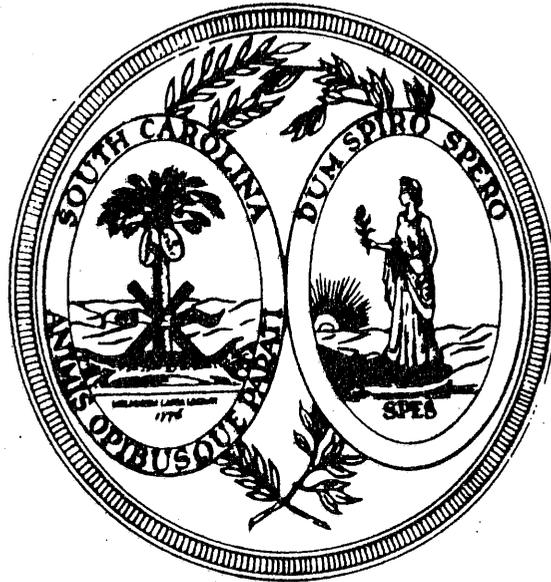
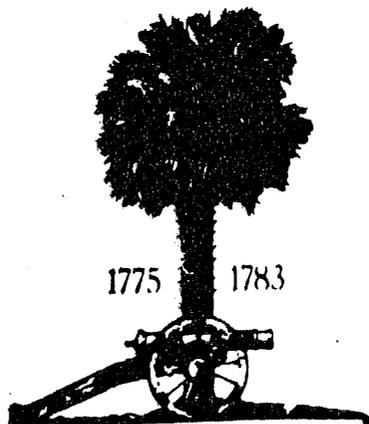


South Carolina General Assembly



Legislative Audit Council



The State of South Carolina
General Assembly
Legislative Audit Council
A Management and Performance
Review of the South Carolina
Department of Mental Health
November 16, 1983

THE STATE OF SOUTH CAROLINA

GENERAL ASSEMBLY

LEGISLATIVE AUDIT COUNCIL

A MANAGEMENT AND PERFORMANCE REVIEW

OF THE

SOUTH CAROLINA

DEPARTMENT OF MENTAL HEALTH



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MAJOR FINDING

During the course of the audit, the Legislative Audit Council found numerous examples of management decisions which indicate that the Department of Mental Health needs to be more accountable to the General Assembly and responsive to laws, regulations and sound management principles. There has been a lack of management initiative to coordinate programs among various DMH facilities. Facility superintendents have been allowed to operate hospitals with little oversight from the Department's central office, resulting in some operations being less efficient than others.

DMH administrators have not properly handled patient abuse cases and ensured that patients are properly cared for while in mental institutions. The administration of funds and Department resources has been inadequate and management has improperly handled reports of stolen property and funds.

Inadequate planning by DMH officials has resulted in the unnecessary construction of buildings and hiring of personnel. Furthermore, DMH owns surplus land which could be sold, and management has not properly managed or funded the community mental health program.

The problems noted below also indicate a need for a more responsive management team.

- Department of Mental Health officials have not forwarded to proper authorities patient abuse cases examined by DMH investigators.
- DMH management has taken little initiative to deter the escape of patients in their custody.
- DMH management has not maintained proper control of ward keys.
- DMH management has done little to combat the problem of alcohol and marijuana usage by patients in mental facilities.

- DMH management has not ensured that drugs maintained by DMH pharmacies are properly accounted for.
- DMH management has not implemented controls to ensure confiscated property is properly maintained.
- DMH management has unnecessarily expended over \$3.8 million by improperly constructing and staffing one psychiatric facility.
- DMH management unnecessarily allows physicians to earn approximately \$450,000 annually by receiving extra pay.
- DMH management allows certain employees to receive reduced prices in housing, utilities, drugs and other fringe benefits.
- DMH management has not ensured that planning for a patient's return to the community is adequate.

The use of public funds carries with it implicit responsibilities to use such funds as mandated, to comply with laws and regulations regarding their use, and to provide a complete and accurate accounting of agency activities and expenditures. Failure to fulfill these responsibilities has several effects. First, the General Assembly does not have complete and accurate knowledge concerning the activities and expenditures of an agency operating under the laws it enacts. Under these circumstances, legislative decision making and oversight can be hampered. Additionally, the taxpayers, who provided DMH with approximately \$105 million in FY 81-82, cannot be ensured that their tax dollars are being spent to improve mental health in the most effective and economical manner possible.

Approximately \$10.7 million could be recouped if the Council's recommendations were implemented. Of this, \$7 million could be recouped annually. An additional \$6.5 million of misspent funds cannot be recovered. Because of the seriousness of these problems, the Council concludes that major changes need to be made in the management of the Department. A follow-up of the recommendations issued in this report should be conducted at a later date.

Chapters II through VI discuss in detail management and other problems found at the Department of Mental Health. The terms Department of Mental Health, DMH and the Department are used interchangeably throughout the report.

RECOMMENDATION

THE GENERAL ASSEMBLY SHOULD CONSIDER
CONDUCTING PUBLIC HEARINGS TO DETERMINE A
CORRECTIVE ACTION PLAN TO BE IMPLEMENTED
BY THE DEPARTMENT OF MENTAL HEALTH.

CHAPTER I
HISTORY AND ORGANIZATION

Introduction

The South Carolina Department of Mental Health began in 1821 as the South Carolina Lunatic Asylum with the passage of Act 2269. The Department serves over 3,500 patients at its six psychiatric hospitals. The mission of DMH is to provide effective treatment services for the mentally ill and to promote the mental health of the people of South Carolina. The South Carolina Mental Health Commission, the Department's governing body, has jurisdiction over the State's six mental hospitals, and the 17 joint State and community-sponsored mental health centers and clinics.

