TESTIMONY OF MARTHA B. KNISLEY
DIRECTOR
DEPARTMENT OF MENTAL HEALTH

FY 2003/2004 OVERSIGHT HEARING ON SPENDING AND PERFORMANCE

BEFORE THE COMMITTEE ON HUMAN SERVICES

COUNCILMEMBER SANDY ALLEN, CHAIR

WEDNESDAY, MARCH 3, 2004

COUNCIL CHAMBER
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1350 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20004

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- Good morning, Chairwoman Allen, members of the Committee on Human Services, members of the Council and staff. I am Martha B. Knisley, Director of the D.C. Department of Mental Health. With me at the table are George Cato, Chief Financial Officer; Marie-Claire Brown, Chief Contracting Officer; and Dave Norman, Acting General Counsel.

- Thank you for your leadership and support of our work. I appreciate having this opportunity to discuss the progress the Department has made over the past year and the challenges we face. With the Consent Order on the final performance levels in the *Dixon* case, I will focus my remarks on these requirements and how the Department of Mental Health is fulfilling its responsibilities as outlined in the Court-ordered Plan.

- We are creating the District's public mental health system while providing the real, everyday services that children, youth and adults need to build resiliency and recover from mental illness.

- We are charged with fixing a system that has been severely broken for decades. We also are charged with caring for individuals, those 15,000 people enrolled in the system as well as others whose lives would benefit from mental health services.

- A major distinction between how we work today and how things worked in the past is that we are present, to care for District residents when *they* are in need, not when it's convenient for us.

- We are responsive in emergencies and we are proactive in creating the new mental health system. With the blueprint for

the new system and the performance measures outlined in the exit criteria to end the *Dixon* suit, we have the necessary tools to improve people's lives.

- Everyday the newspaper headlines confirm our decision to put our children first. Since we testified at our October 2 oversight hearing, death, violence and upheaval have consumed the lives of many young people and their families; and the Department of Mental Health has shifted our resources to meet each of these challenges.

- Starting with the October mercury spill at Ballou High School, clinicians from throughout the Department of Mental Health shifted from their normal duties to round-the-clock involvement with students and their families.

- During that first night, the DMH Community Services Agency CEO and I comforted the student and his family at the core of this issue by helping them to understand why they needed to be tested for mercury poisoning and moved from their home in the middle of the night.

- Weeks passed and for the duration, DMH staff and our service providers were a constant presence in the students' and their families' lives.

- We were at their homes when screening began. We were at the hotel where they lived. We were at the old Convention Center where they continued being educated, and we were at the community meetings where information was shared.

- Through a mental health service provider, we took families to the movies. We provided bi-lingual communication, arts and crafts, and musical entertainment.

- We also addressed their pre-existing mental health needs, including depression, post-traumatic stress disorder and attention deficit hyperactivity disorder after helping them reduce their stress from having their lives so completely disrupted.

- When Ballou reopened, we returned to our normal schedules, but only for a short time because a shooting occurred outside of the school.

- Not long after that, a fatal shooting occurred, this time at Anacostia High School, and DMH employees once again were deployed to assist.

- Then, on February 2, James Richardson, a Ballou student, died after being shot, at school, by another student. DMH employees were on site within an hour of getting the news and we have a continuing presence in Ballou students' lives.

- As a result of this latest tragedy, DMH took the lead in establishing a 24/7 hotline for youth to call about their problems. Five thousand cards were printed and distributed to Ballou and other schools with this number 1-866-245-6340. We created and posted a flyer with this same information in public libraries and recreation centers.

- We also are working actively with our partner agencies in the North Capitol Corridor as we struggle with the shootings and violence at Sursum Corda.

- Today, we again join other District agencies in providing support to our consumers and those directly impacted by the water contamination due to high levels of lead in water lines.

- While we share the heartbreak and fear of our neighbors across the District each time we are faced with a disaster or tragedy, we recognize the role we play in potential prevention and support and aim to continue to fulfill that role to the best of our abilities.

- We also appreciate the support, encouragement and trust of the Council in taking on these responsibilities.

STATUS OF COURT-ORDERED PLAN IMPLEMENTATION

- In April 2001, the Court, as part of the *Dixon* lawsuit, approved a plan for the development of a new Department of Mental Health. This Court-ordered Plan predicted that the new Department "will be in a state of dynamic (and at times dramatic) change for a period of three to five years."

