**The 2019-20 Budget:**

**Department of State Hospitals**

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**LEGISLATIVE ANALYST**  
**FEBRUARY 2019**

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**Summary**

The Governor’s budget proposes $2 billion for the Department of State Hospitals (DSH) in 2019-20—an increase of $59 million (3 percent) from the revised 2018-19 level. In this report, we assess four specific DSH proposals and offer recommendations for legislative consideration.

**Direct Care Nursing.** The Governor’s budget proposes several changes to the way nurses are staffed at state hospitals, and $15 million (General Fund) and 421.3 positions to implement these changes. We recommend the Legislature approve the proposed standardization of nursing staffing ratios, but require an independent analysis of DSH’s clinical staffing levels. We also recommend approving only a portion of the proposed medication room staffing on a pilot basis to determine the effect on patient outcomes.

**Court Evaluations, Reports, and Cognitive Rehabilitation Therapy.** The budget proposes $8.1 million (General Fund) and 43 positions to address workload related to court evaluations and reports and cognitive rehabilitation therapy. We recommend the Legislature reject the proposed resources for dedicated clinical and administrative staff as they appear unnecessary and instead have DSH develop a plan to pilot a clinical peer-review approach.

**Workforce Development.** The Governor’s budget proposes $1.8 million (General Fund) and eight positions to create a forensic psychiatric residency program and expand DSH’s nursing training partnerships with community colleges. We recommend approving the proposed psychiatric residency program on a pilot basis to assess its effectiveness and requiring DSH to report on why its cost of the partnerships cannot be offset by community college instructional funding.

**Hospital Police Academy.** To reduce hospital police officer vacancies, the Governor’s budget proposes $5.8 million (General Fund) and three positions to expand the DSH Police Academy on an ongoing basis. We recommend only approving three-year funding as the additional police may not be needed after that time.

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**OVERVIEW**

*Department Provides Inpatient and Outpatient Mental Health Services.* The Department of State Hospitals (DSH) provides inpatient mental health services at five state hospitals (Atascadero, Coalinga, Metropolitan, Napa, and Patton). DSH also contracts with counties to provide in-patient mental health services in around a dozen additional locations (typically county jails) throughout the state. In addition, DSH provides outpatient treatment services to patients in the community. The 2018-19 budget included resources to...
provide in-patient mental health service to about 6,200 individuals in state hospitals and roughly 500 individuals in contracted programs. The budget also included resources to provide out-patient services to around 700 individuals. Patients fall into one of two categories: civil commitments or forensic commitments. Civil commitments are generally referred to the state hospitals for treatment by counties. Forensic commitments are typically committed by the criminal justice system and include individuals classified as Incompetent to Stand Trial (IST), Not Guilty by Reason of Insanity, Mentally Disordered Offenders (MDOs), or Sexually Violent Predators. Currently, about 90 percent of the patient population is forensic in nature. As of January 14, 2019, the department had about 1,100 patients awaiting placement, including about 800 IST patients.

**Operational Spending Proposed to Increase by $59 Million in 2019-20.** The Governor’s budget proposes total expenditures of $2 billion ($1.8 billion from the General Fund) for DSH operations in 2019-20, which is an increase of $59 million (3 percent) from the revised 2018-19 level. This increase is primarily due to $35 million in one-time funding proposed for deferred maintenance projects and $25 million related to two staffing proposals resulting from DSH’s ongoing Clinical Staffing Study, which we discuss in greater detail below.

### DIRECT CARE NURSING

**Background**

**DSH Subject to Minimum Staffing Standards for Nurses.** Patients admitted to DSH are housed in different units throughout the hospitals based on various factors including their patient type (such as whether they are an MDO or a Sexually Violent Predator) and the level of care they require—also known as their acuity. The department staffs these units with employees known as “level of care staff” who provide treatment services to the patients. Level of care staff include various types of nurses (such as registered nurses and psychiatric technicians) and other clinical staff including psychiatrists, psychologists, and social workers.

DSH is required to meet certain minimum staffing standards on its units. For example, DSH must comply with Title 22 of the California Code of Regulations, which sets the standards for operating many of the department’s beds. In particular, it requires a certain minimum number of nursing staff based on patient acuity and associated treatment needs for each different eight hour nursing shift (meaning morning, afternoon, or overnight), as shown in Figure 1. Title 22 nursing staff have many responsibilities, including patient observation, medication distribution, and patient escorting.

**Actual Nurse Staffing Generally Exceeds Minimums and Varies by Hospital.** According to DSH, the minimum staffing standards do not result in enough nurses to effectively deliver adequate care. For example, the department indicates that these ratios do not account for changes in the needs of the patient population since they were first established in the early 1980s. According to the department, the patient population has become more difficult and violent since that time, which has increased the need for more intensive care. For example, patients experiencing a mental health crisis or feelings of suicidality require additional staff. To accommodate this workload, the department typically staffs more nurses on its units than required by the minimum standards. DSH reports that these additional staff have resulted in it requiring more positions than it is currently approved for. Accordingly, the department has relied on significant amounts of temporary help positions that have not been officially established in the budget. In addition, the department has made significant use of overtime—including mandatory overtime—to maintain its current level of staffing. For example, a 2016 Little Hoover Commission study found that DSH nurses had worked about 194,000 hours of mandatory overtime in 2014-15.

Currently, DSH has no statewide standards established for the number of additional nurses that are necessary on its units to provide adequate care. This has resulted in each hospital using its
own methods for establishing the number of nurses it views as adequate. For example, DSH-Atascadero uses the Patient Classification Rating System, which evaluates patients’ stability in various behavioral areas to establish patients’ clinical needs and corresponding staffing levels. In contrast, DSH-Napa utilizes fixed staffing levels for each unit that have been determined by management, such as the clinical administrator and nursing administrator.