History

On December 20, 1821, the General Assembly appropriated \$30,000 for the founding of an asylum for the insane and a school for the deaf and dumb. South Carolina was the second state in the nation to pass legislation establishing a state hospital for the mentally ill. A commission was appointed for the South Carolina Lunatic Asylum, as it was then known, and chose a four-acre site in Columbia. On December 12, 1828, the Asylum admitted its first patient.

In its early years, the Lunatic Asylum had to advertise for patients, and in 1831 required aid from the Governor's contingency fund. The Asylum operated with revenues from paying patients and until 1870, only the counties subsidized patients who were unable to pay for their care. During the Civil War, Dr. James W. Parker, the Asylum's first superintendent, used his personal credit, resources, and supplies to

maintain the Asylum. In 1870, the State began subsidizing patients who were unable to pay for their care. Currently, South Carolina State Hospital provides treatment for approximately 1,300 mentally ill patients under the age of 55.

Blacks were not admitted to the Asylum until 1850. Although through the early 1900's the policy was to maintain one central institution for both races, patient population increased and it became necessary to find another site for expansion. In 1910, land was purchased for the State Park Division, later to be known as Crafts-Farrow State Hospital, which was used for black patients. Crafts-Farrow became a geriatric facility and was integrated in 1966. The hospital now serves about 1,500 mentally ill patients 55 years of age and older.

In 1966, the first patient was admitted to the William S. Hall Institute, a teaching and research hospital which offers residency programs in psychiatry. The Institute has two laboratories and provides limited clinical services for approximately 100 patients of all ages.

C. M. Tucker, Jr. Human Resources Center, opened in 1970, is the Department's 608-bed long-term care facility which consists of three pavilions. The Stone Pavilion provides nursing care for veterans and the Roddey and Fewell Pavilions are skilled and intermediate care facilities. Morris Village, opened five years later, is the Department's alcohol and drug addiction treatment center serving approximately 130 patients.

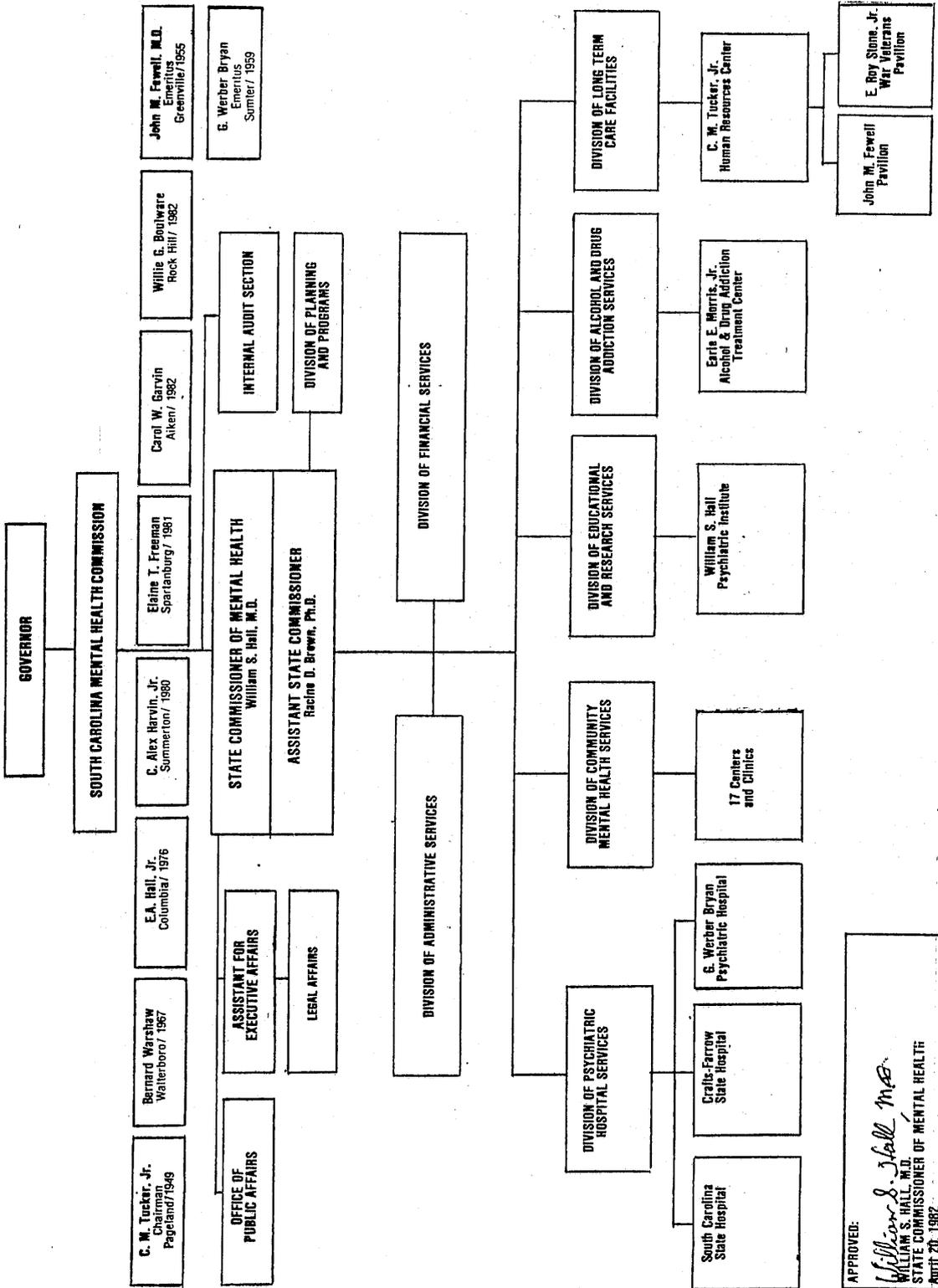
In the late 1960's the Department devised a plan for four new regional psychiatric hospitals, the "Village System." In 1978, Village A or the G. Werber Bryan Psychiatric Hospital in Columbia was dedicated and serves approximately 200 patients from the lower part of the State. Village B, the Patrick B. Harris Psychiatric Hospital in Anderson is

