

Schedule 13 Funding Request for the 2014-15 Budget Cycle

Department: Department of Human Services
 Request Title: Psychiatrist Base Salary Adjustment
 Priority Number: R-14

Dept. Approval by: Will BO 10-18-13
 Date

OSPB Approval by: Paul N. [Signature] 10/22/13
 Date

- Decision Item FY 2014-15
- Base Reduction Item FY 2014-15
- Supplemental FY 2013-14
- Budget Amendment FY 2014-15

Line Item Information		FY 2013-14		FY 2014-15		FY 2015-16
		1	2	3	4	5
		Appropriation FY 2013-14	Supplemental Request FY 2013-14	Base Request FY 2014-15	Funding Change Request FY 2014-15	Continuation Amount FY 2015-16
	Fund					
Total of All Line Items	Total	82,027,442	0	82,062,397	448,580	448,580
	FTE	1,171.8	0.0	1,172.4	0.0	0.0
	GF	67,072,392	0	67,107,347	448,580	448,580
	CF	8,681,900	0	8,681,900	0	0
	RF	6,273,150	0	6,273,150	0	0
	FF	0	0	0	0	0
	MCF	4,250,578	0	4,250,578	0	0
	MGF	2,125,289	0	2,125,289	0	0
	NGF	69,197,681	0	69,232,636	448,580	448,580
(8) Behavioral Health Services, (C) Mental Health Institutes, Mental Health Institute - Ft. Logan Personal Services	Total	18,074,275	0	18,084,529	118,000	118,000
	FTE	216.4	0.0	216.6	0.0	0.0
	GF	15,833,822	0	15,844,076	118,000	118,000
	CF	2,187,924	0	2,187,924	0	0
	RF	52,529	0	52,529	0	0
	FF	0	0	0	0	0
	MCF	0	0	0	0	0
	MGF	0	0	0	0	0
	NGF	15,833,822	0	15,844,076	118,000	118,000
(8) Behavioral Health Services, (C) Mental Health Institutes, Mental Health Institute - Pueblo Personal Services	Total	63,953,167	0	63,977,868	330,580	330,580
	FTE	955.4	0.0	955.8	0.0	0.0
	GF	51,238,570	0	51,263,271	330,580	330,580
	CF	6,493,976	0	6,493,976	0	0
	RF	6,220,621	0	6,220,621	0	0
	FF	0	0	0	0	0
	MCF	4,250,578	0	4,250,578	0	0
	MGF	2,125,289	0	2,125,289	0	0
	NGF	53,363,859	0	53,388,560	330,580	330,580

Letternote Text Revision Required? Yes: No: If yes, describe the Letternote Text Revision:
 Cash or Federal Fund Name and COFRS Fund Number: N/A
 Reappropriated Funds Source, by Department and Line Item Name: N/A
 Approval by OIT? Yes: No: Not Required:
 Schedule 13s from Affected Departments: N/A
 Other Information: N/A

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Cost and FTE

- The Department requests \$448,580 General Fund in FY 2014-15 and beyond to increase salaries for the psychiatrists at the Mental Health Institutes in order to improve hiring and retention.

Current Program

- The Department operates the state's two Mental Health Institutes, Colorado Mental Health Institute Fort Logan (CMHIFL) and Colorado Mental Health Institute Pueblo (CMHIP), to serve both civil and forensic patients. The Institutes evaluate patients for competency to stand trial, restore patients to competency to stand trial, treat persons adjudicated not guilty by reason of mental disease or defect and provide treatment for persons with serious mental illnesses.
- Psychiatrists contracted by the Institutes are responsible for evaluating and diagnosing patients, developing plans for treatment, prescribing medication, and assessing patient response to treatment.

Problem or Opportunity

- Currently, five of nineteen (26%) full-time psychiatrist positions at the Institutes are vacant (two of seven at CMHIFL and three of twelve at CMHIP).
- Psychiatrist salaries at the Institutes range between \$154,000 and \$175,000 per year which compares unfavorably to the national median psychiatrist income of \$177,670 and psychiatrist starting salaries at the Department of Corrections of \$174,000.
- Retaining Psychiatrists is an essential component of providing high levels of patient care and meeting the Department goal, "To promote quality and effective behavioral health practices to strengthen the health, resiliency and recovery of Coloradans".
- Psychiatrist vacancies burden the remaining psychiatrists to provide treatment for an unacceptably high number of patients, which negatively impacts patient care, documentation requirements, and patient length of stay.

