

AMH Overview

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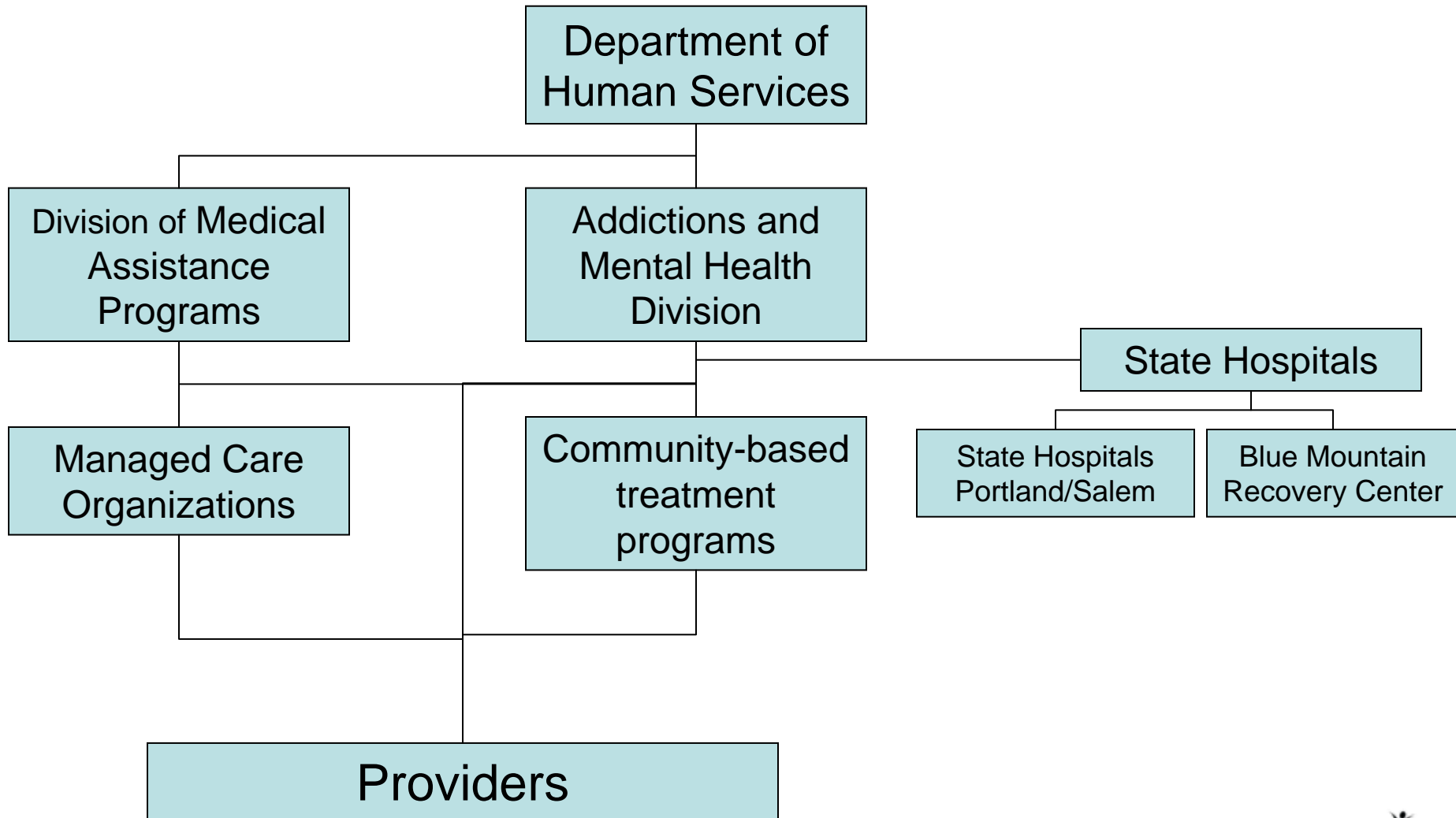
March 2009



AMH vision and themes

- 2007-2009 legislative investments are making a positive difference
- AMH's ideal system of services and supports:
 - Maximizes opportunities for independence, resiliency and recovery
 - Ensures success in social, work, education and family relationships
 - Is integrated, comprehensive and ensures access to health, mental health and addiction services based on each individual's need
 - Provides a continuum of care with appropriate resource levels throughout the continuum