under construction and scheduled to be completed in the summer of 1984. Two other hospitals were proposed for the Pee Dee and Coastal regions of the State, but according to Department officials, the need for these is unclear.

The 1963 Federal Community Mental Health Centers Act marked the beginning of comprehensive community mental health programs. The Act provided Federal funds on a two-to-one matching basis for the construction of Community Mental Health Centers. The 17 centers and clinics in the State and their satellite offices provide such services as inpatient and outpatient care, 24-hour emergency service, partial hospitalization, consultation, and education.

Commission Membership

The South Carolina Mental Health Commission is composed of seven members appointed by the Governor with Senate approval. State law does not outline qualifications for Commission membership. The Commission determines policies and regulations governing the operation of the Department of Mental Health and the employment of professional and staff personnel. The term of office for Commission members is five years.



APPROVED:
William S. Hall, M.D.
 WILLIAM S. HALL, M.D.
 STATE COMMISSIONER OF MENTAL HEALTH
 April 20, 1982

TABLE 1

DMH SOURCE AND APPLICATION OF FUNDS

FY 77-78 TO FY 81-82

	<u>FY 77-78</u>	<u>FY 78-79</u>	<u>FY 79-80</u>	<u>FY 80-81</u>	<u>FY 81-82</u>
TOTAL Personnel	<u>5,446</u>	<u>5,655</u>	<u>5,674</u>	<u>5,517</u>	<u>5,354</u>
Expenditures					
Administration	\$ 3,956,660	\$ 3,947,428	\$ 4,336,677	\$ 4,334,294	\$ 4,633,339
State Hospital	23,618,808	22,758,064	26,566,007	25,603,496	25,506,833
Crafts-Farrow					
Hospital	18,988,845	18,701,892	20,851,131	21,938,819	23,670,786
Bryan Hospital	2,337,680	3,965,642	5,852,419	6,927,592	7,538,270
Community Mental					
Health Centers/Clinics	14,121,806	14,494,432	15,878,735	16,705,431	17,441,694
Hall Institute	5,105,490	4,677,953	5,079,198	5,323,432	5,751,454
Tucker Center	2,955,823	2,898,834	3,681,165	3,722,959	4,004,858
Morris Village	3,403,922	3,200,198	3,441,567	3,308,214	3,627,305
Special Projects	400,208	314,266	378,426	414,100	960,634
Employee Benefits	*	9,082,628	10,211,799	11,332,279	12,440,145
TOTAL Expenditures	<u>\$74,889,242</u>	<u>\$84,041,337</u>	<u>\$96,277,124</u>	<u>\$99,610,616</u>	<u>\$105,575,318</u>
Revenues					
State General Fund	\$56,101,507	\$62,934,396	\$73,851,634	\$80,700,639	\$ 78,609,970
Federal Funds	5,596,692	6,318,283	5,995,203	6,018,249	6,052,161
Other Funds	13,191,043	14,788,658	16,430,287	12,891,728	20,913,187
TOTAL Revenues	<u>\$74,889,242</u>	<u>\$84,041,337</u>	<u>\$96,277,124</u>	<u>\$99,610,616</u>	<u>\$105,575,318</u>

*Employee benefits included in each of the above programs.
Source: State Budget and Control Board Budget Documents.

CHAPTER II
PATIENT MANAGEMENT

Patient Abuse Investigations

The Audit Council examined the Department's method for investigating and reporting patient abuse and found the following six problems.

Failure to Report Patient Abuse

The Council reviewed Department of Mental Health patient abuse investigative reports issued between January 1980 and August 1982 and found the Department has not reported all cases to the proper authorities. Of the 67 patient abuse investigations examined by the Council, 18 (27%) were not reported to the Ombudsman as required by law.

In addition, the Council examined reports to determine if abuse cases were reported to the Solicitor's Office for possible prosecution. Of the the 29 patient abuse investigations reviewed by the Council between May 1981 and August 1982, 13 (45%) had not been reported to the Solicitor's Office. Since the Solicitor's Office did not retain abuse records before May 1981, the Council could not determine which cases were reported prior to that date.

Campus police at each facility are responsible for investigating all allegations of patient abuse. Their reports are submitted to the Department's Office of General Counsel and the State Commissioner. The Office of General Counsel is responsible for submitting all patient abuse investigations to proper authorities such as the Ombudsman and Solicitor.

The type of abuse cases not reported to the Ombudsman vary. One case involved an employee who confessed to taking a \$250 bribe to

let two patients escape. This is considered patient abuse because it involves exploitation of patients. These patients had pending criminal charges including kidnapping and assault and battery. One case consisted of an employee who confessed to exploiting a patient for personal gain. Another incident concerned an employee who admitted to picking up a patient and dropping him to the floor.