- Almost three years later, DMH has substantially implemented the requirements of the Plan and Court oversight for the next few years will be more and more based on performance-based outcomes and less on developmental processes. In FY04 we are moving into the final phase of Court oversight in *Dixon*.

- The Court-ordered Plan requires the implementation of eight key elements for a new independent "authority" role for the Department. The DMH Authority has met the implementation requirements for six of these elements (Planning and Policy Development, Medicaid Responsibilities, Systems of Care Management, Consumer and Family Affairs, Organizational Development and Training, and Enforcement of Consumer Rights) and has made substantial progress in the remaining two areas (Quality Improvement and Provider Oversight and Children, Youth and Family Services).

- The Court-ordered Plan requires seven leadership roles for the DMH Authority: Chief Financial Officer, Chief Information Officer, Governmental Relations, Public Relations, General Counsel, Compliance Officer, and Clinical Officer. All seven of these leadership positions are in place with the functions and responsibilities outlined for each office in the Court-ordered Plan.

- The Court-ordered Plan also required the improvement of crisis response and access to the system, specifically prescribing a "Hub" approach at the center of the crisis response system. The Access HelpLine has been successfully serving as this center since July 1, 2002. The Access HelpLine responds to more than 800 calls a week.

- The Court-ordered Plan required new funding strategies that would maximize the use of available monies. DMH has substantially changed the financial foundation of the mental health system by utilizing Medicaid as a major funding source for community-based services and has sought to maximize Medicaid reimbursement at both the service and administrative levels of the Department.

- The Court-ordered Plan outlines a future vision for St. Elizabeths Hospital and a DMH-operated Core Service Agency. For both of these entities, while there still is work to be done, DMH is making steady progress in its efforts to meet the requirements of the Plan.

- The Court-ordered Plan requires the establishment of a stakeholders' Partnership Council as an advisory body to DMH. The Partnership Council has been in place since the middle of 2001 and meets monthly to provide advice and direction on key policy issues.

- The final requirement of the Court-ordered Plan is to develop programmatic, policy and organizational strategies to provide effective services for persons dually diagnosed with mental illness and substance abuse disorders. In conjunction with APRA, DMH has begun its second year of implementation of the Comprehensive, Continuous, Integrated System of Care (CCISC) model developed by Ken Minkoff, MD and Chris Cline, MD.

- In his September 2003 Year One Summary Report to the Court, the Dixon Court Monitor stated that "DMH has put considerable effort into the development and implementation in every major area of the Court-ordered Plan". The report further listed the Department's accomplishments since April 2002 as follows:

- **"The DMH has successfully implemented the MHRS system."**

At the time of this report, 12,000 consumers had been enrolled in the mental health system. As of February 2004 this number increased to 12,794 adults, a 65 percent increase, and 3,070 children/youth, a 136 percent increase. The total resources directed to children/youth has grown from $15 million in FY 2001 to $29 million in FY 2003 and we project this number will rise by another $5 million in FY 2004.

Of the children enrolled in the DMH system in FY 2003, over 85 percent actually received services. This astonishing number is well above the national average of the number of children referred for services and those children actually receiving services.

A new double-edged problem for DMH is the increasing demand for services. It speaks volumes, many more people, youth and old alike, need and are asking for services. This presents a challenge for DMH. Can we keep up with this pent up demand?

Three areas for future development of the Mental Health Rehabilitation Services system remain. First, DMH needs to complete work to certify peer counselors to assure active participation of consumers on Community Support and Assertive Community Treatment teams. DMH hopes to complete this work within the next three months.

Second, DMH needs to work with providers and consumers to make adjustments in the MHRS rules to assure that the intent of the program is carried out successfully. While not many changes are needed, this does need to be completed this fiscal year.

Third, DMH needs to assure the growth of the MHRS program is actually moving in the direction contemplated in the Court-ordered Plan. This means that DMH needs to assess its capacity to match federal Medicaid funds and to make certain services required in the Court-ordered plan are given priority.

"The Access HelpLine is fully operational and takes over 800 calls per week – providing centralized access to the system, as well as care coordination and crisis support."