AMH major program areas



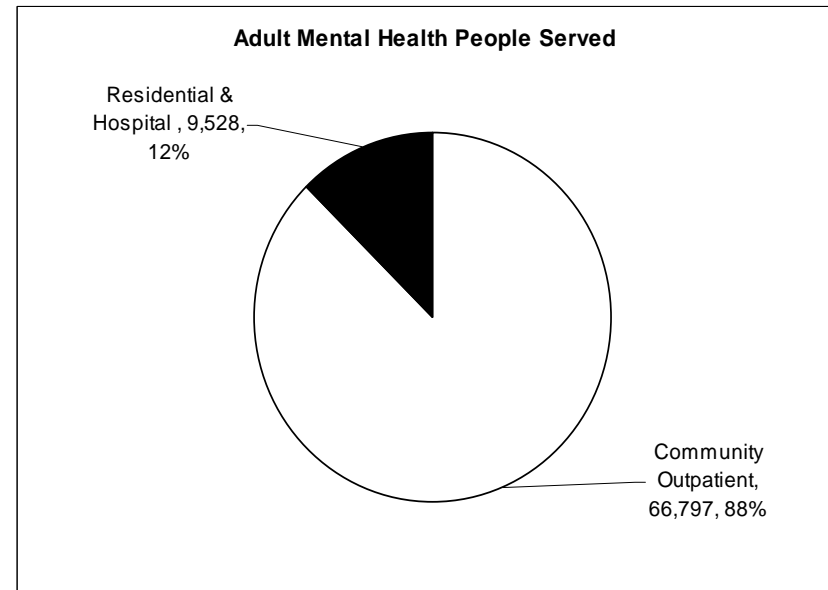
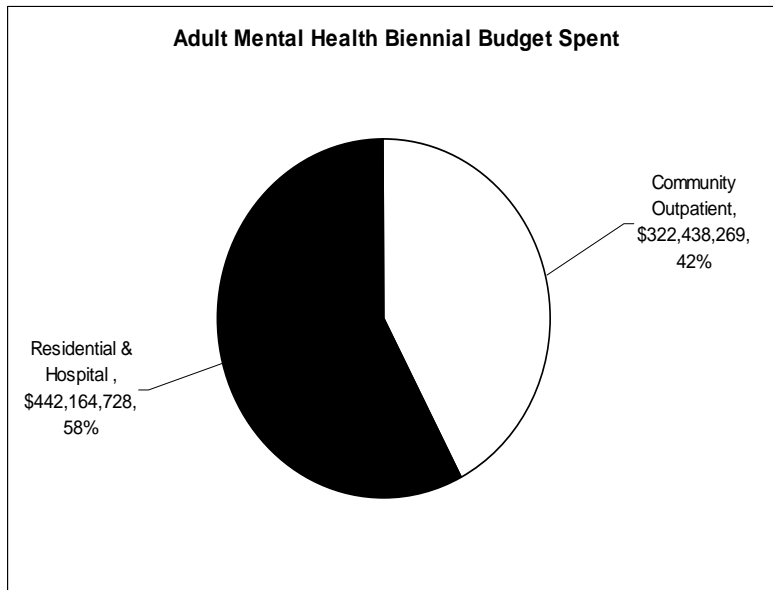
AMH key responsibilities

- Funding and development of prevention and treatment programs
- Implementing state addiction, gambling and mental health programs
- Developing appropriate housing and supports for individuals in the community
- Developing services for persons with:
 - Substance abuse disorders
 - Problem or pathological gambling
 - Mental health disorders
- Encouraging and supporting services for individuals with co-occurring mental health and substance abuse disorders
- Maintaining custody of persons civilly or criminally committed by courts to the state for care and treatment of mental illness

Number of those in need versus number served

| Age/Category | Prevalence | People served in public system | Percent of need met |
|------------------------------|----------------|--------------------------------|---------------------|
| Addictions | | | |
| Over 17 | 235,516 | 56,138 | 24% |
| 17 and under | 26,765 | 6,635 | 25% |
| Mental Health | | | |
| 17 & under | 105,306 | 34,617 | 33% |
| Over 17 | 154,867 | 71,204 | 46% |
| Problem Gambling | | | |
| All | 76,839 | 4,743 | 6% |
| Addictions Prevention | | | |
| Broad-based activities | | Individualized services | |
| 151,773 | | 37,877 | |

Services by service type



Addictions treatment is effective

- For adults who have received treatment:
 - More than 70 percent report working at the end of treatment
 - 67 percent of parents met child reunification requirements
 - 98 percent are in stable housing
- For youth who have received treatment:
 - More than 90 percent who successfully completed treatment had improved academic performance
 - More than 90 percent had improved school attendance
 - More than 90 percent had improved behavior at school

Mental health treatment is effective

- For adults receiving services:
 - 79 percent of those who are assisted in finding housing are successful in finding housing
 - Only 3.1 percent of people reported being arrested after treatment versus 11.8 percent in the year prior to treatment
- For children receiving services:
 - 72 percent of females and 58 percent of males (ages 12-17) reported a decrease in the number of encounters with police in the year after initiation of mental health services
 - More than 70 percent of the caregivers of youth reported better school attendance after initiation of mental health services, with the greatest impact (81 percent) for children under age 10

Major initiatives

- 2007-2009 legislative investments
- Recovery focus
- Transformation Initiative
- Housing development
- Peer-delivered services
- Improvements at the Oregon State Hospital

2007-2009 legislative investments

- Addictions prevention
 - Strengthening Families Program
- Addictions Treatment
 - Intensive treatment and recovery services
 - Distribution of alcohol and drug treatment funds
- Children's mental health services
 - Support for non-Medicaid children and families
 - Early assessment and treatment
- Adult mental health services
 - Crisis and acute care
 - Jail diversion
 - Supported employment
 - Supported housing
 - Afro-centric services
 - Case management
- Oregon State Hospital
 - Continuous Improvement Process
 - Planning to build new state treatment facilities

Recovery focus

- AMH adopted a policy on recovery and resiliency in July 2006 as the foundation for a recovery-focused system
- AMH is realigning the state's clinical, administrative and financial infrastructure to support counties, providers and recovery advocates in adapting new models in their communities
- Recovery and resiliency-oriented services improve outcomes for individuals including those involved with multiple systems

Role of Transformation

- Transformation provides the structure and tools to achieve major changes in the hospital, the program office and the community-based systems
- The community-based initiatives are focused on improving the timeliness of client transitions between elements of the system of care to ensure people are treated at the correct level of care for the right amount of time
- The Oregon State Hospital initiatives are focused on streamlining processes, improving services and changing the hospital culture
- The program office initiatives are focused on streamlining and simplifying administrative processes to better support quality service delivery
- The accountabilities are focused on capturing real-time cost, service, quality and people benefits

