



# **A Comprehensive Plan for State-Funded Inpatient Mental Health Services**

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**As Required by S.B. 1,  
85th Legislature, Regular Session, 2017  
(Article II, Health and Human Services  
Commission, Rider 221)**

**Health and Human Services**

**August 2017**



**TEXAS**  
Health and Human  
Services

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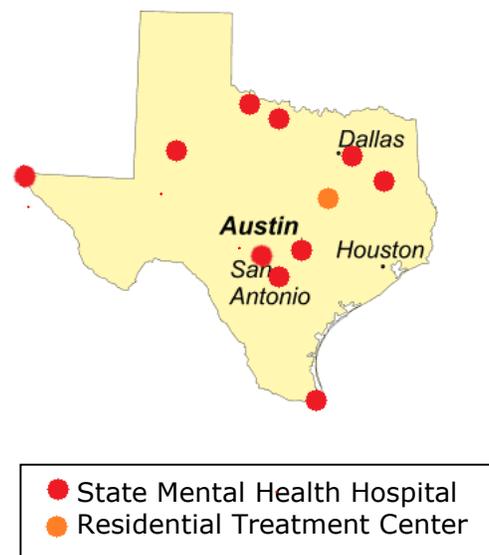
## Introduction

Texas benefits from a system of community-based behavioral health services and 10 state-operated hospitals that work together to create a network of state-funded psychiatric care.

S.B. 200, 84<sup>th</sup> Legislature, Regular Session, 2015, directed the transfer of behavioral health services previously operated by the Department of State Health Services (DSHS) to the Health and Human Services Commission (HHSC). State mental health hospital services will transfer from DSHS to HHSC on September 1, 2017. DSHS has worked diligently to improve access to and quality of treatment in all mental health settings; and, while HHSC aims to further the excellent treatment, evidence-based practices, and community-centered programs promoted by DSHS, the agency acknowledges that the state needs change. This plan builds upon the [Statewide Behavioral Health Strategic Plan](#) and other previous studies (available in Appendix A) to outline, at the highest level, HHSC's vision for the state hospitals as a part of the larger behavioral healthcare system in Texas, a system built on partnerships and strategies to move Texas forward in mental health care.

### Current Delivery System

Eight state hospitals (in Austin, Big Spring, El Paso, Rusk, San Antonio, Terrell, Wichita Falls, and the Rio Grande State Center in Harlingen) provide inpatient psychiatric services to a mix of forensic and civil adult patients,<sup>1</sup> and each hospital serves a regional catchment area. Austin, El Paso, Wichita Falls, San Antonio, and Terrell also provide inpatient psychiatric services to children and/or adolescents. The North Texas State Hospital – Vernon campus provides statewide maximum security inpatient psychiatric services to adults and adolescents, while the Kerrville State Hospital is a statewide center of excellence for adult forensic



<sup>1</sup> Individuals may be admitted for inpatient treatment voluntarily or under a civil or forensic commitment. Forensic commitments are individuals found to be incompetent to stand trial or not guilty by reason of insanity and are admitted through the criminal justice system pursuant to Chapters 46B and 46C of the Texas Code of Criminal Procedure. Chapters 572 and 574, Texas Health and Safety Code, outline the civil commitment process.

psychiatric care. Finally, the Waco Center for Youth provides adolescent residential treatment services. (Appendix B provides a map of the state hospitals and each catchment area.)

An aging system, campuses were built as early as the 1850s. Deteriorating conditions, outdated building designs, and insufficient information technology systems interfere with modern business practices. Perhaps more importantly, capacity and treatment are hindered by recurring bed closures, such as when the Centers for Medicare and Medicaid Services required emergency repairs at Rusk State Hospital. Buildings were vacated for repairs or, in some cases, closed altogether, ultimately reducing capacity.

Reduced capacity is not limited to Rusk. As of August 2017, 70 beds across the system were offline due to needed repairs or deferred maintenance issues. Moreover, staff recruitment and retention challenges have further strained the system, with approximately 150 beds offline due to staffing shortages. These reductions and an increased demand for services result in a lengthy wait for state hospital beds and more pressure on jails, emergency rooms, and community-based psychiatric hospitals. HHSC continues to contract for 500+ inpatient psychiatric treatment beds, managed by Local Mental Health Authorities (LMHA) and Local Behavioral Health Authorities (LBHA) across the state to help with this demand. As of August 2017, HHSC purchases the equivalent of 558 inpatient psychiatric beds for \$107 million.