"The essential business functions – while continuing to be streamlined and improved – are all essentially in place."

"The Mental Health Training Institute has been developed and is providing a range of highly relevant training to providers and consumers."

- **"The DMH has proactively embraced the 'Systems of Care' philosophy for children/youth and adults."**

  "There are many examples here . . . . These include:

  "[T]he Multi-Agency Planning Team (MAPT) cross-agency assessment and diversion effort;

  "[T]he Alternative Pathways project, which is targeted toward diversion of youth out of the juvenile justice system;

  "[T]he school-based mental health initiative;

  "[T]he growing partnership with Children's Hospital;

  "[T]he emphasis and growth on supported housing and supported employment for adults;

  "[T]he major cross-agency initiative on co-occurring disorders;

  "[T]he expansion of services to persons with mental illness who are homeless through the Housing First Program."

  "These efforts constitute a visible response to one of the major mandates of the Court-ordered Plan – namely that the DMH 'take the lead in developing alternative approaches to the planning, funding, and delivery of services' for individuals with 'more severe forms of mental illness and/or emotional

problems, who often must deal with multiple and often unconnected service systems.'"

- **"The DMH has developed a comprehensive and viable Authority.**

  "The Court-ordered Plan mandated the need for a separate and independent authority role, with multiple powers and duties.

  "Each of these functions had to be developed from scratch and many of them had to take on major responsibilities very early in their development (e.g. certification and licensure).

  "The July Report to the Court details the fact that not only are these functions up and running, but that most of them have developed a stage two or stage three level of refinement and development."

- **"The DMH has made considerable progress in defining and improving its role as a provider."**

  "The DMH has been able, for example, to redirect nearly $20 million from St. Elizabeths to community-based services in the past two years.

  "It has done so while at the same time significantly upgrading the quality of patient care at St. Elizabeths – as judged by the recent Federal surveyors who gave high marks to the current level of active services for patients.

  "The DMH is well on its way to beginning construction of a major new hospital building . . . .

  "The Public CSA has also demonstrated significant progress on many fronts, in spite of the major obstacles to be overcome."

- The Monitor's September 2003 Summary Report also states that, "All in all, the results of the first year of Court Monitoring are highly encouraging. None of the above is to suggest that the DMH has reached the end goals of consistency in

performance at any level – Authority or direct service. Clearly the system is very much a 'work in progress.' Any detailed review in almost any area will reveal gaps in policy and/or practice. Such is the nature of evolving systems. But the big picture view is one of a system that has – in very short order – developed a solid policy, governance and services capacity foundation."

- The progress the Department has made in meeting the requirements of the Court-ordered Plan brings us another step closer to the end of the *Dixon* litigation. We spent a lot of time in FY03 negotiating the performance levels for each of the exit criteria in this case. We fully expect that this year we will accomplish all of the Court-ordered Plan requirements and shift the focus of the Court onto the performance outcomes of the exit criteria.

- To complete the remaining requirements of the Court-ordered Plan this fiscal year, the Department will focus on:

  - Full implementation of the Quality Improvement Plan.

  - Developing acute care contracts with local hospitals.

  - Developing crisis residential service capacity in the community.

  - Begin building a new facility for St. Elizabeths Hospital.

DIXON EXIT CRITERIA

- DMH will be putting forth a great deal of effort this year in the measurement and implementation of services specific to the *Dixon* exit criteria – the final requirements in this case.

- The *Dixon* exit criteria build upon the requirements in the Court-ordered Plan and more narrowly define actual outcomes that

demonstrate system improvement and the provision of quality services to consumers.

- **Exit Criteria #1 – Demonstrated Implementation and Use of Functional Consumer Satisfaction**.

  - The performance level for this criterion is to develop and implement consumer satisfaction methods. In September 2003, DMH contracted with a local consumer organization, Consumer Action Network (CAN), to develop a consumer satisfaction system. CAN has submitted a draft plan for this initiative and we are working with them to finalize this plan.

  - As an interim step to measure consumer satisfaction, consumers, under contract to DMH, conducted a telephone survey between October 20 and November 8, 2003. We contracted with consumers and family members who were trained specifically to carry out this task.

