



# State of South Carolina

## Department of Mental Health

### MENTAL HEALTH COMMISSION:

L. Gregory Pearce, Jr., Chair  
Louise Haynes, Vice Chair  
Alison Y. Evans, PsyD  
Bob Hiott

2414 Bull Street • P.O. Box 485  
Columbia, SC 29202  
Information: (803) 898-8581

**Kenneth M. Rogers, MD**  
State Director

April 27, 2021

SC Senate Medical Affairs Committee  
Attention: Research Director  
PO Box 142  
412 Gressette Building  
Columbia, SC 29202

Re: Proposed Senate Bill 2;  
Comments by the South Carolina Department of Mental Health

### Introduction

The primary concern of the Department of Mental Health (DMH) and the South Carolina Mental Health Commission, its governing body, with proposed S.2 is that the changes it proposes not adversely affect the current or future delivery of treatment services to the agency's patients and residents.

DMH is one of the State's largest agencies, with many important missions related to the provision of health care. Those include (i) providing needed mental health treatment to adults and children, regardless of ability to pay, (ii) evaluating the capacity to stand trial of criminal defendants; (iii) operating nursing homes and providing quality nursing care or ensuring its provision to residents; and (iv) operating the State's sexually violent predator treatment program. An overview of DMH is attached for your information.

To ensure that the provisions in S.2 do not unintentionally disrupt the provision of care and services, my recommendation is to postpone consideration of the bill to allow time for the affected State agencies, together with the Department of Administration, to prepare a report which describes any actions and additional resources needed to implement the changes proposed in S.2 in a manner that will ensure that all current services provided by the affected agencies and their employees continue throughout the transition process.

### Discussion

Some of the changes affecting DMH involve purely policy issues, such as abolishing the State's Mental Health Commission and making the DMH a Division within the proposed Department of Behavioral and Public Health. However, some changes pose the risk of adversely impacting the

### MISSION STATEMENT

To support the recovery of people with mental illnesses.



agency's services if not carried out with careful study and additional resources, such as transferring responsibility for the current operation of State Veterans Nursing Homes from DMH to the Department of Veterans Affairs. Still other changes raise policy concerns which may not be apparent at first glance. For example, it may create the appearance of a conflict to place the State's health licensing/regulatory function in the same agency with DMH, which operates licensed, regulated hospitals and nursing homes.

Below is a listing of provisions within the proposed legislation having to do with DMH and the issues they raise:

**Abolishing the Mental Health Commission**

The State Mental Health Commission was created by Act 836 of the 1952 Acts. Prior to 1952, the control of the State Hospital and the State's mental health facilities was vested in a Board of Regents. That Board traced its existence to 1827, with the creation by the General Assembly of the Board of Regents of the South Carolina Lunatic Asylum. In other words, the State's public mental health authority – DMH – has had oversight and governance from an appointed board of citizens for 193 years.

There are a number of advantages to agency governance/oversight by a citizen Commission:

- There is representation from different parts of the State;
- Commission members frequently bring the perspective of the recipient of services to the management of the agency;
- Members often have individual areas of experience or expertise that improves oversight and decision making.
- The statute on the make-up of the Commission [*S.C. Code Ann.*, Section 44-9-30(A)(2)] encourages the Governor to consider appointing family members of patients;
- Currently and frequently members have experience as service providers;
- Members of the Commission are often approached by members of the public about concerns or issues, and members pass those issues to DMH State Director to be addressed, increasing the opportunities for the Department learn of, and resolve, service delivery problems.

Commission members both historically and currently are knowledgeable and concerned about the agency's services:

- The Commission meets monthly and reviews both monthly and periodic reports about:
  - patient protection incidents;
  - patient or family complaints;
  - agency budget projections, including updated revenue and expense information;
  - litigation involving the agency;
  - major contracts under consideration;
  - information about any recent surveys of DMH facilities and centers;
  - operational information concerning hospitals, nursing homes and community mental health centers

- 6 of its 12 annual meetings take place on a rotating basis in each of the Department's hospitals, 16 community mental health centers, and nursing homes.
- At facility/center meetings, Commission members meet with local management and local Center Board members and receive a presentation by the facility/center about their operations;
- The Commission members receive, review and discuss agency Internal Audit reports;

**Designating DMH as one of 3 Divisions within the proposed Department of Behavioral and Public Health**

As previously noted, DMH is one of the State's largest agencies. In terms of number of employees and operating budget, DMH would be larger than the other two Divisions combined. An overview of DMH is attached for your information.