At the Legislature's guidance, CannonDesign prepared a 2014 report that recommended the replacement of Austin, North Texas – Wichita Falls campus, Rusk, San Antonio, and Terrell State Hospitals.<sup>2</sup> In 2017, the 85<sup>th</sup> Legislature acknowledged the system's condition and inadequate capacity, and appropriated funds for significant repairs and new construction. HHSC is also authorized to develop a master plan for each state hospital catchment area, in partnership with public or private entities.<sup>3</sup> Finally, HHSC is directed to expand or establish partnerships with health-related, state-sponsored institutions of higher education and other healthcare entities to educate and grow the mental health workforce and improve service delivery.

This plan serves as the comprehensive inpatient mental health plan required by the 2018-19 General Appropriations Act, S.B. 1, 85<sup>th</sup> Legislature, Regular

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<sup>2</sup> See Appendix A for links to this and other plans and sources cited throughout this report.

<sup>3</sup> 2018-19 General Appropriations Act, S.B. 1, 85<sup>th</sup> Legislature, Regular Session, 2017 (Article II, Health and Human Services Commission, Rider 179)

Session, 2017 (Article II, HHSC, Rider 221a). This appropriation of funds creates a tremendous opportunity to design a statewide system of inpatient psychiatric care to better meet the needs of Texas. HHSC envisions recovery-focused, patient-centered campus communities, with the state hospital as the anchor, which treat individuals holistically. As such, this plan is less about building new buildings, and more about providing the best possible care for Texans, when, where, and how they need it.

### Mental Health Need in Texas

Over the last several biennia, population growth in Texas has led to an increased demand for mental health services, leading the state to allocate additional resources to the behavioral health system to keep people out of inappropriate settings such as jails, emergency rooms, and even the streets, by providing services in the community and closer to home. As a result, new dollars have been invested in a network of housing options, crisis services, and community inpatient beds, managed largely through LMHAs. In line with current mental health best practices, this shift is intended to keep people closer to home and their support system. This model promotes treatment for the individual and their family and helps patients aid their own recovery by staying connected to their communities. As this greater system of care has changed over time, so has the role of state hospitals.

The state hospital system now focuses on complex tertiary care, admitting individuals whose needs cannot be met adequately in the community. This model optimizes the resources of the entire behavioral health system, but it means the state hospitals serve a higher proportion of individuals committed by the criminal justice system, and a smaller, more medically complex, long-term civil population.

Even as the inpatient system evolved, an overall increased demand for inpatient services led to lengthy waitlists. Currently, more than 100 people are on the inpatient care waitlist (for civil beds), and more than 500 people are waiting for a forensic bed, most of whom are waiting for a maximum security bed. Previous projections have shown a need for at least 1100 new beds over the next 10 years and, specifically, 180 maximum security beds.

### **System Transformation**

HHSC identified three guiding philosophies in developing a comprehensive plan for the use of appropriated funds: patients should receive high-quality, evidence-based treatment; individuals should be able to easily access state-

funded inpatient care; and a successful mental health care system requires true integration between various partners across the state. These goals are in line with the Statewide Behavioral Health Strategic Plan mission, vision, and guiding principles.

### 1. Unparalleled Care

The opportunity to construct or significantly repair the state hospitals provides a unique opportunity to transform the network of psychiatric treatment for Texans of all ages. Any resources used to implement this plan will be critically evaluated to ensure mental health services meet or exceed the standard of treatment and protect the safety of all people in our care, as well as staff, family members, and visitors.

The state previously studied how the design of behavioral health facilities can impact treatment and care. Projects funded within this plan will be focused on rebuilding or replacing hospitals with facilities that more easily support contemporary mental health care; ideally, design of new or reconstructed hospitals would include opportunities for seamless integration of technology systems between campuses within the state hospital system and other partners.

### 2. Easy Access

Texans deserve quality care when and where they need it. This is epitomized in the Statewide Behavioral Health Strategic Plan vision: “To ensure that Texas has a unified approach to the delivery of behavioral health services that allows Texans to have access to care at the right time and place.” Access to care includes reducing the wait time for inpatient services, particularly for maximum security units (MSU), so that individuals receive the care they need in a timely manner.