In addition, one investigation into abuse, although reported to the Ombudsman's Office, was ordered halted by the superintendent of one facility. This investigation involved a physician who admitted to inflicting cuts and scratches with a hypodermic needle upon the body of an 18 year old patient.

Section 43-30-40 of the 1976 South Carolina Code of Laws pertaining to reporting patient abuse states:

Any physician, nurse, dentist, optometrist, medical examiner, coroner or any other medical, mental health or allied health professional, Christian Science practitioner, religious healer, school teacher, counselor, psychologist, mental health or mental retardation specialist, social or public assistance worker or law enforcement officer having reason to believe that a client-patient's physical or mental health or welfare has been or may be adversely affected by abuse or neglect or that such person has suffered abuse, threatened abuse, physical or mental injury shall report or cause a report to be made in accordance with this chapter... Written records shall be made of all such reports, a copy of which shall be forwarded to the nursing home ombudsman who shall maintain a permanent file of all such records.

Penalties for violating this law include six months imprisonment and \$1,000 in fines.

The Department has an agreement with the Solicitor's Office concerning reporting patient abuse. In a letter to the Audit Council dated February 1, 1983, the Solicitor's Office stated:

At this time, our understanding with DMH in regard to patient abuse cases is as follows: Any case that the DMH staff feel merits prosecution is to be brought to our attention as soon as possible through our Early Legal Assistance (ELA) structure.

Secondly, our understanding is that DMH forwards to us, on a monthly basis, information on all other cases of possible patient abuse for our review.

By not reporting all possible patient abuse cases to the proper authorities, Department of Mental Health officials may not have fulfilled their legal obligation of reporting abuse. Without patient abuse reports, the Ombudsman's Office cannot determine if additional investigation of abuse is warranted. In addition, the Solicitor's Office can serve as a check to ensure Department investigations into abuse are properly handled. Without receiving investigative reports, the Solicitor's Office has no means of determining if additional evidence is needed or prosecution of employees is warranted. Also, the integrity of abuse investigations is questionable when a superintendent can halt an inquiry into possible criminal conduct.

All cases involving possible abuse have not been reported because management has not ensured that cases are reported. In addition, management's policy that investigators submit possible patient abuse and other criminal investigations to their supervisors instead of directly to proper outside authorities is questionable. It increases the possibility that wrongdoing will not be reported outside of the Department.

Improper Disposition of Patient Abuse Allegations

In February 1983, the Audit Council received allegations that incidents of patient abuse were not being properly investigated and reported. The Council reviewed 19 abuse incident reports on file from

September 1982 to January 1983. The review showed 8 (42%) instances of possible abuse reported to campus security that were either not investigated or reported to authorities within the Department by the Chief of Security. These cases were not submitted to the Ombudsman's Office.

In one instance, a patient informed a campus security official that a "key" employee hit him in the face. According to the Department incident report filed by a security official, the patient "had a black left eye, and the right side of his face was swollen." Two months prior to this incident, a patient on another ward was found with injuries to his face. He too stated that a "key" employee abused him. No investigations of those injuries were conducted, and the incidents were not reported to the Department's Attorney for Patients' Affairs or Ombudsman's Office.

In another case, a patient reported a nurse physically threatened her and unlawfully secluded her for six hours. No investigation into this allegation was conducted, and no evidence exists to indicate this case was reported to proper officials.

Two campus police officers were accused of abusing a patient by choking him on December 9, 1982. Not until January 13, 1983 was an investigation into the allegations begun. As of February 24, 1983, the investigation had not been completed.

Department of Mental Health Directive 584-82 outlines the Department's policy for investigating patient abuse. This directive states in part that:

The Chief of Campus Police or the Campus Police Officer in charge who is on duty at the time an incident is reported shall promptly begin an investigation of the incident and keep the Superintendent/

Director informed as to the progress of the investigation. Further assistance may be obtained from the South Carolina Department of Mental Health Office of Safety and Security.

The investigation shall be concluded as promptly as possible but in no event later than ten (10) work days except in extenuating circumstances. The investigating officer shall collect, record and safeguard all information and/or evidence relative to the incident.

This directive also requires that all possible patient abuse reports be forwarded monthly to the Department of Mental Health Office of General Counsel.

Also, State law requires all reports of abuse, neglect, or mental injury to be issued to proper authorities. Section 43-30-40 of the 1976 South Carolina Code of Laws requires that all reports of possible patient abuse be submitted to the Ombudsman's Office.

By not investigating patient abuse allegations, the Department cannot determine if abuse actually occurred and employees cannot be effectively disciplined. Additionally, the Ombudsman's Office has no means of conducting a review of abuse without reports from DMH officials.

Patient abuse allegations have been improperly handled because management has not ensured that allegations of abuse are properly investigated and reported. For example, State Hospital officials, as well as the Department's legal department, have not conducted reviews of security reports to determine if all cases are properly investigated and reported.

Statutes Pertaining To Patient Abuse Need Amending

State laws pertaining to mental and emotional patient injury are inadequate. There are no criminal penalties for individuals who inflict this type of injury on mental patients.

"Mental injury" is defined in Section 43-30-20 of the 1976 South Carolina Code of Laws as "a substantial impairment of the intellectual, psychological or emotional capacity of a client-patient as evidenced by inhumane or unconscionable acts..." This chapter only deals with the reporting of this abuse, requiring both mental and physical injury to be reported to proper authorities. This section does not provide penalties for those inflicting the abuse.

Section 43-29-10-100 provides penalties for patient abuse, but only defines abuse as physical abuse, neglect, or exploitation of a patient. This chapter does not make it illegal to inflict "mental" or "emotional" injury to a patient. Therefore, neither Chapter 29 nor 30, of Section 43 of the South Carolina Code makes it illegal to mentally or emotionally injure a patient in the custody of DMH.

