



## CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

August 12, 2004

### **H.R. 4302**

#### **District of Columbia Civil Commitment Modernization Act of 2004**

*As ordered reported by the House Committee on Government Reform on May 12, 2004*

#### **SUMMARY**

H.R. 4302 would revise District of Columbia (D.C.) law concerning involuntary commitment of the mentally ill. Most of the bill's provisions have been passed by the D.C. Council and signed by the Mayor. Under the Home Rule Act, any legislation enacted by the city must be approved by the Congress.

CBO anticipates that the bill would shift the provision of care for some mentally ill individuals from St. Elizabeth's Hospital, D.C.'s inpatient psychiatric facility, to local general hospitals and outpatient mental health programs. Because the Medicaid program restricts federal reimbursement for certain services provided at state psychiatric facilities, this shift would enable more of those individuals to receive Medicaid-funded services. CBO estimates that enacting H.R. 4302 would increase federal Medicaid spending by \$2 million over the 2005-2009 period and by \$5 million over the 2005-2014 period.

H.R. 4302 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). While the bill would increase D.C.'s share of Medicaid spending by \$1 million over the 2005-2009 period, it would reduce D.C.'s spending for medical costs at Saint Elizabeth's Hospital (both Medicaid and non-Medicaid) by \$15 million over the same period.

#### **ESTIMATED COST TO THE FEDERAL GOVERNMENT**

The estimated budgetary impact of H.R. 4302 is shown in the following table. CBO assumes enactment by the end of 2004. The bill's effects would fall within budget function 550 (health).

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By Fiscal Year, in Millions of Dollars												
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2005- 2009	2005- 2014

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**CHANGES IN DIRECT SPENDING**

Medicaid												
Estimated Budget Authority	*	*	*	*	*	1	1	1	1	1	2	5
Estimated Outlays	*	*	*	*	*	1	1	1	1	1	2	5

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Notes: Components may not sum to totals because of rounding.

\* = Costs of less than \$500,000.

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## **BASIS OF ESTIMATE**

H.R. 4302 would provide Congressional approval for legislation already enacted by D.C. to amend its civil commitment laws. The bill would simplify the rules governing emergency involuntary hospitalization for mentally ill individuals and would require judicial review of the commitment status for hospitalized individuals on an annual basis. Both changes would provide more opportunities for individuals to be discharged to less-restrictive settings, such as community outpatient programs. Based on information from D.C. officials, CBO expects that the bill would reduce the length of stay for emergency visits, promote early release of long-term patients, and shift some involuntary emergency admissions from St. Elizabeth's to general hospitals.

By shifting individuals out of St. Elizabeth's to community programs and to emergency rooms and psychiatric wards of local general hospitals, H.R. 4302 would increase the amount of care paid for by Medicaid. Although many committed individuals in D.C. meet Medicaid eligibility criteria, reimbursement for inpatient treatment at St. Elizabeth's is limited because the facility is considered an Institution for Mental Disease (IMD) for the purposes of Medicaid reimbursement. Under Medicaid law, federal matching funds are not permitted for treatment in an IMD for individuals between the ages of 21 and 65. Federal Medicaid funding is available for certain outpatient mental health services and inpatient services provided in psychiatric wards of general hospitals. The federal match rate for D.C. is 70 percent. On balance, we estimate that the costs to the federal government would sum to about \$5 million over the 2005-2014 period.

## **Costs of Inpatient and Outpatient Care**

The costs of providing inpatient care to mentally ill individuals can be very high. According to D.C. officials, the daily rate at St. Elizabeth's Hospital in state fiscal year 2003 was about \$425 (or about \$155,000 per year), a figure that is consistent with rates at other similar facilities nationwide. Based on government and academic studies, CBO estimates that rates for inpatient care in state psychiatric facilities tend to be lower than those at private psychiatric hospitals and psychiatric wards of general hospitals (which were about \$600 per day in fiscal year 2003). Outpatient programs can cost far less. According to D.C. officials, the total cost of its outpatient treatment program for Medicaid enrollees (including counseling, medication, and diagnostic assessment) was about \$6,000 per person in state fiscal year 2003.