  - Over 92 percent of the adults interviewed expressed positive responses about access to services, quality of services, participation in treatment planning, and general satisfaction with services. More than 85 percent expressed positive responses about the outcomes of services provided.

  - Over 85 percent of the families interviewed expressed positive responses about access to services, quality of services, participation in treatment planning and cultural sensitivity of staff. More than 70 percent of the family respondents expressed positive responses about the outcomes of services provided.

  - We recognize that this is just an initial effort to measure consumer satisfaction, but it is significant that the process of asking consumers directly has begun and that trained consumers and family members are the ones asking the questions.

- In his January 30, 2004 Report to the Court, the Dixon Court Monitor noted that, “Now that the Office of Consumer and Family Affairs has new and energetic leadership, it is evident that the issue of hearing from consumers directly has taken on new meaning with DMH.”

- **Exit Criteria #2 – Demonstrated Use of Consumer Functioning Review Methods as part of the DMH Quality Improvement System for Community Services.**

  - DMH will focus on this criterion in FY04. DMH has been exploring the potential use of the LOCUS (Level of Care Instrument for Adults) and CALOCUS (same instrument but designed for children and youth) as instruments to determine consumer functioning. DMH is now using the CALOCUS as it diverts youth from the juvenile justice system and also is using it to determine consumer residential and other needs. Early indications are that this instrument is quite effective and easy to use. It has high validity and inter rater reliability and has many practical applications. The instrument helps focus clinicians on using environmental supports and consumer strengths in treatment and treatment planning.

- **Exit Criteria #3 – Demonstrated Planning for and Delivery of Effective and Sufficient Consumer Services.**

  - This criterion is implemented and measured through the Monitor’s annual Community Services Reviews (CSRs) for children/youth and for adults.

  - The actual performance measurement for this criterion is that 80 percent of the individuals whose lives and services are reviewed will be found to be receiving adequate services.

  - The Monitor has increased from 36 to 54 the number of children/youth and adults in the sample whose services are to be evaluated.

- DMH employees, trained and tested by the Monitor's consultants, are participating as reviewers, completing half of the cases in the sample.

- Our child serving agency partner, CFSA, has assigned one staff member to serve as a reviewer this year on the children/youth CSR. This will further facilitate the understanding and cooperative relationship between our two agencies that share responsibility for serving children and youth.

- The children/youth CSR began this week and will be conducted through March 19th.

- The adult CSR is scheduled for late April.

- **Exit Criteria #4 – Penetration Rates for Adults, Children, SMI Adults and SED Children.**

  - Penetration rates refer to the penetration of children, youth and adults seen in the public mental health system compared to the District's population size. For children and youth the overall penetration rate is 5 percent of the total population of children and youth in the District. It also is broken down further into number of children and youth with a serious emotional problem. It is estimated that 3 percent of the total child and youth population has a serious emotional disorder. Among adults, the overall need for mental health services is estimated at 3 percent; adults with a serious mental illness is estimated at 2 percent.

  - As stated above, 15,864 adults and children/ youth are enrolled in the District's Mental Health Rehabilitation Services system. Over 1,000 additional children and youth are being provided treatment services in the DMH programs at Oak Hill and in the School Mental Health Program.

- Within a very brief time DMH will be able to provide accurate information on the number of youth "seen" not just enrolled in each of the above categories.

- **Exit Criteria #5 – Demonstrated Provision of Supported Housing for Adults with Serious Mental Illness.**

  - The performance measure for this criterion is that 70 percent of persons referred for supported housing will receive supported housing within 45 calendar days of the referral.

  - Prior to December, DMH maintained data on the number of consumers served in supported housing. However, we have developed a more advanced database for active referrals. A provider reporting process for services provided to locate housing is now being devised to be in line with the reporting requirements for this criterion.

  - To support accomplishment of this criterion we have been developing affordable housing options for consumers at a very rapid pace.

  - In FY 2003, 141 units of affordable housing were financed with DMH capital funds through Cornerstone, a private non-profit housing intermediary. The Department's goal this year is to develop 300 to 500 new housing units.

  - The District government has set aside four properties that can provide housing for up to 30 consumers. We will target persons who are homeless for these projects. These properties need extensive renovation and one property is a vacant lot.