In order to deter all types of patient abuse, criminal penalties for persons who mentally or emotionally abuse patients are necessary. The Council reviewed State Statutes pertaining to "Mental Injury" with the Fifth Circuit Solicitor's Office. In a letter to the Audit Council dated February 1, 1983, the Solicitor's Office stated:

It may well be that legislation is needed to amend these provisions to provide a substantive statutory criminal offense for mental or emotional injury. Otherwise, it would be difficult, if not impossible for a solicitor to prosecute for such an offense.

Without a clearly defined statute and penalties prohibiting mental injury, persons who inflict this type of injury to patients may not be criminally liable. The Council reviewed 17 Department investigations (occurring between January 1980 and August 1982) of emotional patient injury. No action was taken by the Solicitor's Office. With adequate laws pertaining to mental and emotional injury, these cases may have been prosecuted.

Boards of Inquiry

The Council's limited review of the Department's Boards of Inquiry (BOI) records found that possible illegal activity documented in these reports was not made available to proper officials outside of the Department. The Council was unable to determine the extent to which possible illegal or questionable practices were kept confidential and not reported to proper authorities because DMH denied the Council access to all BOI reports. These reports include the Boards' recommendations and conclusions pertaining to "unusual occurrences." Denying access to these records is a violation of the 1982-83 Appropriation Act which allows the Council "the examination of all records contained in or presently in the possession of the Department of Mental Health." A review of these records was made possible by various sources within the Department who provided a limited amount of documents.

The BOI is a peer review committee comprised only of Department officials. They are responsible for investigating "unusual occurrences" such as sudden patient deaths, suicides, deaths due to patient abuse, serious injuries and other areas of patient care. DMH considers all information acquired by the BOI during its investigation, as well as its final report, to be confidential and not subject to outside review, search or subpoena.

The type of patient abuse cases maintained by the Boards of Inquiry and not reported to the Ombudsman vary. For example, documents maintained by the BOI alleged that neglect by a physician, nurse and two mental health specialists allowed a patient to die. According to the investigative report, they did:

...grossly violate SCDMH Directive 584-82 (Patient Abuse) and the Client and Patient Protection Act in that said personnel failed to maintain supervisory care, protection and safe environment for the patient in question and further that their failure to maintain those conditions... led to the death. Therefore, there is probable cause to believe that the negligent behavior on behalf of the personnel... was a direct contributing factor in the choking death of patient _____.

In another case, a patient, who was admitted to State Hospital because he attempted suicide, was placed on suicide precaution by the admitting physician. The patient committed suicide shortly after admission to State Hospital. The staff responsible for his care had not followed routine patient care procedures which require patients to be checked every 30 minutes. The investigative report stated that the employees failed to regularly check on the patient as required by Department policies and procedures, and "...their actions were a violation of SCDMH Directive No. 413-77 (Patient Abuse)." Other patient care policies and procedures which contributed to his death were found to be violated by the staff. This case was not reported to officials outside of the Department and remains confidential in the Department's Office of General Counsel files.

In addition, the Council was denied access to all 189 Boards of Inquiry reports issued between July 1976 and July 1982. Approximately 150 of the BOI investigations were conducted at State Hospital.

Section 43-30-40 of the 1976 South Carolina Code of Laws pertaining to reporting patient abuse requires that Department officials with knowledge of possible patient abuse are required to report this information to the Ombudsman. Penalties for violating this law are up to six months imprisonment and \$1,000 in fines.

In addition, the Department's agreement with the Solicitor's Office requires the Department to submit all cases of possible patient abuse on a monthly basis to the assistant solicitor for his review. Also, a good practice would be for an independent, outside review to be conducted of incidents relating to patients injured or killed to ensure that corrective action is taken.

By not reporting all possible patient abuse incidents maintained in BOI files, there is no assurance that employees who harm or neglect patients are appropriately dealt with by judicial authorities.

BOI reports, including those where possible wrongdoing is discovered, are not made available to proper authorities because Department officials state these records are not subject to outside review. The Department considers BOI findings to be confidential.

Boards of Inquiry Membership

The Department's Boards of Inquiry are comprised only of individuals employed by the Department. Members not associated with the Department are needed to ensure balance and objectivity in BOI reviews and that proper action is taken against staff members who have violated patient care standards. In addition, only one BOI is needed to review potential problems in all facilities.

Each facility convenes a Board of Inquiry to investigate "unusual occurrences" such as sudden deaths, deaths due to patient abuse, suicides, serious injuries and other occurrences. These Boards determine if violations of policies, procedures, or patient care standards occurred. They review areas of quality assurance and recommend corrective action where necessary. Each Board is comprised of five employees of the

facility being reviewed, and the members are appointed by the superintendent of the facility.

The Department directive which establishes the Boards of Inquiry does not prohibit the appointment of members not associated with DMH. However, the Department has not appointed any public members to these boards. Department of Mental Health Directive 529-80 Section III states:

Boards shall be appointed by the Superintendent/Director or the State Commissioner of Mental Health, when appropriate.

The Board of Inquiry shall consist of at least five persons with one being designated as Chairperson by the appointing authority. Two of the members shall be active members of the Medical Staff with the other members being selected with special consideration being given to the type of incident or inquiry and its location within the facility.

Public members serving on the Board of Inquiry would be an asset to investigations of "unusual occurrences." This would provide the Board of Inquiry with a balanced approach to obtaining and evaluating patient care procedures or other problems encountered in mental facilities.