Receiving services locally is often better for patients and their families; however, state hospitals have large catchment areas. While HHSC seeks to strategically locate state hospitals and state-funded inpatient mental health facilities, community partners are critical to create local networks of support. Recent legislation underscores this effort through community collaborative projects and grant programs.<sup>4</sup>

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<sup>4</sup> See 2014-15 General Appropriations Act, S.B. 1, 83rd Legislature, Regular Session, 2013 (Article II, DSHS, Rider 90); S.B. 292 and H.B. 13, 85th Legislature, Regular Session, 2017

When local services are not available, technology can bridge the gap. Telemedicine may be a cost-effective solution in state hospitals where recruiting psychiatrists or other clinical staff can be difficult, and causes the facility to pay overtime or higher rates for contracted staff.

### 3. Systems-Based Continuum of Care

As research in effective mental health services is focused on more accurate diagnoses and earlier intervention to improve outcomes, the state hospital should not be the first line of treatment for an individual. Texans deserve a comprehensive community of care that actively participates in treatment before, during, and after psychiatric hospitalization. This includes the full integration of community-based behavioral health outpatient, alternatives to inpatient, and inpatient mental health services.

HHSC-funded acute care facilities like extended observation units, and crisis stabilization, residential, and respite facilities, help divert people from the state hospitals and others.

Should an individual need inpatient services, coordination between the state hospitals and community-based behavioral health services begins before the individual is even admitted, as the LMHA assesses the need for inpatient care. Upon admission, the hospital and designated LMHA or LBHA staff begin discharge planning to set the patient up to live successfully in the community upon discharge. Transitional supports like supportive housing, utility and rental assistance, targeted case management, and supported employment, among others, may be employed to prevent re-hospitalization. True transformation of the inpatient mental health care system will only succeed if there is continuity of care in the community for people who no longer require an inpatient level of treatment.

The Statewide Behavioral Health Strategic Plan notes that mental illness affects people of all shapes and sizes, but specific populations need targeted intervention, including children and youth, military members and veterans, alleged offenders, individuals with substance use disorders, and impaired helping professionals. Thus, the inpatient mental health care system does not operate in isolation; rather, it intersects with education, military, courts, criminal justice, healthcare, substance use recovery, and many other systems. A truly comprehensive continuum of care meets people with mental illness wherever they are in these systems.

The criminal justice system deserves specific attention, as its intersection with mental health is well-documented. The Texas Joint Committee on Access and Forensic Services (JCAFS)<sup>5</sup> focuses on gaps in system coordination and has made recommendations to improve access to mental health care for individuals in the criminal justice system. For instance, efforts to drop charges if an individual is admitted to a state hospital would help the state avoid costly criminal justice processes, and, if programs are effective in reducing recidivism, the state can save money on repeated incarceration. Initiatives like this, however, require beds to be readily available. With hundreds of people waiting in jail for a state hospital bed, diverting individuals with mental illness from the criminal justice system, adding MSU beds, and shifting the provision of mental health care from the criminal justice system onto the mental health system must be a top priority of the state.

### **Options and Proposed Construction**

Per HHSC Rider 221, a three-phased approach to improve the state hospital system will include projects evaluated on the following criteria.

1. **Optimal Locations to Address Need:** HHSC will strategically place new beds where significant need exists for both civil and forensic beds. Across the state, serious capacity issues plague communities, including major population centers. This may mean re-sizing, downsizing, or relocating existing hospitals to expand capacity in areas with stronger demand.
2. **Operational Resources:** HHSC will consider the available local workforce for proposed projects to prevent recruitment and retention challenges. As staffing shortages often mean higher contracting and overtime costs or reduced bed capacity, this criterion promotes the efficient use of state resources.
3. **Partnership Opportunities:** Ideally, state hospital campuses will transform to communities of care, with partners (e.g., LMHA, primary care, substance use treatment, peer support, education, housing, etc.) on-site at the state hospital. While HHSC would like to see as many partners as possible intricately involved with the hospital, the agency understands that each community has distinct pressures and unique solutions. HHSC will invest in communities that bring partners together to

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<sup>5</sup> Established by Texas Health and Safety Code, Section 532.0131

improve the local mental health services system, with the hope that strong cooperation will help maximize resources, gain community buy-in, and, insure successful ongoing operations once construction is complete.