**Staffing Not Regularly Readjusted in Budget Process.** While DSH requests additional nursing staff when activating new units, it does not typically adjust its staffing when the makeup of its units changes over time. Accordingly, if the population changes in a way that requires more nurses—such as more acute patients being admitted—the department must redirect the resources for the additional staff it needs from elsewhere in its budget and rely more on temporary help and overtime. Conversely, if its patient population shifts in a way that requires less staffing, the resulting savings are not normally recognized in the budget.

**DSH Clinical Staffing Study.** In 2013, DSH began evaluating staffing practices at its five hospitals in a review known as the Clinical Staffing Study. The department initiated the study in an effort to assess whether past practices and staffing methodologies—which often differed between each hospital, as described above—are in need of revision, particularly in light of a patient population that has grown in terms of size, age, and the number who have been referred by the criminal justice system. The study is in the process of reviewing the hospitals’ nursing services, forensic departments, protective services, and the way each hospital plans and delivers treatment.

As part of its review of nursing staffing, the study collected data on the actual amount of staff that was being used on each unit throughout the state hospitals. The study also classified all of the different units into ten categories and two-dozen subcategories based on the type of services delivered and/or type of patients treated on the unit. **Figure 2** (see next page) provides more information on the ten categories of units established by the study. This allowed the study to compare the staffing levels in place across the state hospitals at units that were delivering similar types of treatment to similar types of patients.

**Medication Room Staffing.** Nurses who are assigned to medication pass duties are required to prepare, administer, document, and manage the medication administration process within each unit. Medication pass occurs four times a day, typically in the morning, noon, afternoon, and evening and can take up to two hours per pass. Medications are stored, managed, and administered from a medication room on each unit or brought patient to patient using a medication cart. According to the department, each hospital staffs its medication rooms with a dedicated psychiatric technician on both the morning and afternoon shifts. The department reports that while these psychiatric technicians are counted toward the nurse to patient staffing ratios, they are generally preoccupied with their medication-related duties and are unavailable to deliver other types of care or to respond to incidence of violence on the units.

**On-Call Supervisor Used During the Evening and Overnight Shift.** The first-line management and oversight of nurses on units in DSH is performed by either a unit supervisor or a supervising registered nurse, depending on various factors, such as the medical acuity of the unit. These supervisors work five days per week during the day shift. To ensure that a supervisory position is available during times when these individuals are not present, DSH uses a “program officer of the day” to fill the role. This role is assigned to unit supervisors and other managerial staff on a...
rotating basis. Individuals who are assigned to the program officer of the day role are not present at the hospital. Instead, they are on call and can be contacted by staff to address issues that arise on the unit. According to the department, this can occur several times throughout the night.

Governor’s Proposal

The administration proposes several changes related to the way nurses are staffed at the state hospitals. Specifically, the administration proposes to (1) standardize nursing staffing ratios across the unit categories established by the Clinical Staffing Study, (2) permanently create temporary help positions and a budget for overtime, (3) shift certain duties currently carried out by nursing staff to administrative staff, (4) create psychiatric technician positions dedicated to staffing medication rooms, and (5) create registered nurse supervisor positions that would provide oversight during the evening and overnight shift. In total, the Governor’s budget includes $15 million from the General Fund and 421.3 positions in 2019-20 to implement the above changes. (Under the proposal, the level would grow each year until reaching $46 million and 683.5 position by 2021-22 and annually thereafter.) We describe each of these proposals in greater detail below.

**Standardize Nursing Staffing Ratios.** Under the Governor’s proposal, nursing staffing ratios would be standardized for each of the two dozen subcategories of units established by the Clinical Staffing Study. Figure 3 gives an example of the standardized staffing ratios that would be used to staff units for MDOs as well as the three subcategories of units that fall under the category of IST Units. As shown in the figure, the staffing ratios can vary depending on the type of patient being treated and the unit they are housed in. For example, the ratios would require more nurses on the afternoon shift for IST treatment units that house patients from admission to discharge than for those units that house IST patients in single rooms. In addition, MDO treatment units would have more nurses than IST treatment units on the morning and afternoon shift.
According to the department, the proposed staffing ratios would, on average, reflect staffing packages that are already in place across the five state hospitals. This means that the department would not require any additional resources in order to staff its units consistent with these standards. However, because each hospital has its own staffing methodology, the department is proposing to shift position authority between the hospitals so that the staffing packages in place would be more uniform statewide. Specifically, DSH-Metropolitan would receive 142.5 additional positions and DSH-Napa would receive 93 additional positions. These positions would be redirected from the other three state hospitals.

We also note that these standards would be used to adjust the department’s budget going forward on a regular basis. Accordingly, to the extent that the makeup of the department’s population changes in ways that require a different mix of units, it would adjust staffing accordingly. This would mean that an overall increase in the treatment need of patients would result in the department requesting additional resources, and, to the extent needs declined, its budget would be adjusted to recognize the associated savings.

**Create Permanent Temporary Help Positions and Overtime Budget.** As mentioned previously, DSH makes extensive use of temporary help positions and overtime to staff their units at their current levels. However, the department did not formally create the temporary help positions it currently uses and was not explicitly budgeted for the overtime it uses. Instead, the resources for the positions and overtime are derived from other places in the department’s budget. For example, the department reports that it often delays equipment purchases to generate savings to offset such costs. To provide greater transparency, the administration proposes to permanently shift the resources that are being redirected to create 254 temporary help positions and explicitly budget for about 462,000 hours of overtime. Because the resources are being shifted, the administration is not requesting any additional funding for the positions or overtime.

**Shift Administrative Duties Away From Nursing Staff.** As part of its review of nursing staffing, the department found that many administrative duties that do not require a nursing background—such as data collection—were being performed by nurses. This requires nurses to be away from their units when performing these functions, which could result in the need for overtime or temporary help to fill their roles while they are away. To address this situation, the department is requesting 50 administrative positions (largely staff service analysts) to perform these roles. Because this would prevent nurses from leaving the unit, the proposal would create savings from reduced overtime and/or temporary help usage. Accordingly, the administration proposes to use these savings to support the proposed positions and no additional funding is being requested.