  - We have been working in partnership with the DC Housing Authority to secure and utilize up to 2,000 ACC vouchers. This will allow many consumers to successfully move from group settings to supported independent living. In FY 2003 the DC Housing Authority awarded 103 project based housing vouchers to five organizations that receive DMH

funding under its Partnerships for Affordable Housing project.

- We have developed a “one stop application” for housing finance that we have put into practice. We have identified approximately 250 properties earmarked for creative financing for development of additional supportive housing. DMH is concluding negotiations with Fannie Mae’s Partnership Office and its American Communities Fund for an equity participation of $5.4 million to match the DMH housing capital allocation for FY 2004.

- Today, approximately 865 consumers are receiving housing subsidies from DMH housing programs.

- **Exit Criteria #6 - Demonstrated Provision of Supported Employment for Adults with Serious Mental Illness.**

  - The performance measure for this criterion is that 70 percent of persons referred for supported employment will receive supported employment services within 120 calendar days of the referral.

  - Database fields have been created, the supported employment process is being assessed, and a process to populate the database and track services is being devised.

  - DMH is completing its first year of our partnership with the Department of Human Services, Virginia Commonwealth University, Dartmouth College and the Johnson & Johnson Foundation. To date we have actively engaged 300 persons in supported employment.

  - **Exit Criteria #7 – Demonstrated Provision of Assertive Community Treatment (ACT) for Adults with Serious Mental Illness.**

- The performance measure for this criterion is that 85 percent of persons referred for ACT services will receive ACT services within 45 calendar days of the referral.

- To measure our performance on this criterion, we have developed a database of initial ACT referrals that will run against billing claims to determine compliance with the performance measure.

- Today, 487 consumers are enrolled in ACT services.

- In late July 2003, DMH sponsored an ACT Summit for all of the ACT teams in the District. This summit was directed at both the direct service provision staff and the management staff. The summit provided practical training and information as well as technical assistance to management staff on developing a plan of action to move their ACT teams toward fidelity to the model.

- DMH is reviewing the plans submitted by the agencies at this time and will provide technical assistance in finalizing the plans.

- In FY04 DMH will begin using the Dartmouth ACT Fidelity Scale to measure the performance of each ACT team.

- **Exit Criteria #8 – Demonstrated Provision of Newer Generation Anti-psychotic Medication for Adults with Schizophrenia.**

  - The performance measure for this criterion is that 70 percent of adults served by DMH with a DSM IV diagnosis of schizophrenia will be prescribed newer generation medications.

  - Thanks to implementation of DC MAP in FY 2001, we believe that we are very close to meeting this criterion at this time.

- We are exploring several possible methods for measuring this criteria including using the Medicaid pharmacy database, modifying our own eCura event screens to capture this data, or developing an alternative reporting mechanism.

- Meanwhile we are working with the Medical Assistance Administration and with our providers to continue to track the utilization of specific drugs. We are working on potential problems with polypharmacy, and we are gathering data to enroll as many consumers as possible into drug company discount programs.

- DMH believes it is important to monitor provider performance in providing this drug treatment. To ensure that providers are meeting MHRS and DC MAP requirements, DMH audited the 15 providers between January 20 and February 18, 2004 serving consumers with a diagnosis of schizophrenia. We now are issuing requests for corrective actions where required.

- **Exit Criteria #9 – Demonstrated Provision of Services to Adults who are Chronically Homeless and Seriously Mentally Ill.**

  - The performance measure for this criterion is that 150 individuals identified as chronically homeless and seriously mentally ill will be engaged by a DMH approved provider in the Housing First Initiative and DMH will demonstrate the implementation of a comprehensive strategy to engage and serve persons who are seriously mentally ill and temporarily or chronically homeless.

  - DMH has taken a very bold step to introduce “housing first” for 65 consumers this year. We are being assisted by Pathways to Housing, a successful housing first provider from New York City that has demonstrated the ability to successfully serve persons who are chronically homeless

and streetbound and have a co-occurring substance abuse disorder.

- Pathways to Housing has begun hiring staff and developing an ACT program for this very vulnerable population of consumers.

- DMH is developing a policy requiring all CSAs to adopt a "Housing First" approach to serving homeless consumers.