Specifically, HHSC will pursue academic partners that can open doors to research and philanthropy, or otherwise leverage community resources in ways currently inaccessible to the state health and human service agencies. Academic partnerships may take various forms, up to and including the academic partner operating the facility. Other options include the following arrangements.

- Residency programs or other training opportunities at state hospitals enhance staffing and encourage modern practice methods. In a previous study by DSHS,<sup>6</sup> universities expressed interest in state hospital residencies, citing the unique population and treatment experience. Training programs extend capacity, increase the amount of time staff spend with patients, and strengthen the future applicant pool with graduating residents.
- HHSC can contract with academic institutions to provide some or all professional services (e.g., psychiatry, primary care, nursing, etc.). Academic institutions may be more attractive to job seekers, making this a viable option to improve the state hospitals' staff recruitment and retention. While DSHS has contracted successfully with higher education institutions for professional services in some cases, HHSC may be able to replicate this model across the state.

4. **Stakeholder Input:** Significant public input has already been received as part of previously conducted studies. HHSC also receives input from several advisory committees focused on behavioral health issues. Additionally, HHSC held a public hearing on August 10, 2017, to receive general input from Texans regarding the state hospital system and new directions for inpatient psychiatric care in Texas. (See Appendix C for details regarding stakeholder input.) Additional dialogue, potentially with regionally-based groups, will be sought throughout the coming years.

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<sup>6</sup> The 2016-17 General Appropriations Act, H.B. 1, 84<sup>th</sup> Legislature, Regular Session, 2015 (Article II, DSHS, Rider 86) required a report of the benefits of a university health-related institution operating a state hospital and the expansion of efforts to increase academic partnerships. Appendix A includes report information.

## Timeline of Phases

Construction projects consist of three stages, each of which has associated costs: Pre-planning, the exploratory phase where community need, resources, and specific facility design elements are contemplated with active stakeholder involvement; planning, the architectural and engineering plan design and development; and construction, the final stage. Once construction is complete, additional operations funding will be needed. Each of these phases may take anywhere from one to three or more years.

DSHS has completed pre-planning in some cases, whereas most projects will require some pre-planning. The following timeline demonstrates a staggered approach to implementation over the next few biennia, but should not be construed as actual plans. Appendix D details the proposed phases.

### Example Timeline of Projects: Fiscal Years 2018-2024\*

Key: 

Pre-planning	Planning	Construction
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Phase	Hospital	FY18	FY19	FY20	FY21	FY 22	FY23	FY24
<b>I</b>	Hospital A							
	Hospital B							
	Hospital C							
<b>II</b>	Hospital D							
	Hospital E							
	Hospital F							
<b>III</b>	Hospital G							
	Hospital H							

\*HHSC does not expect additional construction funds in fiscal year 2024, but construction projects may extend past the 2022-23 biennium.

## Proposed Phases

The goals of each phase, including planned or potential projects, are outlined below. However, HHSC may amend this plan following continued dialogue with academic partners, communities, and stakeholders to refine projects, particularly for future phases. Details for projects will be contained in requests for the expenditure of funds, as required by Rider 221(b).

### **Phase I**

The primary goal for Phase I is to expand capacity as quickly and strategically as possible. As such, projects outlined below will be focused on hospitals for which pre-planning has already occurred, hospitals at which

major renovations could bring beds online relatively quickly, and hospitals that could support MSU. Phase I is estimated to eliminate the MSU waitlist by 2023 (Appendix E).

#### Construction Projects:

1. Build a new, stand-alone MSU at the Rusk State Hospital, which is nearly "shovel-ready," given previous planning efforts. The immediate approval of \$4.5 million would allow for architectural and engineering planning for this project, so that construction can begin in FY 2019.
2. Add MSU beds by renovating buildings at Kerrville State Hospital. This project requires \$1.5 million for architectural and engineering planning.
3. Expand the Harris County Psychiatric Center, with the immediate release of \$6 million for planning purposes.
4. Plan for the replacement of the Austin and San Antonio State Hospitals. HHSC is requesting the immediate release of \$2.5 million for Austin and \$1 million for San Antonio pre-planning efforts, and an additional \$13 million and \$13.5 million for planning at each hospital, respectively.
5. Renovate a vacant 40-bed unit at the San Antonio State Hospital, which could bring beds online with some significant repairs. This requires \$0.5 million for planning, and beds could be operational by next biennium.
6. Purchase the vacant Hillcrest Hospital in Waco. It is important to note that the property as it stands now has a clause requiring the owner to occupy or demolish the property by 2018. The State should not move forward with the purchase unless the City of Waco eliminates or postpones the deadline for demolition to allow for construction in Phase II. HHSC requests \$2 million to purchase the building, and begin initial pre-planning efforts with remaining funds. The actual renovation of this facility is slated in Phase II. If the purchase of the building is approved, HHSC will request approximately \$65 million for repair of this facility and additional full-time equivalent authority to operate the facility in its 2020-21 LAR. Operating costs will be an additional \$190 million in future biennia. If HHSC purchases the building, but renovation funds are not appropriated, HHSC will own the facility and be responsible for the upkeep of the vacant buildings (currently, these costs over \$490,000 annually).