**Staff Medication Rooms.** The administration proposes to staff a total of 128 medication rooms with dedicated psychiatric technician positions for a 12-hour time period each day that would span parts of the morning and afternoon shifts. This would prevent the need for nursing staff to be pulled from the unit to staff the medication rooms.

### Figure 3

**Examples of Proposed Staffing Standards**

<table>
<thead>
<tr>
<th>Unit Category</th>
<th>Unit Subcategory</th>
<th>Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Morning</td>
</tr>
<tr>
<td>IST Treatment</td>
<td>Admission to Discharge</td>
<td>1:5.5</td>
</tr>
<tr>
<td></td>
<td>Permanent Single Housing</td>
<td>1:5.5</td>
</tr>
<tr>
<td></td>
<td>Permanent Dorm/Mixed Housing</td>
<td>1:6.5</td>
</tr>
<tr>
<td>MDO Treatment</td>
<td>Permanent Single/Mixed Housing</td>
<td>1:5</td>
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IST = Incompetent to Stand Trial and MDO = Mentally Disordered Offender.
The department indicates that this would allow more nursing staff to be available to treat patients and/or intervene when patients get violent. As a result, the department expects the additional staffing to result in improved patient outcomes (such as shorter lengths of stay) and reduced levels of violence. (We note that dedicated medication room positions are not being proposed for certain units such as those that already have relatively high nurse to patient staffing ratios.)

In order to staff these rooms, the department indicates that it would need a total of 335 psychiatric technicians, after accounting for the time the psychiatric technicians would be away due to various factors such as sick leave and vacation time. However, in recognition of the difficulty of hiring this many additional staff at once, the administration proposes to phase in the resources over a three-year period. Accordingly, the Governor’s budget proposes $10.7 million (General Fund) and 95 positions in 2019-20, growing each year until reaching $37.4 million and 335 positions in 2021-22 and annually thereafter.

**Create Afternoon/Overnight Supervisor Positions.** In order to provide better supervision when unit supervisors and supervising registered nurses are away during the afternoon and overnight shift, the administration proposes to create additional registered nurse supervisor positions. These positions would be staffed on state hospital grounds for a 12-hour time period each day that would span parts of the evening and overnight shift. While there is one supervisor per unit during the day shift, the administration indicates that the lower level of patient activity and administrative duties during the afternoon and overnight shift mean fewer registered nurse supervisors would be necessary. In view of the proposed changes, the Governor’s budget proposes a total of $4.3 million from the General Fund and 22.3 positions in 2019-20, growing to $8.6 million and 44.5 positions annually beginning in 2020-21.

**LAO Assessment**

**Nursing Adjustments Represents Important Step Forward.** The administration’s proposal to create uniform staffing standards for the state hospitals, appropriately budget for temporary help and overtime usage, and reassign administrative duties to non-nursing staff represent an important step forward. This is because the proposal would result in the nursing portion of the DSH budget being adjusted for changes in the makeup of its patient population and moving some nonclinical duties away from clinical staff. It would also result in greater transparency and legislative oversight as the basis for the department’s staffing packages would be clear and consistent across all five state hospitals. We note that these proposals generally reflect several recommendations that we made in our report *The 2015-16 Budget: Improved Budgeting for the Department of State Hospitals.*

**But Are Based on Current Practices That Have Not Been Independently Evaluated.** The proposed staffing ratios and levels of temporary help and overtime are based on current staffing practices. To date, DSH has not had its current staffing practices independently reviewed to determine if adjustments could be made that would improve outcomes and/or reduce costs. For example, it is unclear whether there are additional administrative tasks or other duties that could be shifted away from nurses. In addition, it is possible that different staffing packages that included less staff than the department uses currently could generate similar outcomes at a lower cost. Alternatively, additional staff beyond the proposed level could result in shorter lengths of stay for patients, which could eventually reduce costs. While the department indicates it will continue reviewing its staffing standards going forward—particularly with regard to identifying other administrative duties that could be shifted away from clinicians—such a process would lack the independence that could be necessary to identify significant efficiencies.

**Unclear Whether Additional Medication Room Staff Necessary.** The department’s primary goals in proposing additional medication room staffing are to free-up the staff currently fulfilling these roles so that they can provide additional care and be available to help reduce violence. It is reasonable to think that additional staffing could result in such outcomes. However, the department has not been able to provide data demonstrating that a lack of staff has negatively impacted outcomes or contributed to problems with violence. For
example, the department does not collect data on patient violence in a way that would allow it to show that violence rates increase when nurses must leave their units to staff medication rooms. As such, it is unclear on the extent to which additional medication room staff are necessary.

Afternoon/Evening Supervisors Seem Reasonable. Given the difficulty inherent in providing adequate supervision while not physically present, we find that the proposal to provide DSH additional registered nurse supervisors merits consideration. We note that the California Department of Corrections and Rehabilitation (CDCR)—which operates mental health facilities similar to those operated by DSH—staffs its units with nursing supervisors on all shifts.

LAO Recommendations

Approve Nursing Adjustments, but Require Evaluation. We recommend that the Legislature approve the proposed (1) standardization of nursing staffing ratios, (2) 254 temporary help positions and dedicated budget for overtime, and (3) 50 administrative staff to reduce the administrative workload currently carried out by nurses. These proposals would collectively help ensure that the department’s budget better reflects changes in the makeup of its patient population, increase transparency, and make better use of nursing staff.

However, the proposed staffing standards are reflective of current practice that has not been subject to independent evaluation. Accordingly, we recommend that the Legislature require DSH to contract with an independent consultant for a comprehensive clinical staffing analysis. Such an analysis should include: (1) an evaluation of the department’s clinical staffing—including both nursing and other clinical staffing; (2) an assessment of the appropriate number and type of clinical staff necessary to provide treatment for patients assigned to each category of unit established in the Clinical Staffing Study; (3) an assessment of whether staff are assigned appropriate responsibilities, or whether more tasks could be assigned to nonclinical staff or less costly clinical staff; and (4) recommendations to ensure the department is utilizing its staff as efficiently and effectively as possible. We estimate that such an analysis would likely cost in the low hundreds of thousands of dollars.