Also, it would allow the public the opportunity to review patient care provided in public institutions. Additionally, public members would increase the public's confidence that investigations by the Board of Inquiry are being conducted in a fair and equitable manner. Furthermore, members not associated with DMH would be more likely to report wrongdoing to authorities outside the Department (see p. 15). Having only one Board to review procedures at all facilities would help to ensure that BOI reviews are objective and do not favor the facility of which the members are employed and dispositions are consistent.

Security Needs to be Removed From DMH Control

During the course of the audit, the Council found that Department security operations need to be removed from the authority of the Department of Mental Health. Effective May 31, 1983, the General Assembly enacted legislation to place DMH security under the jurisdiction of the State Law Enforcement Division (SLED).

The Council found DMH management has caused security operations to be both ineffective and inefficient. Security, which includes the Department's police and investigative personnel, has been ineffective because investigative cases submitted to management have not been properly handled. Management has not notified outside law enforcement officials concerning certain patient abuse, patient deaths because of possible staff neglect, embezzlements, thefts and misuse of resources by Department personnel, possible criminal conduct by top agency officials and other offenses. In addition, investigators have not been allowed to submit investigative reports to outside law enforcement officials, or make recommendations concerning prosecution.

Security has been inefficient because security operations have been fragmented. Each facility has been responsible for its own security and investigative functions, and there has been no one person in charge of all operations. The Council found little evidence that security personnel among facilities coordinated their efforts in order to investigate or deter illegal or questionable activity.

The State Law Enforcement Division could ensure that investigations are properly and objectively handled. For example, security operations at State agencies excluding DMH and the Department of Corrections are conducted under the jurisdiction of SLED.

A good practice would be to centralize security functions and have a director responsible for all police and investigative functions. An example of a centralized approach to investigations is the South Carolina Department of Corrections (SCDC) investigators. All major incidents occurring at SCDC are investigated by their Division of Internal Affairs.

DMH control of police and investigative functions has allowed management to interfere in investigations and to keep illegal activity within the Department confidential. The Council found examples of thefts (p. 39) documented by Department investigators but kept confidential by management. Top DMH officials have also halted patient abuse investigations and have not reported certain patient abuse cases to outside authorities as required by law (see p. 9). Credible, effective and responsible security operations have been hampered by DMH management. This has not ensured that the Department is operated in the best interest of the patients and State.

RECOMMENDATIONS

THE GENERAL ASSEMBLY SHOULD CONSIDER AMENDING SECTION 43-29-10 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO DEFINE PATIENT ABUSE IN THE SAME MANNER AS THE CLIENT-PATIENT PROTECTION ACT (43-30-20).

THE DEPARTMENT SHOULD ESTABLISH ONLY ONE BOARD OF INQUIRY TO REVIEW PROBLEMS IN ALL FACILITIES.

THE BOARD OF INQUIRY SHOULD INCLUDE PUBLIC MEMBERS NOT AFFILIATED WITH THE DEPARTMENT AND A REPRESENTATIVE FROM THE INVESTIGATIVE STAFF. THE BOARD SHOULD CONVENE WHEN NECESSARY TO REVIEW PATIENT CARE POLICIES AND PROCEDURES AND MATTERS INVOLVING THE DELIVERY OF PATIENT CARE. BOARD RECOMMENDATIONS FOR IMPROVEMENT SHOULD BE ISSUED TO THE STATE COMMISSIONER AND FACILITY SUPERINTENDENT. IF POSSIBLE ILLEGAL ACTIVITY IS DISCOVERED BY THE BOARD OF INQUIRY, THE INVESTIGATIVE STAFF SHOULD BE IMMEDIATELY INFORMED.

Patient Security

The Council reviewed DMH police and investigative records and found patients are not being adequately protected. These findings are discussed below.

Leave Without Permission

The Council examined Department records of patients escaping from State mental facilities and found the Department needs to take steps to reduce patient escapes. From July 1, 1980 to June 30, 1982, there were 761 incidents in which patients in four State mental facilities went on leave without permission (LWP) (see Table 2).

TABLE 2
NUMBER OF PATIENTS
LEAVING WITHOUT PERMISSION AND NOT RETURNING FOR
FY 80-81 AND FY 81-82

	<u>Average Daily Population</u>	<u>No. of LWPs</u>	<u>Still Missing</u>	
			<u>No.</u>	<u>Percent of LWPs</u>
State Hospital	1,324	654	71	11
Hall Institute	102	50	25	50
Bryan Hospital	201	48	9	19
Crafts- Farrow	1,556	<u>9</u>	<u>4</u>	44
TOTAL		<u>761</u>	<u>109</u>	

Source: Department of Mental Health Records.

The Council further analyzed the 654 escapes from State Hospital (SCSH). Forty-one of these escapes involved patients with criminal charges such as murder, kidnapping, assault and battery with intent to kill, and burglary.

Patient escapes can be attributed to several factors. The major cause appears to be patients with yard privileges leaving the ground undetected. Approximately 377 (58%) of the SCSH escapes involved patients with yard privileges leaving campus. (These patients do not have the privilege of leaving the hospital grounds). Twenty-five patients with criminal charges obtained yard privileges and later escaped. One patient with criminal charges obtained yard privileges on three separate occasions one year and escaped each time.

SCSH professional staff are responsible for granting yard privileges to patients whose behavior warrants such privileges. According to SCSH officials, patients apparently not deserving yard privileges have been granted them and later escaped through the hospital gates.