Through this plan, HHSC requests the immediate authorization and release of approximately \$44.5 million for the projects listed above. Funds for construction managers are included in the project costs, but HHSC is requesting \$700,500 for additional support staff positions to manage the related procurements, quality initiatives, and planning at the system level.

The immediate release of these funds is required in order to prepare the detailed planning activities, architectural and engineering designs and bid proposals to obtain the materials necessary to submit requests for additional funds under the requirements of Rider 221(b).

Other 2018-19 Projects:

To complement these efforts, HHSC plans to use funds appropriated for deferred maintenance to expand capacity where possible. Additionally, as part of the larger transformation of state-funded inpatient mental health care, HHSC plans to pursue operations and programmatic changes:

1. Contract with health-related institutions to provide all or certain professional services, where it is cost-effective. Elsewhere, partner with State Supported Living Centers,<sup>7</sup> Local Intellectual and Developmental Disability Authorities, LMHAs and LBHAs, and other community partners to optimize the use of a shared workforce.
2. Standardize policies and processes across the state hospital system, adopting best practices from each hospital and ensuring a consistent, quality standard of care across the system. This includes exploring options for sharing of clinical records across hospitals and among all provider partners.
3. Expand the use of telemedicine.
4. Review the use of the 16 beds at Casa Amistad in Laredo, a small state-operated facility.
5. Work with the judiciary to review commitment processes and possible statutory changes that may alleviate pressure on the systems.
6. Work with the Behavioral Health Coordinating Council to develop what one stakeholder termed a “smarter” continuum of care – specifically, coordinate more closely with the Veterans Commission, Department of Housing and Community Affairs, 1115 waiver-funded partners, the Workforce Commission, and others to develop more “step-down” treatment settings to ease the transition of long-term patients back to the community. Additionally, stakeholders note that mental health services have traditionally been dichotomized between “crisis” and “long-term” treatment, when most people with mental health needs are more

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<sup>7</sup> Opportunities may exist for HHSC to co-locate a state hospital with IDD services and improving coordination for those with mental illness and IDD. Previously, HHSC conducted a study on relocating the Austin State Hospital, part of which included the possibility of co-locating a state hospital with a state supported living center (SSLC). Austin, Terrell, and Rusk State Hospitals can co-locate an SSLC, while the Abilene, Brenham, San Angelo, Lubbock, and Mexia SSLCs are able to co-locate a state hospital. See Appendix A.

appropriate for an “in between” treatment. More exploration of this intermediate area on the continuum is needed.

### ***Phase II:***

Phase II will build on Phase I by moving projects from planning to construction, and new projects will continue to focus on the goals of this plan. HHSC will consider options for how to rebuild or replace the North Texas – Vernon and Terrell State Hospitals, both of which need replacement, per CannonDesign. Additionally, HHSC has been approached about possible projects for Phase II and will use the 2018-19 biennium to explore the following opportunities:

1. Build a new psychiatric hospital in the Dallas-Fort Worth (DFW) metroplex, in partnership with UT Southwestern.
2. Consider additional projects in East Texas and Rusk State Hospital.
3. Consider options to reach Northwest Texas by building a regional hospital in the Panhandle.
4. Pursue construction phases for Austin and San Antonio State Hospitals as well as the former Hillcrest Hospital.

### ***Phase III:***

Goals for Phase III will be to complete all Phase I projects and formalize processes to evaluate and improve state-funded, inpatient psychiatric services. Phase III will include additional pre-planning or planning associated with the final build out, and HHSC may request demolition funds to level buildings that are no longer in use.