## **Reduction in Emergency Room Stays**

St. Elizabeth's admits about 600 mentally ill individuals on an involuntary emergency basis each year, according to D.C. officials. Local general hospitals admit several hundred others annually. This type of admission generally occurs for people with severe mental illness who are considered a harm to themselves or others. Individuals are held for observation pending a determination whether they require further inpatient care, mandatory enrollment in an outpatient program, or release into the community. Although D.C.'s existing civil commitment law provides for a court hearing after 30 days, most individuals remain in St. Elizabeth's for an average of 14 days before a placement determination is made. Length of stay at general hospitals tends to be shorter than that at St. Elizabeth's.

Under the bill, CBO expects that the length of stay for mentally ill individuals admitted to St. Elizabeth's for emergency stays would decrease by about 50 percent over the next 10 years. As a result, some individuals would enter community programs earlier than they otherwise would have. Based on discussions with D.C. officials and information provided by the Government Accountability Office, CBO assumes that about 70 percent of additional community-based care would be for Medicaid-eligible individuals. CBO estimates that federal Medicaid costs for those services would increase by about \$1 million over the 2005-2014 period.

## **New Admissions to Local General Hospitals**

Under current law, local general hospitals handle several hundred emergency admissions for mentally ill individuals that had previously gone to St. Elizabeth's. CBO anticipates that the bill would increase the number of emergency involuntary admissions to general hospitals by an additional 20 percent over the next 10 years. Assuming that 70 percent of those admissions are for Medicaid-eligible individuals and that Medicaid reimbursement for an emergency stay at a local general hospital is about \$3,700 in fiscal year 2005 (7 days for \$525 per day), CBO estimates that federal Medicaid costs would increase by about \$2 million over the 2005-2014 period. A few mentally ill individuals admitted to general hospital emergency rooms would subsequently be admitted on an involuntary basis to those hospitals' psychiatric wards. Assuming a cost of about \$50,000 per stay in fiscal year 2005 (100 days at \$500 per day), CBO estimates that Medicaid spending would increase by \$1 million over the 2005-2014 period.

## **Early Release of Long-term Patients**

Individuals with severe mental illness who are admitted to St. Elizabeth's on an emergency basis and do not comply with treatment regimens in outpatient programs can be subsequently committed on an involuntary basis to St. Elizabeth's. In most circumstances, individuals remain in that facility on an indeterminate basis without automatic and periodic judicial review of their cases. St. Elizabeth's houses about 500 individuals at any given time, about 200 of whom are connected with criminal cases (such as John Hinckley Jr.). Of the remaining cases, most are voluntary commitments, but about 100 individuals remain at St. Elizabeth's on an involuntary basis. Although average length-of-stay for individuals in state psychiatric hospitals can exceed 400 days, it is also common for mentally ill individuals to cycle in and out of community mental health placement and inpatient treatment at St. Elizabeth's.

Because the bill would require annual judicial review of the commitment status of institutionalized individuals, there would be more opportunities for individuals to be discharged to less restrictive settings, such as community outpatient programs. D.C. officials note that instituting such a review process likely would shift some individuals from an inpatient setting to an outpatient system or the community earlier. By 2014, when the provisions of D.C.'s civil commitment bill would be fully implemented, CBO estimates that the number of involuntary commitments at St. Elizabeth's would be reduced to about 40 people. CBO assumes that about one-half of the individuals released each year would access outpatient programs from St. Elizabeth's and that 70 percent of those individuals

would be eligible for Medicaid coverage of community mental health services. CBO estimates that Medicaid spending for outpatient mental health services would increase by about \$1 million over the 2005-2014 period.

## **INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT**

H.R. 4302 would provide Congressional approval for legislation that has already been enacted by the D.C. government. The bill contains no intergovernmental or private-sector mandates as defined in UMRA, and it would provide net savings to the District over the 2005-2009 period.

By reducing the amount of time that patients remain in Saint Elizabeth's Hospital for either emergency room or tertiary care, the bill would reduce expenditures by the city District. As patients move from Saint Elizabeth's to other hospitals or treatment facilities, CBO estimates that D.C. would save about \$15 million over the 2005-2009 period. Patients who would have received care at Saint Elizabeth's would likely receive care at other hospitals or treatment facilities; the costs of some of that care would be reimbursable by Medicaid. Consequently, CBO estimates that District spending for Medicaid would increase by about \$1 million over the 2005-2009 period.

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