Pilot Medication Room Staffing. It is possible that the proposed additional nursing staff for medication rooms would free up other nurses on units to help better deliver care and reduce violence. However, given the lack of data demonstrating that this is likely to occur and the magnitude of the proposed resources, we recommend that the Legislature approve only a portion of the positions on a pilot basis. Specifically, we recommend that the Legislature approve $7.1 million (General Fund) and 63 psychiatric technician positions in 2019-20 on a three-year limited-term basis. This would provide the department with sufficient staff to place dedicated nurses in 24 medication rooms. This should provide the department with enough staff to test the new staffing package on a wide range of unit types. We also recommend that the Legislature require the department to report by January 10, 2022 on the effect that the additional staffing has on patient length of stay and violence rates. We note that this analysis could be carried out by the independent consultant conducting the comprehensive clinical staffing analysis that we recommend above.

Approve Evening/Overnight Supervisors. We recommend that the Legislature approve the proposed registered nurse supervisor positions as these positions would ensure that supervisory staff are physically present to address issues that arise on the units. It would also bring DSH staffing more in line with the staffing used by CDCR on similar mental health units.
COURT EVALUATIONS, REPORTS, AND COGNITIVE REHABILITATION THERAPY

Background

**DSH Clinicians Required to Provide Evaluations, Reports, and Testimony.** Given that around 90 percent of the patient population is committed to DSH from the criminal justice system, the department's clinicians are frequently required to provide courts with evaluations, reports, and testimony regarding patients, including IST, MDO, Not Guilty by Reason of Insanity, and Sexually Violent Predator patients. Figure 4 provides an example of the various reports courts require related to individuals found IST due to their mental condition. The department estimates that it is required to complete roughly 11,000 mandated court reports each year.

After completing evaluations and/or reports, clinicians are often required to attend court hearings and provide testimony regarding their patient reports and evaluations. When this happens, clinicians are frequently required to travel to the court that committed the patient to participate in hearings.

Currently, each state hospital has its own approach to handling the above workload. For example, DSH-Atascadero and DSH-Coalinga have specific clinical staff dedicated to completing this workload. In contrast, DSH-Metropolitan and DSH-Patton do not have such dedicated staff. At these particular hospitals, the clinician who treats the patient also completes the required evaluations and reports, and provides court testimony. We note that DSH-Napa uses a hybrid approach. Specifically, the hospital generally requires the treating clinician complete this workload but maintains a team dedicated to this workload for IST patients.

The department reports that there are several problems associated with having the clinician who treats the patient also complete evaluations and reports and provide testimony regarding that patient. Specifically, DSH is concerned that this practice:

- **Creates a Conflict of Interest.** The department indicates that having the treating clinicians carry out this workload for their patients can represent a conflict of interest. For example, it might require the clinician to indicate to a court that he or she has been unable to effectively treat a patient. In addition, the department reports that there have been incidents in which patients have attacked their clinicians due to the testimony provided about them. According to DSH, such factors undermine the ability of clinicians to complete this workload objectively.

- **Relies on Clinicians That Lack Necessary Expertise.** DSH indicates that, to be effective in completing the required court evaluations and reports, clinicians must be familiar with the judicial system as well as

<table>
<thead>
<tr>
<th>Report</th>
<th>Content</th>
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<tr>
<td>Progress Reports</td>
<td>Information on progress towards competency and whether antipsychotic medication remains necessary. Reports required 90 days after commitment and every six months after that until the patient is restored to competency.</td>
</tr>
<tr>
<td>Certificate of Restoration</td>
<td>Notifies court that patient has been restored to competency.</td>
</tr>
<tr>
<td>Unlikely to Gain Competency</td>
<td>Notifies court that there is no substantial likelihood that the patient will be restored to competency.</td>
</tr>
<tr>
<td>Maximum Term of Commitment</td>
<td>Notifies court that the patient is within 90 days of the maximum term of commitment without being restored.</td>
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the legal requirements related to the required documents. However, DSH reports that many clinicians currently lack the legal training to carry out these tasks effectively. The department also indicates that courts have complained about the quality of the work carried out by some clinicians.

- Reduces Quality of Care. This workload takes away time clinicians could otherwise spend treating their patients. As such, the department is concerned that the required workload could reduce the quality of care that patients receive.

**Forensic Case Management and Data Tracking (FCMDT) Staff.** While clinicians complete the reports, evaluations, and provide testimony, the department employs FCMDT administrative staff to assist them with this workload. These FCMDT staff are responsible for the overall coordination and tracking of the required reports and the coordination and completion of all paperwork and responses to court questions. FCMDT staff are also responsible for data tracking and analytical efforts related to various aspects of state hospital operations, such as admissions and discharge data, as well as bed capacity. The department does not currently have a standardized approach to staffing these positions at each state hospital, but it reports that each FCMDT staff member typically has a caseload of 200 to 300 patients, though at some hospitals the caseload can be higher. On average, each hospital currently has roughly seven positions dedicated to this work.

**Neuropsychological Evaluations and Treatment.** Neuropsychological evaluations are used to determine patients’ current abilities to pay attention, remember information, plan and organize, and use language. This allows clinicians to determine whether patients have cognitive deficits and could benefit from cognitive rehabilitation therapy, which is designed to improve patients’ cognitive function.