### **Conclusion**

HHSC has a unique opportunity to optimize and modernize the physical structures where Texas provides inpatient psychiatric care, and, perhaps more importantly, the way those services are provided.

While this plan reviews HHSC’s initial goals, future addenda to this plan will expand and explore how state hospitals can help address the gaps identified in the Statewide Behavioral Strategic Plan, including individuals with IDD or substance use disorders, veterans, individuals who are homeless, etc. We will also address how to measure the success of physical and operational changes to the state hospital system. All activities are undertaken with the intent that, through the next several biennia, the state hospital system will expand and modernize into an inpatient mental health care system that

advances the provision of psychiatric treatment and establishes Texas as a national leader in providing mental health services to its citizens.

## **Appendix A. Previous State Hospital Studies and Other Relevant Documents**

CannonDesign Group, *Analysis for the Ten-Year Plan for the Provision of Services to Persons Served by State Psychiatric Hospitals*, 2014.

<https://www.dshs.texas.gov/mhsa/reports/SPH-Report-2014.pdf>

Center for Sustainable Development at The University of Texas at Austin, *Planning Modern Psychiatric Care Facilities: Rusk State Hospital + Beyond*, 2017.

<https://soa.utexas.edu/work/planning-modern-psychiatric-care-facilities%E2%80%94rusk-state-hospital-beyond>

Department of State Health Services, *State Hospitals and Academic Partnerships*, 2016.

<https://www.dshs.texas.gov/ConsumerandExternalAffairs/legislative/2016Reports/UniversityPartnerships08042016.pdf>

Department of State Health Services, *State Hospital System Long-Term Plan*, 2015.

<http://dshs.texas.gov/Legislative/Reports-2015.aspx>

Health and Human Services Commission, *New Location Options for Austin State Hospital and Austin State Supported Living Center*, 2016.

<https://dshs.texas.gov/legislative/2016-Reports/ReportNewLocationOptionsASHAuSSLC.pdf>

Health and Human Services, *Presentation to the House Committee on Public Health*, 2017. <https://hhs.texas.gov/sites/default/files/documents/laws-regulations/reports-presentations/leg-presentation-house-comm-public-health-client-services-state-hospitals-170221.pdf>

Public Consulting Group, *Analysis of the Texas Public Behavioral Health System: Recommendations for System Redesign*, 2012.

<http://www.publicconsultinggroup.com/client/txdshs/documents/Analysis%20of%20the%20Texas%20Public%20Behavioral%20Health%20System%20Recommendations%20for%20System%20Redesign.pdf>

Statewide Behavioral Health Coordinating Council, *Texas Statewide Behavioral Health Strategic Plan: Fiscal Years 2017-2021*, 2016.