Public mental health services are historically a core function of State government, and South Carolina has had a stand-alone mental health agency for over 190 years. Making DMH one of 3 Divisions within a new cabinet agency may diminish direct communication between DMH and the General Assembly about the mental health care needs of the State's citizens, and the resources required to meet those needs.

**Transferring responsibility for State Veterans Nursing Homes to the Department of Veterans Affairs (DVA)**

Background

Operating State Veterans Nursing Homes, and providing needed care to the residents of those homes has been one of the Department's statutory missions for the past 50 years. However, DMH has been providing needed nursing care to South Carolina veterans for much longer than 50 years.

Long before Congress in the early 1960's authorized and began funding the U.S. Veterans Administration (VA) to partner with States to construct and operate State Veterans Nursing Homes, and long before the South Carolina General Assembly in 1969 passed legislation authorizing DMH to act on behalf of the State by entering into agreements with the VA for the establishment and operation of State Veterans Nursing Homes, DMH, within its State hospitals had been providing care to South Carolina veterans, and other South Carolinians, in need of nursing care.

Before the advent of Medicaid in the late 1960s, roughly 25 – 30% of patients in State hospitals -- both nationally and in South Carolina -- were there primarily because they were elderly, in need of nursing care, and neither they nor their families had the ability or means to provide them necessary care at home or in the community. Many State veterans were among those being cared for in DMH State Hospitals. On April 1, 1971, the E. Roy Stone War Veterans Pavilion, as Stone was originally known, was opened. The first residents were patients transferred to Stone from the South Carolina State Hospital:

- According to an excerpt from the Department's FY 1971 annual report concerning the opening of Stone, "[m]any of the veterans had been long-time patients in the State Hospital ..."

Caring for veterans is a mission and responsibility which the agency takes seriously, and one in which it has excelled:

- The Stone Pavilion, which continues to be directly operated by DMH, has achieved the highest 5 Star rating from the Centers for Medicaid and Medicare Services (CMS) on multiple occasions and is currently one of the few 5 star rated nursing homes in South Carolina.

The Department's other two current State Veterans Nursing Homes – Richard M. Campbell in Anderson and Veterans Victory House in Walterboro – have been in operation since 1990 and 2006 respectively. Both are managed by a private company under contract with the State/DMH. Payments to the operator of Campbell by DMH in FY 20 totaled \$18,788,160. Payments to the operator of Veterans Victory House in FY 20 totaled \$19,171,297.

Issues to be considered regarding a transfer of State Veterans Nursing Homes to DVA

As noted, the operation of Campbell and VVH is managed by private companies under contract with the State/DMH. However, DMH clinical and administrative staff from the Department's Division of Long-Term Care, with assistance as needed from the Department's Office of General Counsel, monitor the contractor's compliance with the terms of the contract and oversee the care being provided to residents of those facilities. In addition to periodic site visits, routinely reviewing staffing reports and reports of adverse events, DMH staff review licensing and certification surveys by DHEC, CMS and the VA, follow up on corrective actions and investigate any complaints by residents or their families.

These large facilities are State owned. While under the terms of each RFP the contractor is responsible for the maintenance of the grounds and facilities, including preventive maintenance on the roof, HVAC and other major building systems, staff from DMH's Department of Physical Plant Services (PPS) regularly visit and inspect the facilities to ensure the contractor is complying with its responsibilities.

State appropriations currently fund less than 50% of the cost of operating Campbell and Veterans Victory House. Payments from the VA, Medicare, Medicaid and a modest charge for all but indigent veterans provide the remaining revenue needed to fund operations. The Department's central billing staff located in its Division of Financial Services in Columbia bill, collect and account for payments from the residents/families, the VA, Medicare and Medicaid, as well as maintain required records of income and expenses of the personal funds of all residents.

DMH Physical Plant Services (PPS) project management staff are currently overseeing the soon-to-be completed construction of two new State Veterans Nursing Homes in Florence County (Veteran Village) and Cherokee County (Palmetto Patriots Home), each with 104 single rooms. Construction of both facilities has proceeded on schedule and within project budgets. The construction budgets for these two new State Veterans nursing homes totaled in excess of \$57 million each.

