes that 100% of the population is eligible for the enhanced FMAP for the expansion population, while the high estimate assumes 100% of the population is eligible for the standard FMAP of 61.46% (FY27).
Federal Share	$3.2M	$2.2M	The proportional change in federal share does not perfectly match the change in FMAP because some parts of total ongoing costs are not eligible for federal matching.
Other Share	$351K	$351K	Assumes that 15% of costs are covered by other payer sources, and that 50% of those other payer sources are covered by non-state sources.
State Share:	**$1.1M**	**$2.1M**	

Disclaimer: *The expenditure estimates provided are preliminary ranges and are subject to change; funding is subject to approval by the Governor's Office and appropriation by the Legislature.*

Montana Considerations and Questions

Security and Facility Structure:

- Should separate units or facilities be established for involuntary (secure) and/or voluntary (non-secure) patients (facility size must be maintained under 16 beds to ensure compliance with IMD exclusion or utilize pending MH IMD waiver)?
- What is the appropriate number of beds for the facility?
- Where should the facility be located?
- Should DPHHS operate the facility or issue an RFP for operations?

Facility Licensing:

- Should the facility be licensed under MSH or should it be licensed as a separate facility? License type?

Service Delivery:

- The type of license will determine what services must be provided to ensure comprehensive care and support for the patient population.

Patient Population:

- What are the appropriate admission and discharge criteria for the target population?

Funding Sources

- What is the anticipated payer mix (e.g., Medicaid, Medicare, uninsured) for the facility?

Commission Discussion

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