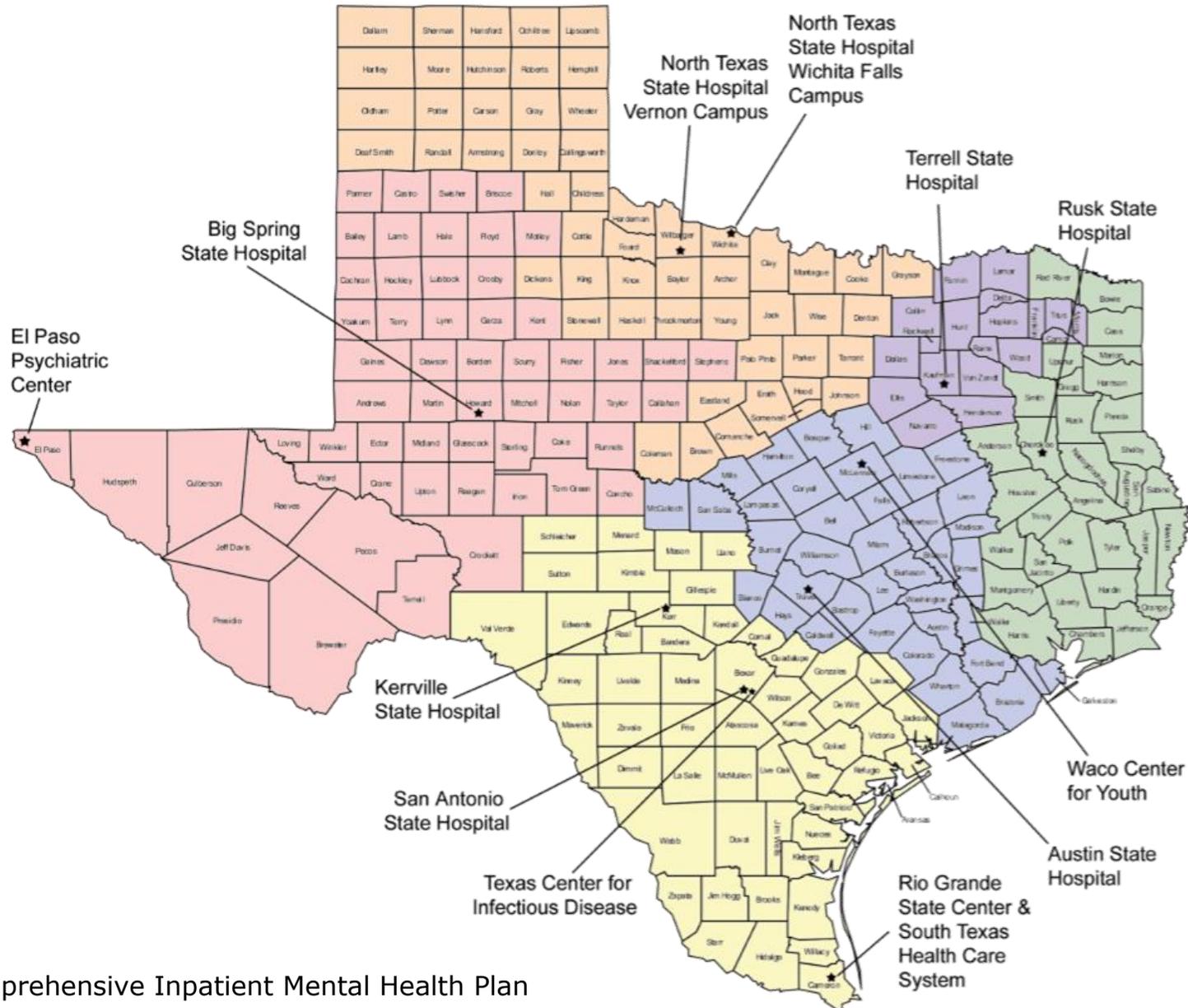
<https://hhs.texas.gov/sites/default/files/050216-statewide-behavioral-health-strategic-plan.pdf>

Texas Joint Committee on Access and Forensic Services, *Recommendations for the Creation of a Comprehensive Plan for Forensic Services*, 2016.

<https://dshs.texas.gov/mhsa/SB1507/2016MeetingFiles/Legislative-Reports/JCAFSlegislativeReportForensicPlan2016.pdf>

## Appendix B. Map of State Hospitals and Catchment Areas

(Includes TCID, which will remain at DSHS after 9/1/17)



## Appendix C. Stakeholder Input

Prior to engaging stakeholders specifically on this plan, various stakeholder input had been received through multiple channels:

1. Existing advisory groups on which stakeholders serve and HHSC/DSHS staff attend, including the:
  - a. Behavioral Health Advisory Committee,
  - b. Joint Committee on Access and Forensic Services, and
  - c. Statewide Behavioral Health Coordinating Council.
2. Previous study activities:
  - a. Public hearings for studies including the New Location Options for Austin State Hospital and Austin State Supported Living Center Report;
  - b. Interviews, group discussions, and surveys of stakeholders by CannonDesign for the Analysis for the Ten-Year Plan for the Provision of Services to Persons Served by State Psychiatric Hospitals.
3. Testimony provided in legislative hearings, including the House Select Committee on Mental Health.

In light of the appropriation authorized in Rider 221, HHSC has already received a great deal of stakeholder input, including:

1. Extensive mail correspondence from county officials, higher education institutions, foundations, legislators, and others.
2. A public hearing held on August 10, 2017, at which 22 individuals gave oral testimony and 7 submitted written comments. As of August 15, 2017, HHSC also received nearly two dozen comments via e-mail and phone in response to the public hearing notice.
3. Meetings with higher education and health-related institutions about their interest in construction and/or operations, or other partnerships.

HHSC intends to continue receiving public input and has created a webpage to notify stakeholders of progress and formal opportunities for comment, and a link to contact staff with questions or suggestions. This website address is: <https://hhs.texas.gov/about-hhs/process-improvement/changes-state-hospital-system>.

