

BILL ANALYSIS

C.S.H.B. 3089
By: Dutton
Public Health
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, Texas funds and manages nine mental health state hospitals. In the last few years, numerous reports have documented problems with the State's mental health system. Recently, the Chief Administrator of the Austin State Hospital admitted that over 250 assaults occurred last year alone. Some of these assaults have resulted in the deaths of individuals who are court committed to state facilities for psychiatric care. It is further reported that uses of seclusion and restraint have resulted in numerous lawsuits and deaths, and that seclusion and restraint, including medical restraints, are common and used daily at every state hospital. All nine State hospitals are decades old and require extreme physical plant repairs.

The 78th Texas Legislature passed HB 2292 during the Regular Session, and it included a provision allowing for the State to enter into a public/private partnership to revamp and improve mental health services in Texas. The Texas Department of Mental Health and Mental Retardation initiated a competitive bidding process in December 2003 but did not receive any bids to operate the state hospitals. This legislation is designed to correct two significant issues with HB 2292. First, HB 2292 mandates a 25% savings, an unrealistic goal for any public or private provider. Second, the statute does not specify requirements for an elevated standard of client care.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

The substitute directs the Department of State Health Services to contract with a private entity to finance, design, build, and operate a state hospital; requires the Health and Human Services Commissioner to determine that a private provider will operate the hospital at a cost that is at least five percent less than the cost to the Department; establishes criteria for standards of care; establishes qualifications for participating private entities; requires the Department to collect certain data without violating confidentiality or privacy rules; mandates a report to the Legislature no later than November 1 of each even-numbered year. The substitute requires the Department to issue a request for proposal for a private service provider not later than October 14, 2005.

EFFECTIVE DATE

September 1, 2005.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Clarifies that the Department shall enter into in an agreement with a private entity to finance, design, build, and operate a new facility. Clarifies that a private provider will treat a population with essentially the same characteristics of the population currently treated at the hospital. Clarifies that a contract with a private provider must establish specific goals for the provider to meet, including significantly reducing total length of stay for patients on an annual basis and in reducing recidivism. Clarifies that the Department shall monitor and maintain information in regard to the care of patients at the state hospital and that such information shall include the number of incidents of serious assaults in the hospital setting. Clarifies that the Department must select a provider that has managed an inpatient mental health facility. Changes the term of the

contract from a period not to exceed 20 years to a period not to exceed 25 years. Clarifies that operational savings used to pay debt service payments for the financing of a new facility shall be counted toward the 5% savings requirement.