Housing development during 2007-2009

- Initiated 33 projects in 18 counties
- Serving an additional 323 people with serious mental illness
- Alcohol- and drug-free housing initiated five additional projects, creating homes for 96 people
- Oregon Recovery Homes have increased the number of peer-run Oxford Houses in Oregon to 170 in 16 counties, providing homes for more than 1,300 people including 300 children

Evidence-based practices

- The addictions and mental health treatment systems dedicate more than 50 percent of available funding to evidence-based practices
 - Exceeded the statutory requirements (ORS 182.525) to deliver evidence-based practices at the 50 percent level
- AMH uses rigorous criteria for approving evidence-based practices
- There are more than 150 approved practices available for providers to meet people's needs

Oregon State Hospital

Oregon State Hospital made significant progress in:

- Hiring additional staff to improve quality of care and safety
- Reducing seclusion and restraint to levels equal to or below the national average
- Retaining Joint Commission Accreditation and CMS certification
- Improving fiscal accountability
- Increasing revenue collections
- Training six new nurses through an innovative program to train nurses from existing staff

Peer-delivered services

Oregon has invested funding, time and energy to encourage and support peers in providing services and supports. These peer-directed services and programs support people in recovery and strengthen their success in the community.

- Support for Dual Diagnosis Anonymous
 - More than 80 of these critical self-help groups have been established during the past two years to serve people with both mental health and addiction disorders
- Creation of the Peer-Bridgers program at OSH
- Support for Family Navigators for children's mental health
- Establishment of certification process for peer-delivered services, training and education

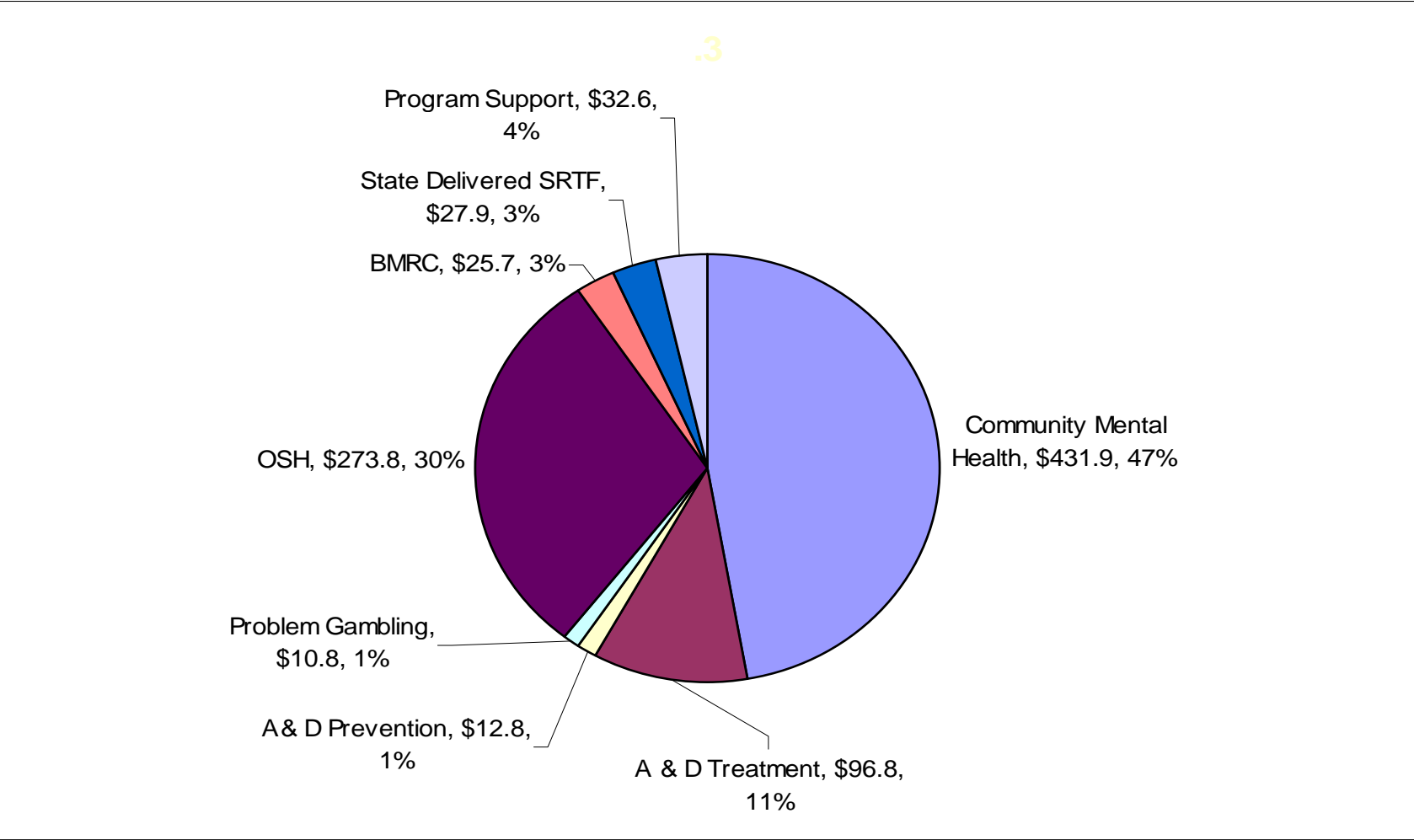
Challenges in the current system

- Oregonians do not have sufficient access to publicly funded addictions and mental health treatment due to lack of funds
- The funding of services is weighted toward institutions and facility-based services to the detriment of supportive, flexible services in the community
- The state and providers struggle with an inefficient, inflexible 30-year-old data system
- Caseload and mandated services often are driven by the legal system
- Providers struggle with low rates and the inability to provide competitive wages
- The stigma associated with addictions and mental illness:
 - Prevent people from accessing services early
 - Hamper the state's ability to return people to their community
- The mental health and addictions payment and management systems are overly complicated