## Appendix D. Detailed Timeline of Possible Projects and Costs

This table outlines costs for the various projects being considered, but should not be interpreted as a formal request for funding over the next three biennia. These numbers are estimates based on internal projections or numbers provided by a higher education institution and are expected to change. Additionally, HHSC estimates at least a 5% annual inflation in construction costs, so any delays in the phases of this plan would result in higher costs.

Proposed Projects to begin in Phase I	Project	Total Beds Added (Net)	Civil/Non-MSU Forensic Beds	MSU Beds Added	Purpose of Funds	Phase I 18-19	Phase II 20-21	Phase III 22-23	Ongoing Operating Cost per Biennium <sup>8</sup>	
	Rusk SH MSU Construction*	(225)	(285)	60	Planning	\$4.5m				
					Construction	\$87m				
					Operations			\$71m	\$71m	
	Kerrville SH MSU Renovation	70	0	70	Planning	\$1.5m				
					Construction	\$29m				
					Operations		\$4m	\$32m	\$32m	
	UTHealth, Houston Expansion <sup>9</sup>	132	132	0	Planning	\$6m				
					Construction	\$119m				
					Operations		\$12.3m	\$49m	\$49m	
Austin SH Replacement	0	0	0	Pre-Planning	\$2.5m					
				Planning	\$13m					
				Construction		\$235m				
				Operations			\$26.5m	\$105m		
San Antonio SH Renovation	40	40	0	Planning	\$500,000					
				Construction	\$11m					
				Operations		\$14m	\$18.7m	\$18.7m		
San Antonio SH Replacement	0	0	0	Pre-planning	\$1m					
				Planning	\$13.5m					
				Construction		\$270m				
				Operations			\$48.5m	\$97m		
Former Hillcrest Hospital, Waco, Conversion	339	339	0	Building	\$1m					
				Pre-Planning	\$1m					
				Planning			\$2.3m			
				Construction		\$62.5m				
				Operations				\$190m		

<sup>8</sup> Amounts listed in this column are required to operate the hospital once constructed. For new or expanded facilities, this amount will need to be newly appropriated for operations.

<sup>9</sup> UTHealth's comprehensive proposal is for a 304-bed facility. A portion of these beds are for lower acuity transitional settings, including residential treatment, supported housing, and partial hospitalization, as well as some substance abuse rehabilitation beds. We have not included these beds, or operation costs for them, in our calculations.

	Project	Total Beds Added (Net)	Civil/Non-MSU Forensic Beds	MSU Beds Added	Purpose of Funds	Phase I 18-19	Phase II 20-21	Phase III 22-23	Ongoing Operating Cost per Biennium
Inventory of Possible Projects for Phase II & III	Potential Hospital in Dallas Area	200	200	0	Pre-planning	\$1m			
					Planning		TBD		
					Construction		\$220m		
					Operations			TBD	TBD
	Potential Hospital in East Texas*	100	100	0	Pre-planning	\$1m			
					Planning		\$4.5m		
					Construction		\$86.0m		
					Operations			TBD	TBD
	Potential Hospital in Northwest Texas <sup>10</sup>	TBD	TBD	TBD	Pre-planning	\$1m			
					Planning		\$9m		
					Construction		\$172.5m		
					Operations			TBD	TBD
	Terrell SH Replacement	0	0	0	Pre-planning		\$1m		
					Planning		\$16.5m		
					Construction			\$330m	
					Operations				\$45m
	North Texas SH – Wichita Falls Replacement	0	0	0	Pre-planning		\$1m		
					Planning		\$16.5m		
					Construction			\$330m	
					Operations				\$45m
		656	526	130		\$293.5m	\$1.13b	\$906m	\$607m

Other costs not included above include additional staff support and building maintenance costs; and in cases of replacement beds, the operating costs listed here may include partial or full historical operating costs for the current beds.

\*While the number of beds currently proposed for Rusk State Hospital is a net decrease, HHSC will determine in FY 2018 how to offset this loss in Phase II. One factor for consideration is that a large portion of Rusk’s catchment area is Harris County, so the UTHealth expansion may impact demand on Rusk. The placeholder for an East Texas project is to address other needs related to Rusk’s catchment area.

<sup>10</sup> Construction estimates are for a 200 bed facility.

## Appendix E. Phase I Impact on MSU Waitlist

