

Fiscal Note

BILL # SB 1710

TITLE: state hospital; governing board; governance

SPONSOR: Gowan

STATUS: As Amended by House HHS

PREPARED BY: Maggie Rocker

Description

The bill would establish the Arizona State Hospital (ASH) Governing Board and transfer the powers and responsibilities of the state hospital from the Department of Health Services (DHS) to the ASH Governing Board beginning January 1, 2025. The bill would additionally require ASH to admit patients based on clinical need and disallow limiting admission based on a patient's county of residence. Finally, the bill would establish the State Hospital Donations Fund to support ASH patients. The fund would consist of donations and profits derived from store and canteen facilities.

Estimated Impact

We estimate the bill would increase General Fund costs by \$2.5 million one-time and \$30.3 million ongoing. The \$2.5 million estimate corresponds to preparation of 75 unused beds and is based on a prior year DHS estimate. The \$30.3 million figure represents the ongoing cost of care associated with the additional beds and costs of board member compensation.

DHS has not yet provided this year their perspective on the bill's fiscal impact.

Analysis

ASH currently provides 360 beds for long term treatment of persons diagnosed as seriously mentally ill who are under court order for treatment. ASH includes distinct programs for civilly committed patients, patients who are not yet fit to stand trial, have been ruled guilty except insane or guilty by reason of insanity, post-trial individuals with plans for conditional release into the community, and sexually violent persons.

Governing Body

The bill would establish a State Hospital Governing Board in statute consisting of 5 voting members appointed by the Governor, and 1 non-voting member, to which the duties and responsibilities of the state hospital would be transferred effective January 1, 2025. The governing body would be required to meet at least once a month and provide members with \$200 in compensation for each day spent in discharge of their duties. These compensation requirements would generate costs of \$2,400 per member for monthly meetings, or at least \$14,400 annually. If members were to meet more frequently or spend additional days performing duties for their role, the cost would increase.

In addition, the JLBC Baseline includes \$88.4 million for ASH special line items, which the bill would transfer from DHS to the governing board on the effective date. Beyond the resources appropriated in special line items, it is our understanding that DHS provides other centralized administrative support to ASH from the department's operating budget. To the extent that DHS currently provides centralized services, costs to the governing board would increase above the \$88.4 million once it is established as a standalone budget unit. We have asked DHS for an estimate of the cost of those centralized services.

(Continued)



Hospital Admissions

The bill would require ASH to admit patients based clinical need for treatment, giving priority to the most ill patients, and prohibit ASH from limiting admissions based on the patient's county of residence. To the extent that the bill changes the hospital's current admission practices and increases the number of beds needed to serve its civilly committed patients, costs would increase.

The civil commitment unit has a daily average of 103 patients compared to 117 available beds, or a daily average of 14 available beds. Increasing the unit's bed capacity beyond 117 would require opening unused space on the hospital's campus. For a previous analysis, DHS reported an additional 78 beds are currently unused and could be opened to accommodate additional patients in the civil commitment unit. The department previously estimated the one-time costs of preparing the unused beds for patients would cost \$2.5 million for 75 beds.

New bed capacity would also generate additional costs of care. To estimate these ongoing costs, we assume the average daily cost of care for civilly committed patients is \$1,107. Increasing the number of used beds would increase ASH's annual operating expenses by \$30.3 million for 75 beds.

We do not expect that the bill's provisions would increase the patient population for ASH's forensic or sexually violent persons programs.

Local Government Impact

None

3/29/23