DMH PPS is also overseeing construction projects for new State Veterans nursing homes in Sumter and Horry counties, as well as a major renovation of the Fewell building, which is part of the Stone Pavilion State Veterans nursing home in Columbia. Those projects are in different stages of design

and planning. The expected construction budgets for all three projects combined will exceed \$150 million.

The Department's Procurement Office within its Division of Financial Services worked with Division of Long-Term Care staff and with the State's Materials Management Office (MMO) to complete last November a RFP and new contract awards for the operation of Campbell and Veterans Victory House. The amounts of those contracts over the expected 5-year period are projected to be approximately \$100 million each.

DMH Procurement working with DMH Division of Long-Term Care staff and MMO also completed in early April a competitive bid process and contract award for the operation of Veteran Village and Palmetto Patriots Home. The amounts of those contracts over the expected 5-year period are projected to be approximately \$68 million each.

DMH's Division of Administrative Services, Division of Long-Term Care Services and its Division of Financial Services are currently actively considering procuring an electronic health record for all of its nursing homes, an undertaking that will be both complex and expensive.

These critical support functions –

- the DMH Division of Long-Term Care's clinical contract monitoring of compliance with the contract terms, including the care provided to nursing home residents by the operating contractor;
- monitoring of required building maintenance, project management of needed building system repairs and renovations to existing facilities, and project management of large, complex new nursing home construction projects by DMH's Physical Plant Services;
- periodic contracting for the operation of the nursing homes by staff in DMH's Division of Financial Services with subject matter expertise from staff in DMH's Division of Long-Term Care;
- ongoing billing, collection and accounting of reimbursement by staff in DMH's Division of Financial Services for the care provided at all of the State Veterans Nursing Homes, as well as maintaining required records of income and expenses of the personal funds of all residents

--are performed by DMH staff who perform similar functions for the Department's hospitals, its non-veterans nursing home, its 16 community mental health centers, and the State's Sexually Violent Predator treatment program. Relatively few staff in these vital support roles are dedicated solely to DMH State Veterans Nursing Homes.

In order to ensure good care continues to be provided to the veterans who reside in South Carolina's State Veterans Nursing Homes, DVA would need to have qualified staff to fulfill these functions, and the majority of the staff currently in these roles for DMH are providing needed support to DMH's hospitals, non-veterans nursing home, community mental health centers and SVP program.

An additional challenge when contemplating the potential transfer of operational responsibility for State Veterans Nursing Homes to DVA pertains specifically to the Stone Pavilion State Veterans' nursing home in Columbia.

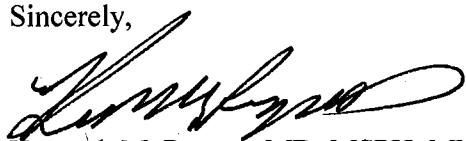
SC Senate Medical Affairs Committee  
Attention: Research Director  
April 27, 2021  
Page 6

- Stone sits adjacent to, and shares a campus with the Department's non-veterans nursing home, the Roddey Pavilion in Columbia. Because of their joint location, they share both some administrative support staff, as well as some clinical specialty staff, such as pharmacy and physical therapy.
- Stone is just one of several large inpatient facilities operated by DMH in Columbia, which includes Roddey, the G. Werber Bryan Psychiatric Hospital and Morris Village Alcohol and Drug Addiction Treatment Facility. To take advantage of the economies of scale, all DMH inpatient facilities in Columbia were and are still today served by a central kitchen. Stone Pavilion, in contrast to Campbell, Veterans Victory House, Palmetto Patriots Home and Veterans Village, has no food preparation kitchen. Rather, like other Columbia inpatient facilities, Stone receives pre-prepared meals for its residents from the large central kitchen facility operated by DMH Nutritional Services and utilizes re-therm units to bring residents' meals to serving temperature.

Conclusion

To ensure that the provisions in S.2 do not unintentionally disrupt the provision of care and services to residents and patients currently cared for by DMH or whose care is the responsibility of DMH, my recommendation is to postpone consideration of the bill in order to allow time for further study. The affected State agencies, together with the Department of Administration, can then use that time to prepare a report to the Subcommittee which describes what actions and additional resources would be needed to ensure that all current services provided by the affected agencies and their employees continue throughout the transition process.

Sincerely,



Kenneth M. Rogers, MD, MSPH, MMM  
State Director  
South Carolina Department of Mental Health

cc: L. Gregory Pearce, Jr.  
Chair, South Carolina Mental Health Commission

Attachment