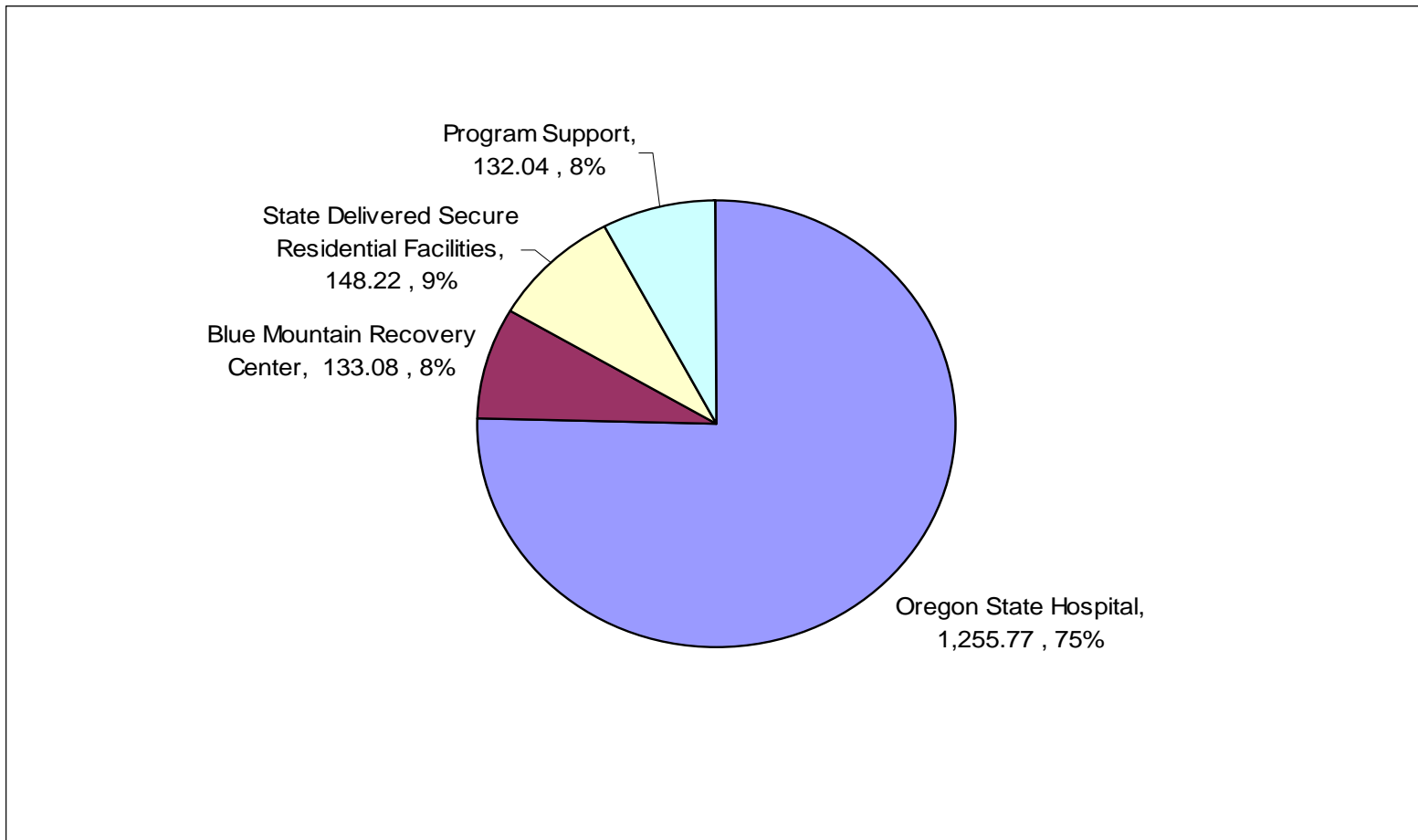
Summary of budget drivers

- Underage drinking rates in Oregon are far above the national average
- Lack of safe, affordable housing for people who are in recovery exacerbates their illness
- Growth in mandated treatment for people with severe and persistent mental illness
- Growth in access to highly addictive gambling games including online games

Budget by program at modified EBL: \$912.3 million



Direct services vs. administration FTE at modified EBL: 1,669 FTEs; 92 percent direct service