The department reports that it is important to identify and treat cognitive deficits for two primary reasons. First, identifying and treating patients with cognitive deficits can reduce violence. For example, a 2011 study at DSH-Patton showed that providing cognitive rehabilitation therapy to patients with cognitive deficits reduced their violence by 38 percent. Second, identifying and treating patients with cognitive deficits could improve treatment outcomes. For example, in a study also carried out at DSH-Patton, the presence of cognitive deficits was associated with longer lengths of stay. According to the department, this suggests that treating such deficits could result in shorter lengths of stay. Moreover, the department reports that providing information about patients’ clinical deficits to clinicians can help them better structure the treatment they provide, even if the patient does not receive cognitive rehabilitation therapy. Despite these benefits, the department reports that three of the five state hospitals do not offer cognitive rehabilitation therapy. While DSH-Patton and DSH-Atascadero offer such therapy, the department reports that these hospitals are currently only able to provide such treatment to less than 1 percent of the patients needing it.

**Governor’s Proposal**

The Governor’s budget proposes a total General Fund augmentation of $8.1 million and 43 positions in 2019-20 to help address workload related to court evaluations and reports, as well as cognitive rehabilitation therapy. (Under the proposal, the level of resources would generally increase each year until reaching $18.1 million and 94.6 position in 2022-23 and annually thereafter.) The specific components of the Governor’s proposal include:

- **Additional Staff for Court Evaluations, Reports, and Testimony Workload ($4.1 Million).** The administration proposes additional clinical staff that would be dedicated to the workload associated with court evaluations, reports, and testimony, primarily to eliminate the conflict of interest that exists when treating clinicians perform these tasks related to their patients. Based on a review of the amount of workload generated by each patient type, the department proposes staffing standards that would establish the number of clinicians it needs. Based on these standards, the administration is proposing a total of 53.1 new positions
(largely senior psychologist specialist positions) that would be phased in over three years, with 18.5 positions proposed for 2019-20. Under the administration's proposal, staffing levels would be regularly adjusted based on the proposed staffing standards to account for changes in the makeup of the population. DSH plans to refine the staffing standards in future years as it collects more data about the amount of resources this workload requires.

- **Additional FCMDT Staff ($986,000).** In order to standardize staffing for FCMDT workload, the administration proposes a departmentwide standard of 250 patients per staff member and to use associate government program analysts and staff service analysts (rather than the varying classifications currently being used) for the workload. In addition, the administration is proposing to hire five additional associate government program analysts to expand its data collections efforts to further refine the staffing standards for the evaluations, reports, and testimony workload described above on an ongoing basis. In view of the above changes, the Governor’s budget proposes 7.3 positions in 2019-20. Under the proposal, each hospital would have an average of roughly ten positions dedicated to the work. We note that these staffing levels would be adjusted regularly to account for changes in the size of the patient population.

- **Increased Use of Neuropsychological Evaluations ($2 Million).** The Governor’s budget proposes additional resources to use neuropsychological evaluations on a larger scale to identify more patients with cognitive deficits. According to the department, this would enable clinicians to identify patients who are at risk of violence and to better tailor existing treatments to meet the needs of patients with cognitive deficits. Based on research conducted at DSH-Patton, the department estimates that roughly 25 percent of patients admitted would need an in-depth neuropsychological evaluation after receiving an initial screening from their unit psychologist. Accordingly, the Governor’s budget proposes 10.2 positions (largely senior psychologist specialists). Under the proposal, these staffing levels would be adjusted regularly to account for changes in the number of patients admitted.

- **Cognitive Remediation Therapy Pilot ($954,000).** The administration proposes to begin treating patients with cognitive remediation therapy on a pilot basis at DSH-Metropolitan and DSH-Napa. According to the department, patients that receive this therapy would be less likely to engage in violence and may have better outcomes. To implement the pilot, the Governor’s budget proposes seven positions (including senior psychologist specialists and psychiatric technicians) in 2019-20.

**LAO Assessment**

Proposed Evaluations, Reports, and Testimony Staffing Potentially Unnecessary. One of the primary justifications of the department’s proposal to hire staff dedicated to evaluations, reports, and testimony workload is to remove the conflict of interest that exists when treating clinicians carry out these duties with respect to their patients. We find that this is a legitimate concern. However, an alternative way to remove this conflict of interest—potentially without the need for additional staffing—is to create a peer-review system in which clinicians do not carry out these duties for their own patients, but rather do so for the patients of other clinicians.

The department also put forth this proposal due to concerns about the quality of the work done by clinicians without specialized training in it. We note, however, that the department was unable to provide data regarding the magnitude of the problems with the quality of clinicians’ work. We also note that it is possible that these problems could be addressed by providing additional training to existing DSH clinicians. This training could also help clinicians perform their other work more effectively. For example, if clinicians received in-depth training on what the legal standard is for restoring IST patients to competency, it would likely help them provide competency restoration more effectively.

Finally, the department intends to reduce treating clinicians’ workload by shifting these
duties to dedicated staff so that the clinicians have more time to treat their patients. However, the department did not provide any information to show that there is a problem with the level of care patients currently receive. For example, the department did not provide data showing that patient outcomes are better at hospitals, such as DSH-Patton, where clinicians are not required to perform this workload.

**Inadequate Justification for Additional FCMDT Staff.** The department indicates that it needs additional FCMDT staff to bring all state hospitals to the proposed standard of 250 patients per staff member. However, the department did not provide data demonstrating that there are problems with the work carried out by FCMDT staff at the state hospitals who staff below this standard. As such, it is unclear why additional staff are necessary.

In addition, the primary justification for the five additional associate government program analyst positions was to collect data to help refine on an ongoing basis the staffing standards proposed for the evaluation, reports, and testimony workload. However, these positions would only be necessary if the Legislature approves the proposal to establish staffing standards for evaluation, reports, and testimony workload.

**Neuropsychological Evaluations Appear Necessary.** We find merit in the proposal to expand the testing of patients with neuropsychological evaluations to identify those with cognitive deficits. This should allow the department to identify patients at risk of violence in order to better prevent it. It would also allow treatment for such patients to be better tailored to their needs.