In addition, four of the five gates leading into SCSH remain open and unguarded from 6:00 a.m. to 6:45 p.m., seven days a week, with only two to three officers patrolling the campus. According to SCSH officials, patients with yard privileges can easily escape through these open gates without being detected by security officials.

Inadequate security procedures and staff negligence also have allowed patients to escape. Patients on locked wards have escaped through unlocked doors. Also, visitors have not been properly checked before visiting patients. Visitors have supplied firearms, knives, wirecutters and other instruments to aid in patients' escapes. Approximately 192 incidences of patients escaping have occurred at SCSH because of these inadequate security procedures and staff negligence. The remaining 85 SCSH LWP's involved patients not returning from weekend passes.

The policy of SCSH is to treat patients in the least restrictive manner while maintaining the appropriate security necessary for the protection of patients, employees and the community. Therefore, allowing only deserving patients yard privileges is very important. State Hospital Directive 28-06 states that the attending physician and the treatment team should restrict any patients they feel would commit unlawful acts or leave the hospital grounds without permission.

Sound management practices dictate the need for an adequate security system at mental health facilities in order to minimize escapes and

ensure public safety. Staff and security need to be constantly aware of existing conditions, such as open gates, that would allow a patient to escape. Also, a good practice would be to check visitors for contraband before they enter wards.

Patients escaping from hospital grounds can be a danger to themselves and others. The Council examined SCSH's investigative reports of 202 escapes. The following examples are taken from these reports indicating dangers to patients and the public when patients escape:

- Patient escaped from hospital and was found dead two months later about a mile from the hospital.
- Two patients stole a vehicle on SCSH grounds, escaped and were involved in a traffic accident.
- Three patients with criminal charges escaped in September 1982 after a visitor supplied them with a pistol. As of December 1982, two of these patients were still at large.
- An escaped patient sexually assaulted a 54-year-old woman in Charleston County.
- An escaped patient returned to the hospital and raped a nurse.

Unattended Wards

While reviewing DMH records of personnel who left their wards unattended or slept on duty, the Council concluded the Department needs to take steps to correct these occurrences. From January 1980 to August 1982, DMH security officials substantiated 20 incidents of patients left unsupervised either because employees left their assigned ward or slept while on duty. Some patients have been seriously injured when employees left patients unsupervised.

For example, one patient sustained serious injuries after engaging in a fight with another patient while the ward was left unattended. According to the Department's investigative report, the patient was

beaten, kicked and hit in the head with a chair, and 23 stitches were required in the head and forearm. The employees who abandoned the ward that night were only reprimanded.

Patients have been left unsupervised because management has not taken the initiative to ensure employees properly monitor patients. For example, management does not make "surprise" inspections to determine if proper personnel are on wards caring for patients. Management has not been strict and consistent in disciplining employees found to be sleeping on duty or leaving their wards unattended. The following disciplinary actions have been administered to the 20 employees sleeping or leaving their post of duty as examined by the council: 11 were suspended, four reprimanded, and no action was taken against five.

Sleeping on duty and leaving a ward unattended can be considered a form of patient abuse. Department of Mental Health Directive 584-82, Section D, defines patient abuse in part as intentional patient neglect, including failure to provide patient care. Patient abuse is a criminal offense with penalties of up to \$5,000 in fines or five years in jail.

It is the Department's policy to provide its patients a safe and humane environment. Directive 551-80, Section B, Part 1 affirms that:

Every patient has a right to freedom from neglect and abuse...Sufficient staff will be provided for proper patient treatment and care.

The welfare and safety of the patients are jeopardized when they are left unattended because of either sleeping on duty or leaving the ward.

Key Control

There are no records at DMH to document assignment of keys, the number of keys lost, and whether terminated employees turned in their keys. Neither do records indicate which locks have been changed or rekeyed nor which keys fit each lock. Also, the keys used can be duplicated by any commercial locksmith. This is a problem at all Department facilities except Bryan Psychiatric Hospital. Morris Village was not included in this study.

From January 1980 to August 1982, there were 40 separate incidents reported to DMH Security involving lost keys, keys left in door locks and patients having keys to their wards. Keys lost include those to wards at the Cooper building, which houses patients with criminal charges, and to the pharmacy at the Byrnes Clinical Center.

The Department of Mental Health does not have adequate policies for key control. The section supervisors at each institution order keys from the Engineering Department and distribute them to new employees or as replacements for lost keys. From December 1981 to October 1982, the locksmith at the South Carolina State Hospital received 394 requests for duplicate keys from section supervisors. However, the locksmith has no record of where or to whom the section supervisors have distributed the keys, or which locks the keys fit.

Stringent policies for key control are necessary for a sound security system. The South Carolina Department of Corrections (SCDC) requires that each institution have a key control custodian. The key custodian's responsibility is to ensure that all keys are accounted for. Records are kept to show which keys each employee has in his possession and which locks the keys fit. Bryan Psychiatric Hospital (BPH) has implemented similar policies.

Inadequate key control and easy access to duplicate keys jeopardize the safety of patients and the public. Doors left unlocked have resulted in patients leaving hospital grounds. Without adequate key control, it is difficult to determine the party responsible for leaving ward doors unlocked or losing their keys to patients. Also, the potential for theft and misuse of State property is increased.

RECOMMENDATIONS

DEPARTMENT OF MENTAL HEALTH PROFESSIONAL STAFF SHOULD EVALUATE THEIR CRITERIA FOR ISSUING YARD CARDS TO ENSURE THAT ONLY PATIENTS THAT ARE A MINIMUM RISK OF ESCAPING BE ISSUED A CARD.