2009-2011 base to Modified EBL budget “build”

| | General Fund | Lottery Funds | Other Funds | Federal funds | Total Funds | Pos | FTE |
|---|--------------|---------------|-------------|---------------|-------------|-------|----------|
| Base Budget | 528,508,221 | 13,357,026 | 33,886,649 | 227,889,239 | 803,641,135 | 1,663 | 1,619.89 |
| Essential Packages: | | | | | | | |
| Package 010 - Vacancy and Non-PICS PS | 11,313,410 | 3,623 | 77,441 | (346,493) | 11,047,981 | - | - |
| Package 021 - Phase-in (Roll-up costs) | 11,953,853 | - | - | 12,776,801 | 24,730,654 | - | - |
| Package 022 - Phase-out (programs, policies, etc) | (425,000) | - | - | (384,081) | (809,081) | - | - |
| Package 030 - Inflation - cost of goods & svcs | 15,714,778 | 351,639 | 575,082 | 7,477,578 | 24,119,077 | - | - |
| Package 040 - Mandated Caseload | 31,049,822 | - | - | 14,421,745 | 45,471,567 | 102 | 49.22 |
| Package 050 - Fund Shifts (Change in FMAP) | (4,232,402) | - | 1,038,583 | 3,193,819 | - | - | - |
| Package 060 - Technical Adjustments | 1,668,076 | - | (8,940) | 2,888,198 | 4,547,334 | - | - |
| 2009-11 Total Essential Budget Level (EBL) | 595,550,758 | 13,712,288 | 35,568,815 | 267,916,806 | 912,748,667 | 1,765 | 1,669.11 |
| Package 070 - Revenue Shortfalls | - | - | (70,452) | (409,523) | (479,975) | - | - |
| 2009-11 Total Modified EBL | 595,550,758 | 13,712,288 | 35,498,363 | 267,507,283 | 912,268,692 | 1,765 | 1,669.11 |

Modified EBL: Key drivers

Package 010 – Vacancy and non-PICS personal services

- Extraordinary inflation exception granted to normalize overtime and holiday pay, and shift differentials within the state hospitals (\$9.2 million total funds)

Package 021 – Phase-in of 2007-2009 POPs and caseload development

- POP 104 – Phase-in of Harmon settlement capacity (\$4.4 million total funds)
- Caseloads – Roll-up of 2007-2009 development for PSRB, civil and Juvenile PSRB caseloads (\$19.6 million total funds)

Package 033 – Extraordinary medical inflation – OSH rate enhancement

- Allowance for 12.71 percent incremental inflation rate applied to medical services and supplies (\$4.1 million total funds)

Package 040 – Mandatory caseload

- Capacity development for projected caseload growth in PSRB, civil and Juvenile PSRB (\$12.3 million, 29.2 million and \$2.7 million total funds, respectively)

2009-2011 modified EBL to GRB budget “build”

| | General Fund | Lottery Funds | Other Funds | Federal funds | Total Funds | Pos | FTE |
|---|--------------|---------------|-------------|---------------|---------------|-------|----------|
| 2009-11 Total Modified EBL | 595,550,758 | 13,712,288 | 35,498,363 | 267,507,283 | 912,268,692 | 1,765 | 1,669.11 |
| Adjustments to achieve GRB | | | | | | | |
| Package 081 - June E-board roll-up | 2,660,359 | - | - | - | 2,660,359 | 22 | 22.00 |
| Package 082 - September E-board roll-up | 21,137,086 | - | - | - | 21,137,086 | 168 | 168.00 |
| Package 084 - December E-board roll-up | - | - | - | - | - | - | - |
| Package 090 - Reductions | (97,715,387) | (75,378) | (3,265,787) | (27,121,909) | (128,178,461) | - | (109.36) |
| Subtotal Pre-POPs GRB | 521,632,816 | 13,636,910 | 32,232,576 | 240,385,374 | 807,887,676 | 1,955 | 1,749.75 |
| Policy Option Packages in GRB | | | | | | | |
| Package 188 - New Facility Staffing | 25,784,491 | - | 496,578 | 275,365 | 26,556,434 | 357 | 202.26 |
| Package 198 - CIP Staffing | 9,442,130 | - | - | 94,542 | 9,536,672 | 170 | 78.43 |
| Governor's Recommended Budget | 556,859,437 | 13,636,910 | 32,729,154 | 240,755,281 | 843,980,782 | 2,482 | 2,030.44 |

GRB proposed reductions

Most significant proposed reductions and savings targets:

- Eliminate adult residential services in alcohol and drug treatment (\$25 million)
- Cut 50 percent GF from alcohol and drug outpatient treatment services (\$32.7 million)
- Eliminate 90 percent of non-Medicaid adult outpatient mental health services (\$28.4 million)
- Cut 50 percent of Acute inpatient psychiatric services funding (\$18.1 million)
- Close Blue Mountain Recovery Center (\$5.3 million)
- Eliminate provider contract cost-of-living adjustments (\$16.6 million)