**Cognitive Remediation Pilot Merits Consideration, but Proposed on Ongoing Basis.** While the department is proposing to pilot cognitive remediation therapy at two state hospitals, it is proposing resources for the program on an ongoing basis. This means that the program would continue to be funded even if the results of the pilot demonstrate that it is not effective. In addition, while the department plans to evaluate the program, there is no specific requirement that a report on the outcomes of the pilot be provided to the Legislature. This would make it difficult for the Legislature to evaluate the pilot program and determine whether it should continue, be modified, or eliminated in the future.

**LAO Recommendations**

**Reject Staffing for Evaluations, Reports, and Testimony and Direct DSH to Develop Plan for a Peer-Review Pilot.** In view of the above concerns, we recommend that the Legislature reject the proposed funding for dedicated staff for court evaluations, reports, and testimony workload, including the related staffing standards proposed by the administration. Instead, we believe that it would be more effective for the department to implement a peer-review approach on a pilot basis beginning in the budget year in which treating clinicians complete this workload for each other’s patients. As such, we recommend that the Legislature direct the department to provide a plan for implementing such a pilot by April 1, 2019, including information on what resources, if any, it would need and how it would go about selecting participating clinicians.

**Reject Additional FCMDT Staff.** Given that the department did not demonstrate that its existing FCMDT staff are unable to effectively complete their workload, we recommend the Legislature reject the proposed augmentation for these staff. We do not have concerns with the department standardizing the classifications used to complete this workload or establishing staffing standards for it, so long as it can be done within existing resources.

Finally, because the primary justification for the five associate governmental program analysts is collecting data to refine the standards for staffing evaluation, reports, and testimony workload, which we do not recommend approving, we also recommend rejecting those proposed positions.

**Approve Funding for Neuropsychological Evaluations.** In light of the potential benefits, we recommend approving the funding that would allow the department to expand testing of patients with neuropsychological evaluations. As mentioned above, this could help the department better prevent patient violence and improve treatment for patients with cognitive deficits.

**Approve Funding for Cognitive Remediation Pilot on Limited-Term Basis, Require Evaluation.** We recommend that the Legislature approve three-year limited-term funding for the proposed
cognitive remediation pilot at two state hospitals, rather than ongoing funding as proposed by the Governor. We also recommend that the Legislature direct the department to report on the outcome of the pilot by January 10, 2022, as this would allow the Legislature to determine whether to approve ongoing and/or expanded funding for cognitive remediation therapy as part of the 2022-23 budget.

WORKFORCE DEVELOPMENT

BACKGROUND

Recruitment and Retention of Psychiatrists

**DSH Employs Psychiatrists.** Psychiatrists—who are medical doctors that specialize in the diagnosis and treatment of mental health conditions—deliver a significant portion of the care provided to DSH patients. This is because DSH patients often require complex pharmaceutical treatments that psychiatrists are uniquely qualified to prescribe. Because psychiatrists are medical doctors, an individual seeking to become a psychiatrist in California must complete medical school and a four-year residency program in psychiatry, in which they do clinical rotations under the supervision of other psychiatrists.

**DSH Has High Psychiatrist Vacancy Rates.** DSH has had long standing difficulties recruiting and retaining psychiatrists. Currently, the department reports that about 41 percent of its 259.3 authorized psychiatrist positions are currently vacant. While this is likely partially due to factors unique to DSH (such as DSH pay often being less than other employers’ and the criminal nature of many patients in DSH), there is a nationwide shortage of psychiatrists. The National Institute of Mental Health attributes the national psychiatric shortage to several factors, including an aging workforce and a lack of residency slots for individuals seeking to become psychiatrists. For example, DSH reports that there are only 16 individuals per year nationally who complete a residency in forensic psychiatry—the branch of psychiatry specializing in mental health treatment in secure hospitals like those operated by DSH.

Recruitment and Retention of Nursing Staff

**DSH Employs Psychiatric Technicians and Registered Nurses.** State law and regulations require DSH to maintain a specific ratio of nurses to patients on its units in the state hospitals. (For more information on these ratios, please see the “Direct Care Nursing” section of this report.) For example, the department is required to staff a minimum of one nurse for every eight patients in its intermediate care units, which are used to house patients with less acute treatment needs. DSH employs a variety of nursing positions to staff these units, including psychiatric technicians and registered nurses. Individuals seeking to become a psychiatric technician or registered nurse in California must complete specific coursework and/or training requirements to become licensed. For example, individuals seeking to become a registered nurse often complete an Associate or Bachelor’s degree in nursing. (We note that individuals with prior experience, such as those who are licensed vocational nurses, do not have to complete a degree program.) Those seeking to become a psychiatric technician often complete a Psychiatric Technology program.

**DSH Has High Overall Nursing Vacancies.** DSH also has difficulties recruiting and retaining registered nurses and psychiatric technicians at some of its hospitals. For example, the department reports that the vacancy rate for its 1,609.5 authorized registered nurse positions ranged from 13 percent to 18 percent over the past year. Similarly, the department reports that the vacancy rate for its 3,120 authorized psychiatric technician positions ranged from 10 percent to 21 percent over the past year. (We note that the vacancy
rate typically expected for most classifications is 5 percent.) As with psychiatrists, this is likely both due to the similar factors that are unique to DSH (such as the criminal nature of the patients), as well as to a national shortage of nurses. For example, according to an analysis released by the U.S. Department of Health and Human Services in 2017, California may have a deficit of 44,500 registered nurses by 2030—meaning that the number of nurses statewide (including in the private sector) would need to increase by 13 percent—if the current level of health care is maintained. DSH reports having difficulty in filling nursing vacancies primarily at DSH-Atascadero, DSH-Coalinga, and DSH-Napa as these state hospitals are not located near a major metropolitan area.