Consequences of Problem

- If not addressed, the Institutes could be unsuccessful in recruiting and retaining qualified psychiatrists and may continue to operate with inadequate psychiatrist staffing.
- Continued open positions will decrease the efficacy of care and lead to poorer treatment outcomes for patients and increased safety risk for patients and staff.

Proposed Solution

- The Department proposes to increase psychiatrist base salaries to an average of \$175,000 per year to address salary compression and make the salaries competitive with psychiatrist salaries at the Department of Corrections and the broader market in Colorado.
- Raising the average salary is expected to reduce the number of psychiatrist vacancies by increasing retention for current employees and the attractiveness of the positions for new psychiatrists.

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Department of Human Services

FY 2014-15 Funding Request
November 1, 2013

John W. Hickenlooper
Governor

Reggie Bicha
Executive Director

Department Priority: R-14
Request Detail: Psychiatrist Base Salary Adjustment

Summary of Incremental Funding Change for FY 2014-15	Total Funds	General Fund
Psychiatrist Base Salary Adjustments (all line items)	\$448,580	\$448,580

Request Summary:

The Department requests \$448,580 General Fund in FY 2014-15 and beyond to increase salaries for psychiatrists at the Mental Health Institutes in order to improve hiring and retention. Specifically, personal services costs for psychiatrists will increase at Mental Health Institute-Fort Logan (Fort Logan) by \$118,000 and at Mental Health Institution-Pueblo (Pueblo) by \$330,580.

Problem or Opportunity:

Currently, the Institutes have five vacancies out of nineteen total full time psychiatrist positions. Two of seven vacancies are at Fort Logan and three of twelve vacancies are at Pueblo. Psychiatrists at both Institutes are employed through a contractual relationship between the Colorado Department of Human Services-Office of Behavioral Health (OBH) and the University of Colorado-Denver School of Medicine. Institute psychiatrists receive base salaries between \$154,000 and \$170,000 annually, while other psychiatrists with comparable certifications and experience generally earn between \$175,000 and \$210,000 annually. The LocumTenems.com 2012 psychiatry salary survey states the average salary of a psychiatrist is \$207,702. The 2012 Medscape Compensation Report, which surveyed 24,216 national physicians across twenty five specialty areas, indicated 35% of psychiatrists earned \$175,000 to \$250,000 per year.

Recruiting and retaining psychiatrists at the Institutes is more difficult due to the relatively low salaries paid in comparison with other community and state agencies. For example, in March 2013, the Colorado General Assembly approved funding to increase the number of psychiatrist at the Department of Corrections with an annual cost of \$212,596 for salary and benefits (\$174,000 base salary). Furthermore, morale and retention problems also occur at the Institutes when newly hired psychiatrists receive disparately higher salaries than the salaries of current psychiatrists because the cost of living and merit adjustments for current psychiatrists has not kept pace with the base rate for newly hired psychiatrists.

The lower salaries make it more difficult for the Institute's to compete for the limited number of psychiatrist available throughout the nation. An article written by John Caccavale, Ph.D and Jack Wiggins, Ph.D, titled "*Psychiatry in Crisis: Impacts on Primary Care, Patient Safety and Public Healthcare Policy*" states there is a general shortage of healthcare providers, ranging from physicians to physical therapists.

The report also states that “Shortages in psychiatry is not a new phenomenon. The American Medical Association (AMA) reports the supply of U.S. psychiatrists shrank 27 percent between 1990 and 2002. However the demand for psychiatrists increased by 16 percent over that same time period.” The article further states that “medical students are increasingly less attracted to mental health rotations. The number of American medical school graduates choosing psychiatric residencies is also dwindling, further adding to the shortage and the problem of access to psychiatric services.” The U.S. Department of Health and Human Services, Health Resources and Services Administration (HRSA) Data Warehouse populates a map that identifies Mental Health professional shortage areas (see Appendix A). This map identifies the Denver Suburbs as the only areas of the State with adequate numbers of mental health professionals. Denver and out-state counties are all identified as mental health professional shortage areas.

The Institutes’ difficulties in recruiting and retaining psychiatrists result in vacancies being unfilled for long periods. This not only creates additional workload on existing psychiatrists, but also increases on-call pay and incentive pay in order to maintain the required level of coverage. In an attempt to mitigate impacts upon patients, Pueblo has hired mid-level providers (MLPs) including Nurse Practitioners and Physician Assistants to address the gaps in coverage due to vacant psychiatrist positions. These professionals are normally utilized as an extension of physician care, but are taking on a larger role out of necessity. This can result in unnecessary delays in patient treatment and diagnosis since MLPs cannot perform those independently. While Fort Logan does not currently utilize MLPs, the hospital is actively advertising for this level of medical professionals in order to provide additional coverage due to vacancies. Although hiring lower MLPs can improve coverage, there are many duties that they cannot perform that a psychiatrist may, such as: preparing court documents, testifying in court, performing forensic evaluations, providing consultation and second opinions, petitioning the court for court ordered medications and treatments and performing Electric Convulsive Therapies.