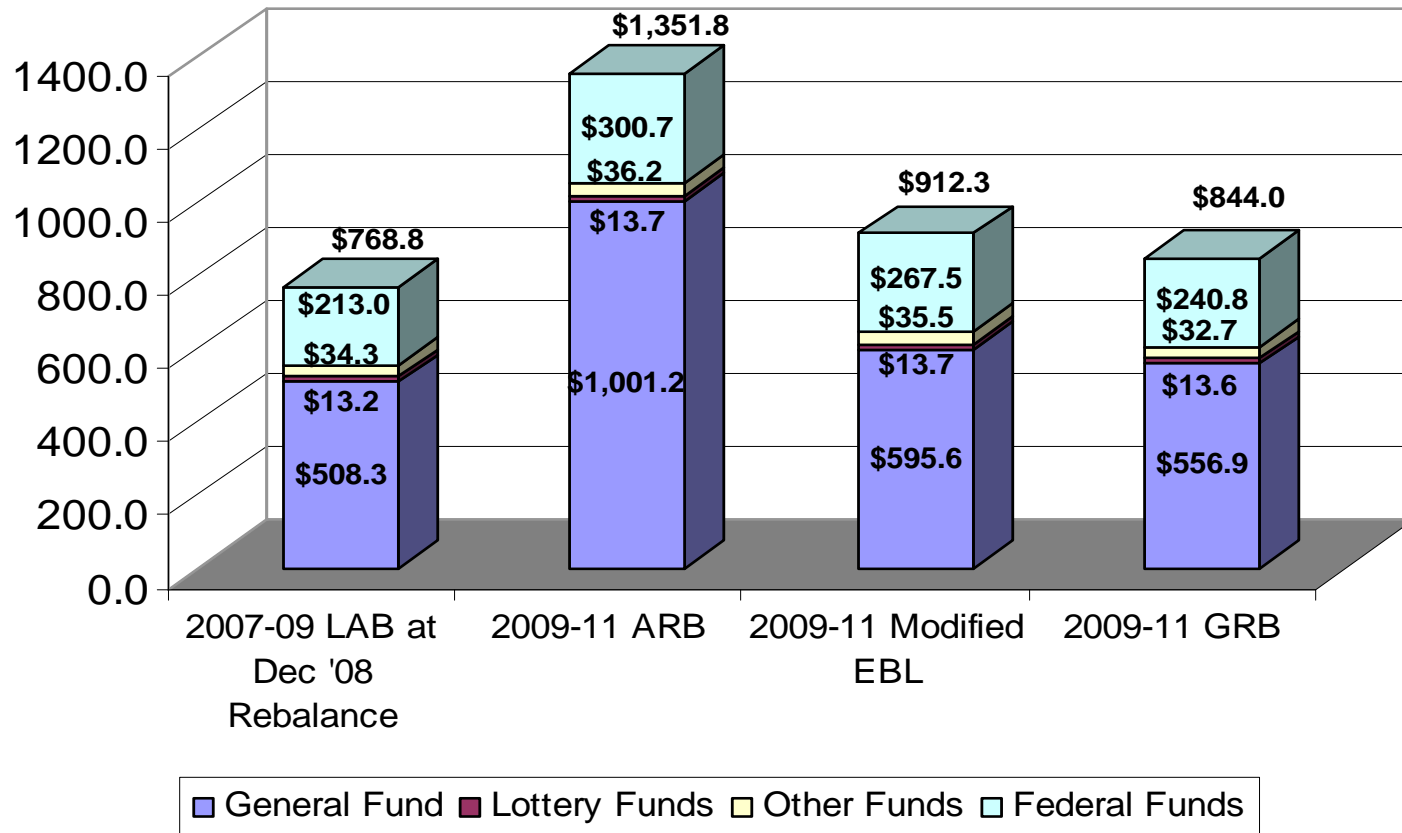
GRB investments

| Oregon State Hospital Staffing and CIP | General Fund | Lottery Fund | Other Fund | Federal Fund | Total Fund |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|
| Staffing of new Oregon State Hospital: Staffing, equipment and supports to open and operate a new state-of-the-art psychiatric treatment and recovery facility to replace Oregon State Hospital are supported with this package. These resources will allow progress toward the goal of 20 hours of active psychiatric treatment for each patient each week, but will not allow OSH to achieve the 20 hours per week called for in the Continuous Improvement Plan as soon as was initially anticipated. This will assist patients toward timely recovery and successful community transitions. | 42.4 | - | 0.5 | 0.4 | 43.3 |