**Nursing Training Partnerships.** In order to foster recruitment in nursing classifications, DSH has partnered with several community colleges and other educational institutions near its state hospitals over the years. For example, DSH-Atascadero has a partnership with Cuesta Community College in San Luis Obispo to train psychiatric technicians. The department reports that around 75 percent of graduates from the program have accepted positions at DSH-Atascadero. In addition, DSH-Coalinga has a partnership with West Hills Community College in Coalinga and Porterville Community College to train psychiatric technicians and registered nurses. The department reports that around 50 percent of the graduates from these programs have accepted positions at DSH-Coalinga.

**GOVERNOR’S PROPOSAL**

The Governor’s budget proposes $1.8 million from the General Fund and eight new positions in 2019-20 to (1) create a forensic psychiatry residency program, and (2) expand DSH’s nursing training partnerships with several community colleges. (Under the proposal, the requested funding would generally increase each year until reaching $2.6 million in 2023-24 and annually thereafter.)

**New Psychiatric Residency Program.** DSH proposes to partner with Touro University in Vallejo and two county mental health departments to establish a new forensic psychiatry residency program. Under this new program, residents would spend a portion of their first two years and their fourth year at DSH-Napa completing clinical rotations in which they would have their own patient caseload. (Residents would complete clinical rotations elsewhere in the third year.) The program would admit 4 residents annually, which would result in a total of 16 residents participating once it is fully operational. To implement the program, the Governor’s budget provides $786,000 and two positions in 2019-20, increasing to $1.6 million annually by 2022-23. Resources in the first year would be used to hire a senior psychiatrist and a program assistant, who would implement and eventually oversee the program. Once the program accepts its first residents in 2020-21, the resources would also be used to pay the residents.

**Expansion of Nursing Training Partnerships.** DSH is requesting $969,000 and six positions in 2019-20 to expand its registered nurse and psychiatric technician training partnerships with community colleges near DSH-Atascadero, DSH-Coalinga, and DSH-Napa. (The department reports that the other two state hospitals—DSH-Patton and DSH-Metropolitan—do not have significant difficulties filling nursing positions given their proximity to major metropolitan areas.) Under the Governor’s proposal, DSH would hire a total of five additional nurse instructors who would teach courses at Cuesta Community College, West Hills Community College, Porterville Community College, and Napa Valley Community College. This would enable these colleges to graduate more registered nurses and psychiatric technician students. Based on information provided by the department, we estimate that the proposed expansion could result in well over 100 additional graduates annually. The nurse instructors would also assist in outreach to individuals interested in nursing positions with DSH, help them through the hiring process, and serve as mentors once they start working at a state hospital. The remaining requested position—an associate government program analyst based in DSH’s headquarters in Sacramento—would support an expansion of the department’s registered nurse and psychiatric technician recruitment efforts.
LAO ASSESSMENT

Permanent Funding Proposed for Promising, but Unproven Residency Program. Given the high vacancies among psychiatrists and the need for additional forensic psychiatric residency programs, the administration’s proposal to create a forensic psychiatric residency program involving DSH-Napa merits legislative consideration. However, this approach is relatively expensive given that it would cost $1.6 million to produce four potential psychiatrists per year once it is fully operational. In addition, it is unclear how effective the program would actually be at filling psychiatrist positions at DSH as residents in the program could accept positions outside of DSH. Despite these uncertainties about the cost-effectiveness of the proposal, the administration is proposing to fund the program on an ongoing basis. We note that this is inconsistent with a separate proposal the administration has to establish a nurse practitioner residency program within CDCR. In that case, the administration is proposing limited-term funding to allow the residency program to be evaluated before funding it on an ongoing basis.

Expansion of Nursing Training Partnerships Appears Reasonable . . . The administration’s proposal to expand existing nursing training partnerships appears reasonable. This is because the current programs have a proven ability to help recruit additional nurses. Moreover, according to the department, demand for the programs currently exceeds capacity at each of the participating colleges. For example, the department reports that there are typically 150 applicants for the 30 slots in Cuesta Community College’s program for psychiatric technicians.

. . . But It Is Unclear Why Community College Instructional Funding Cannot Offset Costs. Given that the nursing instructors DSH would provide to the community colleges would allow them to enroll additional students, the community colleges should be receiving instructional funding associated with these students. However, the administration’s current proposal would not offset the cost of the nursing instructors to account for this. While the department informs us that it will submit a spring Finance Letter to offset $370,000 of the $507,000 cost for the three nurse instructors proposed for DSH-Atascadero, it is not currently planning to do so for the nurse instructors proposed for DSH-Coalinga or DSH-Napa.

LAO RECOMMENDATIONS

Approve Forensic Psychiatric Residency Program on Limited-Term Basis, Require Evaluation. In view of the above, we recommend that the Legislature approve the resources requested to establish a forensic psychiatric residency program. However, given that the program is relatively costly and it is unclear whether it will effectively reduce psychiatric vacancies, we recommend that the funding only be approved on a six-year limited-term basis. This would allow one cohort of students to complete the program and determine whether they ultimately accept positions at DSH. We also recommend that the Legislature pass budget trailer legislation requiring the department to report by January 10, 2025 on the extent to which the program has reduced psychiatric vacancies. This would allow the Legislature to review the outcomes of the program when considering whether to approve funding on an ongoing basis for the program as part of its deliberations on the 2025-26 budget.

Direct Department to Report on Funding for Expansion of Nursing Training Partnerships. While we have no concerns with the proposal to expand the existing nursing training partnerships at three state hospitals, we recommend that the Legislature withhold action on the proposal and direct the department to report at spring budget hearings on why it cannot offset the costs of all five proposed nurse instructors with community college instructional funding.
HOSPITAL POLICE ACADEMY

Background

Office of Protective Services (OPS). OPS is a law enforcement agency within DSH that provides security, enforces laws, and provides investigatory services at the five state hospitals. Currently, OPS is approved for 657 hospital police officer positions to carry out these responsibilities. The 2018-19 budget includes $9.6 million for the operation of OPS.