Lastly, the inability to recruit and retain psychiatrists could result in survey deficiency findings by the Colorado Department of Public Health and Environment (CDPHE) and the Centers for Medicare and Medicaid Services (CMS). Additionally, the United States Department of Justice has initiated actions related to inadequate medical care and high psychiatrist-to-patient ratios against several state psychiatric hospitals across the country. Under the 2002 Neiberger vs. Hawkins legal settlement agreement, the CMHIP had stipulated to strict physician-to-patient ratios due to inadequate psychiatrist staffing. Unless the Institutes can remain competitive to current market expectations, the ability of the Institutes to maintain adequate psychiatrist staffing will be further undermined. Adequate psychiatrist staffing of the Institutes is necessary in order to comply with state and federal regulatory requirements and uphold the mission and vision of the Department to enhance service delivery, reduce hospital length of stay and comply with Constitutional requirements for involuntarily hospitalized patients.

Proposed Solution:

The Department request \$448,580 General Fund in FY 2014-15 and beyond to increase the base salaries for full-time psychiatrists contracted by the Institutes to an average of \$175,000 annually. The Department’s request will increase the starting salaries of new hires and the salaries of current Institute psychiatrist to an amount comparable to the salaries for other state agencies and community providers, based on certification and experience. This proposal attempts to retain and recruit psychiatrists to meet the current treatment demand at the Institutes, and will ensure that the Institutes provide an acceptable level of care through the maintenance of appropriate psychiatrist-to-patient ratios.

Anticipated Outcomes:

If approved, the increase in psychiatrist base salary will enable both Mental Health Institutes to recruit and retain psychiatrists to meet the needs of persons hospitalized at the Institutes. Retention of psychiatrists will enable the Institutes to maintain adequate physician staffing, which complies with federal standard of care requirements, results in improved patient outcomes and thereby promotes the Department’s #4 goal, “To promote quality and effective behavioral health practices to strengthen the health, resiliency and recovery of Coloradans.

Assumptions and Calculations:

Table 1 below provides the budget estimates to increase the base salary for all currently employed psychiatrists at the Institutes to an average of \$175,000. The proposed increase in salary affects seven full-time psychiatrist positions at the Colorado Mental Health Institute at Fort Logan, two of which are currently vacant, and twelve full-time psychiatrist positions at the Colorado Mental Health Institute at Pueblo, three of which are currently vacant. The Department calculated the cumulative difference between the current base salaries for the two Institutes with the projected base salaries to arrive at the budget request of \$448,580 (see Table 1). This sum includes the 8.1% administrative fee associated with the contractual relationship between the Colorado Department of Human Services-Office of Behavioral Health (OBH) and the University of Colorado-Denver School of Medicine.

The contracted psychiatric positions are paid through the Institutes’ Personal Services allocation. The Institutes Personal Services line item appropriations includes funding for State employee salaries, wages and benefits; the State contribution to the Public Employees Retirement Association (PERA), and the State share of federal Medicare taxes. The Personal Services line item appropriations also fund payments for Outside Medical care provided to patients at the Institutes. The Institutes have been challenged to stay within the Personal Services spending allocations due to the increased costs in outside medical care. This request will provide funding to make the psychiatric pay more competitive, without impacting the funds necessary to provide outside medical care.

FY 2014-15 Request						
CMHIFL: Psych MD	Base Salary	Estimated Benefits	Total Compensation	Admin Fee	Grand Total	Difference From Current
Current Salaries	\$2,038,671	\$489,281	\$2,527,952	\$204,764	\$2,732,716	\$0
Proposal: \$175,000	\$2,126,702	\$510,408	\$2,637,110	\$213,606	\$2,850,716	\$118,000
CMHIP: Psych MD	Base Salary	Estimated Benefits	Total Compensation	Admin Fee	Grand Total	Difference From Current
Current Base Salaries	\$4,616,845	\$1,108,043	\$5,724,888	\$463,716	\$6,188,603	\$0
Proposal: \$175,000	\$4,863,465	\$1,167,232	\$6,030,697	\$488,486	\$6,519,183	\$330,580
TOTAL REQUEST						\$448,580

Appendix A