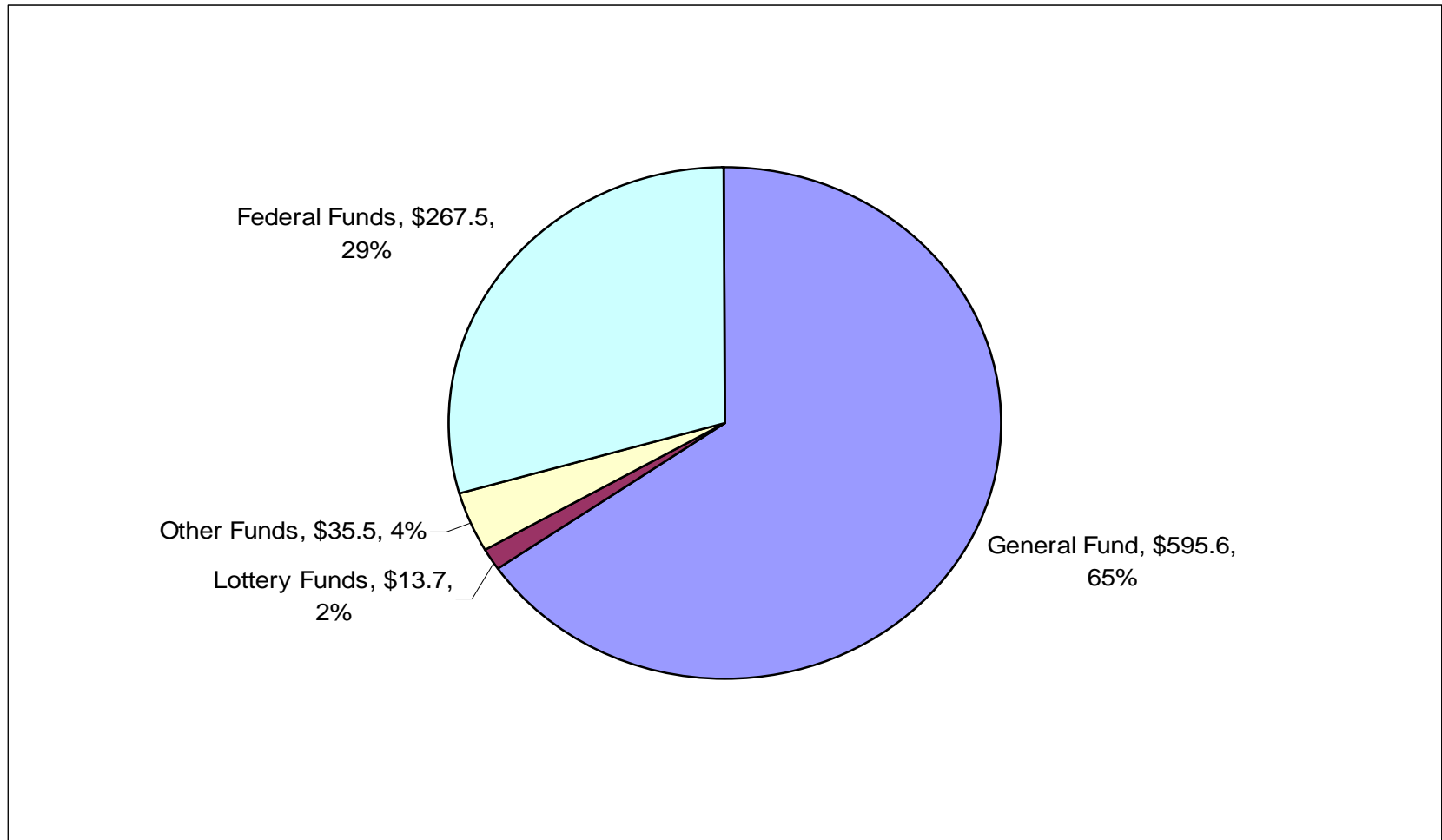
| 090-AMH Suicide Crisis Line | General Fund | Lottery Fund | Other Fund | Federal Fund | Total Fund |
|--|---------------------|---------------------|-------------------|---------------------|-------------------|
| Suicide Crisis Telephone Helpline and Internet Portal: This package supports the operation of a 24 hours per day - 365 days per year statewide suicide crisis telephone helpline and internet-based portal for youth and adults. The suicide crisis line and internet-based portal will provide screening, assessment, informal on-line counseling and referral to community mental health, local law enforcement and other appropriate services. | 0.7 | - | - | - | 0.7 |

2009-2011 budget comparisons by fund type

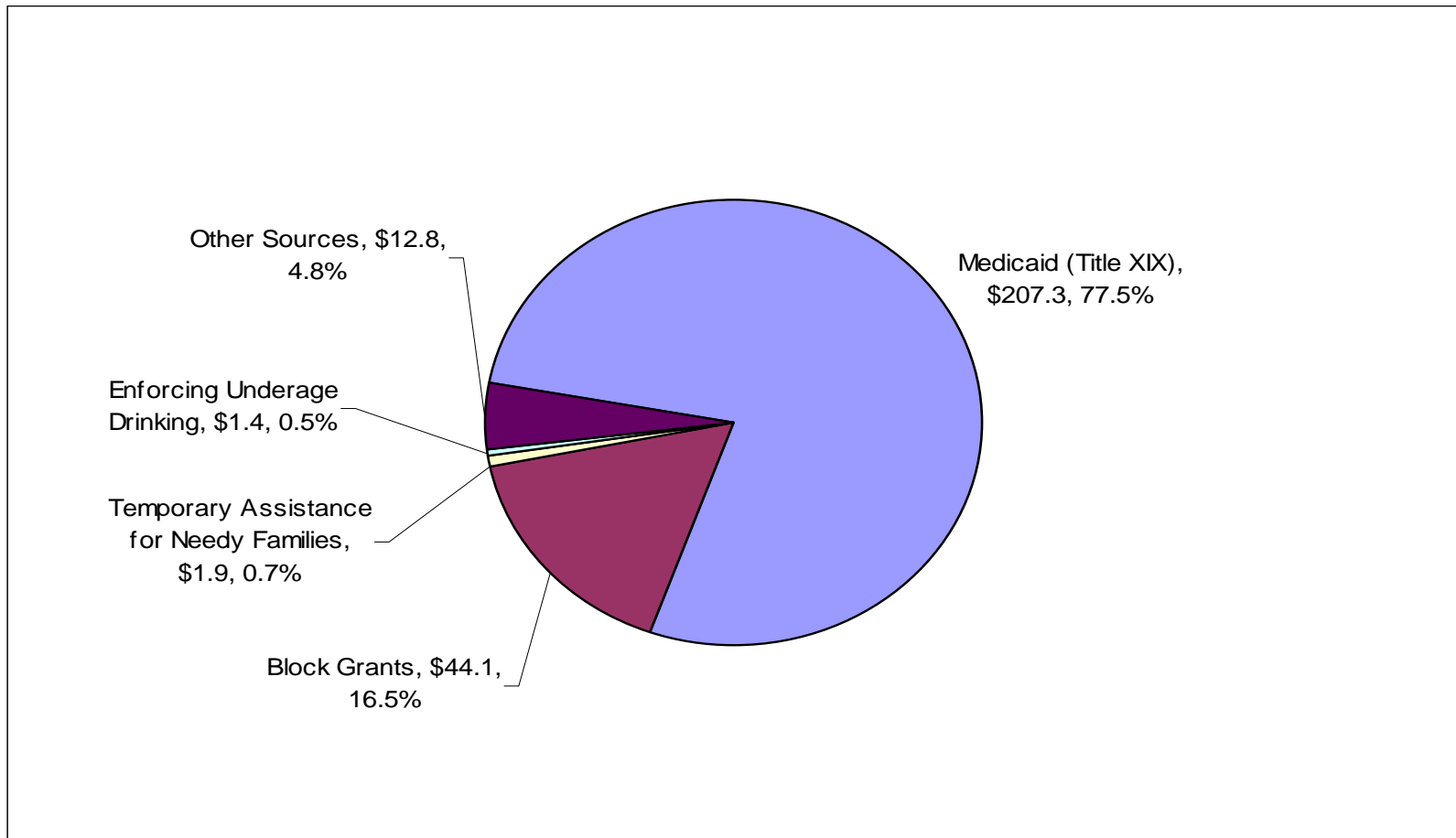
2009-11 Budget Comparisons by Fund (millions)