DSH Police Academy. After being hired by DSH, hospital police cadets are required to attend a 14-week DSH Police Academy. At the academy, cadets must complete 548 hours of training in multiple disciplines. Some of the courses offered include leadership, professionalism, and ethics; laws of arrest; search and seizure; and cultural diversity/discrimination. Prior to 2017-18, the DSH Police Academy was located at DSH-Atascadero and ran two sessions annually with each session graduating 32 cadets each, in order to address the typical officer attrition rate. (As we discuss below, the academy was later moved to accommodate a larger number of cadets.) After graduating from the academy, individuals are assigned to one of the state hospitals. We note that the department has historically had some difficulty recruiting and retaining hospital police officers. For example, its officer vacancy rate has exceeded 20 percent in prior years. This is likely due to a variety of factors, such as the higher salary similar agencies (such as CDCR) pay officers.

Academy Temporarily Expanded in 2017-18. Due to the planned activation of 236 beds at DSH-Metropolitan that required the hiring of over 70 additional hospital police officers and the desire to reduce the officer vacancy rate, the Legislature provided additional General Fund resources over a two-year period beginning in 2017-18 for DSH to temporarily expand its academy. Specifically, DSH received $7.8 million in 2017-18 and $12.4 million in 2018-19, as well as three, two-year limited-term positions. The additional funding allowed the academy to run three sessions annually, with each session consisting of 50 cadets. Given that not all cadets successfully complete the academy, DSH estimates that this is enough to result in 138 additional hospital police officers each year. The funds were also used to move the academy from DSH-Atascadero to a location in San Luis Obispo that is shared with the California Military Department, in order to provide more space for the larger number of cadets.

Governor’s Proposal

The Governor’s budget proposes $5.8 million (General Fund) and three permanent positions for DSH to operate the DSH Police Academy at its current, expanded capacity on an ongoing basis—meaning three sessions annually. According to the department, the academy needs to continue operating at its expanded capacity due to the following reasons:

- Increased Officer Attrition Rates. According to the department, the current attrition rate is 5.1 officers per month, an increase over the 2017-18 monthly attrition rate of 4.2, and the 2016-17 rate of 2.7. DSH projects that the rate will continue to increase to 7.1 officer per month by 2019-20 and by an additional officer per month in each subsequent year due to a projected increase in the number of officer retirements.

- High Officer Vacancy Rates. The department reports that the 2018 vacancy rate for officers was 15 percent—about three times the rate typically assumed for most classifications. DSH expects to have a total of 132.1 vacancies by the beginning of 2019-20.

LAO Assessment

Continuing Expanded Academy Appears Necessary, but May Produce Excess Officers in Future. Absent the additional funding proposed by the Governor, the DSH academy would be unlikely to produce enough graduates to address the existing officer attrition rate. Accordingly, it is necessary for the academy to continue operating at some level of expanded capacity—above its existing baseline capacity—to both reduce the
existing vacancy rate and address the projected increase in the attrition rate.

However, under the Governor’s proposal to provide $5.8 million on an ongoing basis, the academy could be producing more graduates than necessary beginning in 2022-23, as illustrated in Figure 5 (see next page). This is because at the end of 2022-23 DSH would have roughly seven more officers than needed. We note that the estimates in the figure assume that the attrition rate continues to increase over the next four years. To the extent the actual attrition rate is less than assumed, the academy could be producing excess graduates at an even earlier date. For example, if the attrition rate remained at 5.1 officers per month, the academy could begin producing excess graduates in 2020-21.

**LAO Recommendations**

**Approve Funding for Three Years.** Given the uncertainty regarding the number of academy graduates that will be needed in the long run to account for officer turnover and vacancies, we recommend that the Legislature approve the resources requested to maintain the expanded DSH Police Academy for three years, rather than on an ongoing basis as proposed by the Governor. This would allow the academy to continue to produce additional officers to address the projected increase in the attrition rate and lower the vacancy rate without resulting in an excess number of officers in the future. After the three-year period, the Legislature could reevaluate as part of its deliberations on the 2022-23 budget the number of academy graduates needed to meet the security needs of the state’s hospitals.

**Require Report on Officer Recruitment and Retention.** In order to ensure that the Legislature has sufficient information to provide oversight of hospital police officer recruitment and retention and assess future academy graduate needs, we recommend that the Legislature approve trailer bill language requiring the department to report annually on (1) the officer vacancy rate, (2) the officer attrition rate, (3) the number of cadets entering the academy, (4) the number of cadets who successfully graduate the academy, and (5) retention rates for successful graduates. This information would also allow the Legislature to determine whether adjustments to the level of funding for the DSH Police Academy are needed prior 2022-23.

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**Figure 5**

**Need for DSH Academy Graduates Could Be Met by 2022-23**

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
<th>2022-23</th>
<th>2023-24</th>
</tr>
</thead>
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<td>Additional officers needed—beginning of year</td>
<td>132.1</td>
<td>79.3</td>
<td>38.5</td>
<td>9.7</td>
<td>-7.1</td>
</tr>
<tr>
<td>Number of officers leaving annually&lt;sup&gt;a&lt;/sup&gt;</td>
<td>85.2</td>
<td>97.2</td>
<td>109.2</td>
<td>121.2</td>
<td>133.2</td>
</tr>
<tr>
<td>Reduction in need from new academy graduates</td>
<td>-138.0</td>
<td>-138.0</td>
<td>-138.0</td>
<td>-138.0</td>
<td>-138.0</td>
</tr>
<tr>
<td>Additional officers needed—end of year</td>
<td>79.3</td>
<td>38.5</td>
<td>9.7</td>
<td>-7.1</td>
<td>-11.9</td>
</tr>
</tbody>
</table>

<sup>a</sup> Assumes monthly attrition rate of 7.1 in 2019-20, 8.1 in 2020-21, 9.1 in 2021-22, 10.1 in 2022-23, and 11.1 in 2023-24.  
DSH = Department of State Hospitals.