- The reporting mechanism for this criterion will be a new event screen in eCura that will identify consumers by their housing status. Consumers identified as homeless will be run against billing claims to verify service provision.

- **Exit Criteria #10 – Demonstrated Provision of Services to SED Children/Youth in Natural Settings (home, school) and Other Community Integrated Settings (e.g., churches, youth centers, recreational settings, etc.).**

  - The performance measure for this criterion is that 75 percent of all SED children/youth served by DMH will have received a service in a natural setting.

  - This measurement will not occur until DMH has achieved a penetration rate for SED children/youth of at least 2.5 percent. However, DMH is actively engaging providers in changing and updating practice to provide wrap around services to children, youth and their families in their own home and community settings.

  - DMH has made tremendous progress in diversion of youth from residential treatment centers as noted in the MAPT data. However, DMH also initiated the Youth Empowerment Services (YES) Program, diverting youth from the juvenile justice system. In FY03 DMH diverted 352 youth. Of that number, 320 youth were diverted to the Time Dollar Youth Court.

- **Exit Criteria #11 – Demonstrated Support for Children/Youth with SED to Live in Their Own Home or Surrogate Home.**

  - The performance measure for this criterion is that 85 percent of all SED children/youth served by DMH will be living in their own home or surrogate home.

  - This measurement will not occur until DMH has achieved a penetration rate for SED children youth of at least 2.5 percent.

  - Since its inception in November 2002, MAPT has received 562 referrals, conducted 527 MAPT clinical reviews issues 119 Levels of Care, and most importantly, diverted 408 or 77 percent of the children and youth it reviewed from residential placement.

  - Recently, we completed the first round of training that prepares family members to become standing members of the MAPT clinical review teams. The training was developed with system of care clinical staff and family members. Ten family members have completed the training and have been assigned to one of the three MAPT teams currently in operation. Family members receive a small stipend for their participation in follow-up evaluations. These same family members are today taking the lead on our MAPT follow-up evaluations. At the end of each MAPT review, a family member is assigned to assist the parent/caregiver in ensuring that services that are recommended on the MAPT action plan are implemented. Caregivers can contact the assigned family member at any time to report barriers or problems. In addition, the assigned family member will routinely follow-up at two-week intervals following the MAPT review.

- **Exit Criteria #12 – Demonstrated Provision of Services to Children/Youth who are Homeless.**

- The performance measure for this criteria is that 100 children/youth identified as homeless will be engaged by a DMH approved provider and DMH will demonstrate the implementation of a comprehensive strategy to engage and serve children/youth who are temporarily or chronically homeless.

- **Exit Criteria #13 – Demonstrated Continuity of Care Upon Discharge from Inpatient Facilities.**

  - The performance measure for this criterion is that 80 percent of known discharges from an inpatient psychiatric hospital (St. Elizabeths or community hospitals) will have a non-emergency contact within seven calendar days. This performance measure is for both children/youth and adults.

  - DMH is working with the community hospitals to provide information to us about consumers being discharged from their hospitals while remaining in compliance with the new HIPAA regulations.

  - Information about persons discharged will be run against billing claims to determine the first date of service post discharge.

- **Exit Criteria #14 – Demonstrated Increase in the Percentage of Total Resources Directed toward Community-based Services.**

  - The performance measure for this criterion is that 60 percent of the total annual DMH expenditures will be directed toward community-based services.

  - Today DMH is very close to meeting this requirement. Over the past two years, DMH has plowed every available dollar from its efficiency projects into community services. When we began this effort we were only allocating 41 percent of the Department's budget into community services. This year

we may hit the 60 percent target and if not will definitively hit it in FY 2005.

- **Exit Criteria #15 – Demonstrated Maximization of Use of Medicaid Funding to Support Community-based Services.**

  - The performance measure for this criterion is that 49 percent of total MHRS billings for community services (Medicaid approved services) will be reimbursed by federal Medicaid dollars.

  - DMH is making excellent progress in achieving this goal and will likely achieve it in FY 2004. If not DMH will definitely hit it in FY 2005.

- As you can see, the Dixon Court-ordered Plan and the exit criteria have had and will continue to have a major impact on system reform, program development, and program monitoring.

- But continued focus on these Court requirements also will lead the District toward having an effective mental health system and will support other District wide-initiatives related to children/youth and families as well as homeless adults and families.