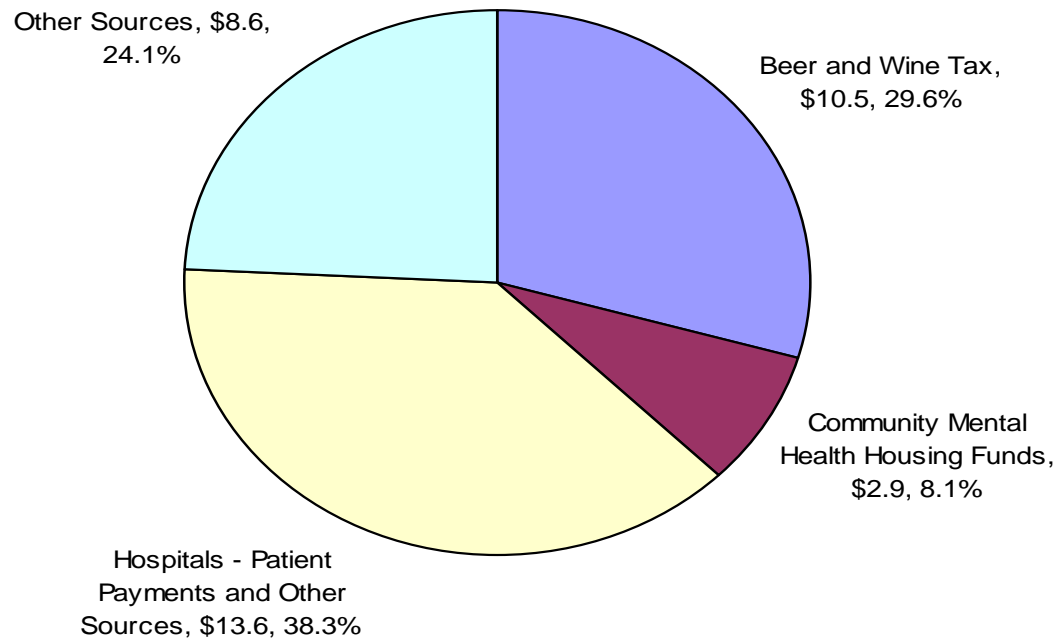
Budget by fund type at modified EBL: \$912.3 million



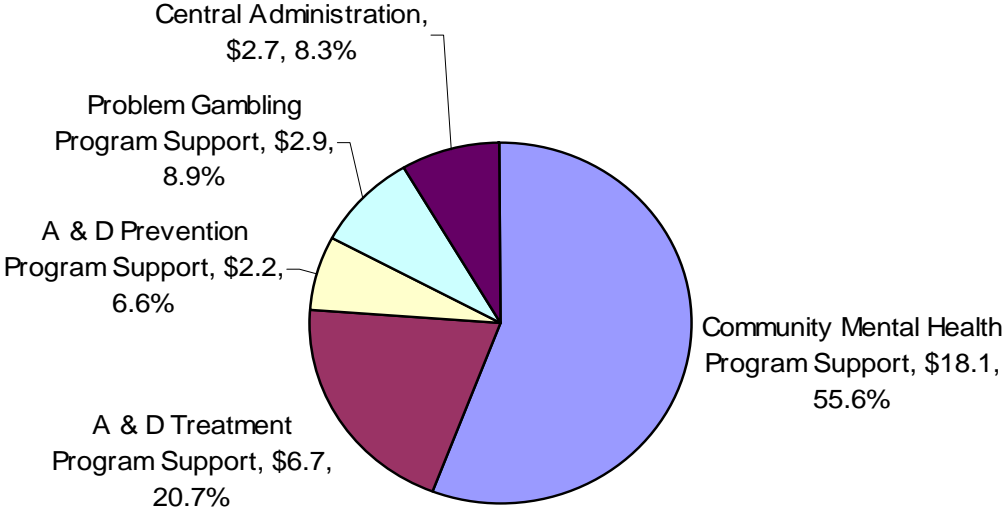
Major sources of Federal Funds at modified EBL: \$267.7 million



Major sources of Other Funds at modified EBL: \$35.5 million



Program Support and Administration budget at modified EBL: \$32.6 million



Federal Stimulus Package update: Impact on AMH

Current AMH federal funding opportunities from the stimulus package:

- Increase in the Federal Matching Assistance Percentage (FMAP) rate
 - 6 quarters in 2009-2011 – base rate increase plus index tied to unemployment
 - Estimated impact \$20.7 million
- Potential competitive grant funding opportunities in areas such as:
 - Health information technology – electronic health records
 - Housing – in partnership with Housing and Community Services
 - Potential collaborative work with law enforcement and criminal justice system

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