Other Accomplishments and Challenges

- While it is important to focus our energies and efforts on the Court-ordered Plan, DMH requirements and activities extend beyond these efforts.

- DMH has been actively engaged in improving our facilities and in new construction where necessary. In a short few weeks, the Public Core Service Agency's Multicultural Program and the Northwest Family Center will move into newly constructed space at 1250 U Street, NW.

- Within just a few short months, DMH anticipates breaking ground for the new St. Elizabeths facility.

- DMH is in planning for renovation at the Spring Road Public Core Service Agency location and is making improvements at St. Elizabeths Hospital in its existing quarters.

- Both the Public Core Service Agency and St. Elizabeths will be implementing new practice management information systems this year that provide the ability for clinical reporting and management, billing functionality and overall management reporting.

- DMH continues to make great progress in the implementation of consumer protections as envisioned in Title II of the Mental Health Reform Act of 2001. The major accomplishments this year include finishing a modernized seclusion and restraint rule and completing the rule and policy making requirements for the External Grievance Program. DMH successfully awarded a contract to the Consumer Action Network to serve as the external peer advocate organization for consumers seeking to complain or grieve provider or DMH actions.

- DMH has integrated HIPAA privacy requirements into its business and clinical processes. DMH and its providers have worked to implement the HIPAA electronic transaction compliance provisions.

- During FY 2004, the Division of Licensure has conducted at least one licensure visit to each of the 148 community residential facilities. Each facility has undergone a six-month inspection leading up to the annual licensing inspection.

- The Office of Accountability continues to receive complaints and make notifications on infractions at a steady pace, issuing over 40 infractions in the past year.

- DMH met its annual LSDBE requirements this year.

- DMH has now completed and submitted overdue Medicare cost reports and missing supporting documentation for FY 1999, 2000, 2001 and 2002 to facilitate the resumption of Medicare payments to DMH for the first time since 1998. DMH also completed and submitted the overdue FY 2002 DMH Medicaid cost report and missing supporting documents and overdue administrative cost reimbursement claims for FY 2001, 2002 and 2003. DMH finished FY 2003 meeting its revised revenue target. DMH is also meeting revenue targets this year at both St. Elizabeths and in Mental Health Rehabilitation Services.

- The PCSA is also making great progress in modernizing its operations and has significantly reduced its pharmacy allocation and medical services costs through innovative effective partnering with the primary health system and through modernization of pharmacy practice. The PCSA is also striving and being more and more successful in its front desk operations.

- DMH is well underway to establishing practice guidelines for adult psychotherapy programs. This new approach will begin this spring. Community providers and PCSA staff have actively participated in this effort.

- St. Elizabeths has made remarkable progress in increasing active treatment for its patients. For the first time patients leave their units everyday for a myriad of constructive activities and ancillary treatment. Last summer St. Elizabeths received a very positive report from the federal Centers for Medicare and Medicaid Services after its last certification survey at the hospital. For the first time in five years, the hospital had no conditions citations.

- Many challenges remain for DMH. The new MHRS billing system has required a number of adjustments to provide providers with more accurate denial information. This major re-structuring is occurring at the time both DMH and provider agencies need to meet HIPAA deadlines. However, DMH is current in all MHRS provider payments and made payments in

FY 2003 within 60 days for 95 percent of clean claims and of that percentage 83 percent of payments were made within 30 days. At least four providers are experiencing very high denial rates for a variety of reasons that impact their cash flow. DMH is supporting these agencies in correcting denial problems. However, as DMH does this, the overall payment process for other providers is impacted. DMH has asked providers that are experiencing high denial rates to develop plans to correct these problems.

- DMH is plagued with many problems with its physical plants. The last two winters have been particularly difficult. Pipes have burst and power outages have occurred at an alarming rate particularly at the North Center and at St. Elizabeths.

- DMH is still working on building a positive and constructive relationship with its unions. The DMH Director is meeting with union leaders monthly and attempting to build more opportunities for union leadership input and active participation in DMH policy decisions.

- We are a work in progress. As the Dixon Court Monitor has noted, in his Reports to the Court, our progress is measurable, steady and ongoing.

- This concludes my testimony. My staff and I are prepared to answer your questions.