IN ORDER TO DECREASE THE NUMBER OF LWPs, THE DEPARTMENT SHOULD TAKE THE FOLLOWING ACTIONS:

- (1) CONSIDER CLOSING ALL BUT THE MAIN GATE LEADING INTO SCSH HOSPITAL GROUNDS.
- (2) CHECK ALL VISITORS FOR CONTRABAND BEFORE THEY ENTER WARDS.

(3) ROUTINELY CHECK TO DETERMINE IF WARD
DOORS ARE LOCKED.

(4) CHECK TO ENSURE THAT PERSONNEL ON
DUTY ARE AT THEIR ASSIGNED POSTS.

DEPARTMENT OF MENTAL HEALTH EMPLOYEES
INVOLVED IN PATIENT CARE SERVICES SHOULD
BE REEDUCATED AS TO THEIR RESPONSIBILITY
OF CARING FOR PATIENTS WHILE ON DUTY.

THE DEPARTMENT SHOULD ADMINISTER STRICT
AND CONSISTENT DISCIPLINARY ACTION AGAINST
EMPLOYEES FOUND SLEEPING OR ABANDONING
THEIR POST OF DUTY.

DEPARTMENT MANAGEMENT (DIRECTORS OF
NURSING, PROFESSIONAL SERVICES, ETC.) SHOULD
PERIODICALLY INSPECT WARDS TO ENSURE ALL
EMPLOYEES ARE PROPERLY ACCOUNTED FOR.

THE DEPARTMENT OF MENTAL HEALTH SHOULD
ADOPT POLICIES AND PROCEDURES FOR KEY
CONTROL. ONE INDIVIDUAL SHOULD BE
RESPONSIBLE FOR ACCOUNTABILITY OF ALL
HOSPITAL KEYS AT EACH INSTITUTION. THIS

CAN BE ATTAINED BY EXAMINING THE METHOD
USED BY THE BRYAN PSYCHIATRIC HOSPITAL.

Alcoholic Beverages and Marijuana on Hospital Wards

The Audit Council reviewed Department of Mental Health security reports (excluding Morris Village) and found 216 substantiated incidents of patients and employees consuming or possessing marijuana or alcoholic beverages at DMH facilities. Also, drugs such as quaalude, librium and dexamyd were found to be in the unauthorized possession of patients in ten instances.

This review covered the period from January 1980 to August 1982. Of the 216 incidents (some involving more than one patient or employee), 182 involved patients and 34 involved employees. In an additional 26 incidents, security officials found alcoholic beverages or marijuana on the patients' wards or in the possession of visitors.

The following are examples taken from Department security reports of patients and employees caught with alcoholic beverages or marijuana:

- One patient was caught making liquor on a ward. According to the security report, the patient has a history of dealing in homemade liquor.
- A doctor reported a patient "was receiving daily intakes of alcoholic beverages which was affecting his health."
- An employee transporting patients was found to have a blood alcohol content of .32% (.10% is legally intoxicated). Seven months later he was terminated for selling whiskey to a patient.
- A physician was caught intoxicated on duty three times before being allowed to retire.
- One patient, housed on a locked ward, was found "so drunk he could not stand up."

- Four bottles of wine and vodka were "confiscated from two intoxicated patients" housed on a locked ward.
- Four patients on a locked ward housing patients with criminal charges were caught smoking marijuana. Nine similar incidents involving alcohol and marijuana on this ward were documented by campus security during this time period.
- One patient, housed on a locked ward, was caught with whiskey at least four times. Other patients, according to the security report, stated he had furnished them with alcoholic beverages.
- One patient, housed on a locked ward, was caught smoking marijuana. He stated he left the hospital to purchase it.
- Two marijuana cigarettes were found in the sink of a locked ward.
- One patient was caught supplying marijuana to another patient.
- Two patients were found behind a ward drinking beer and vodka.
- A patient, who had been in the hospital for one day, was able to obtain marijuana.
- The Council was able to substantiate that 89 patients on locked, closed wards obtained alcoholic beverages or marijuana during the January 1980 to August 1982 time period.

Section 44-23-1080 of the 1976 South Carolina Code of Laws makes it a felony for anyone to furnish contraband to a patient:

It shall be unlawful for any person to furnish any patient... under the jurisdiction of the South Carolina Department of Mental Health... with any matter declared by the Department to be contraband (alcoholic beverages and marijuana are considered contraband).

The penalty for this crime is up to 10 years in prison and/or fines of up to \$10,000.

Employees have been involved in alcohol and marijuana usage. Disciplinary actions administered to the 34 employees found consuming or possessing alcoholic beverages or marijuana were as follows: three were prosecuted, twelve were terminated, nine were suspended, five were reprimanded and no action was taken against five.

Department of Mental Health Directive 434-77, which was in effect until February 1, 1982, states in part:

Possession... of contraband... can be considered as grounds for termination of employment. The South Carolina Department of Mental Health will, where circumstances warrant, seek prosecution of any person found in possession of contraband...

Directive 576-82, effective February 1982, calls for immediate dismissal of employees found drinking alcoholic beverages or using illicit drugs on the job.

In addition, good management practices would dictate that management seek out the suppliers of contraband and pursue criminal charges in order to deter its usage.

Mental patients consuming alcoholic beverages with their prescribed medications may be endangering their health. Alcoholic beverages can interact with prescribed medications to cause serious and permanent bodily harm. In addition, being under the influence of marijuana or alcohol while on duty may impair an employee's ability to provide adequate patient care.

The use of this contraband continues because management has not taken the proper action to reduce its use. On at least four occasions, patients or employees have provided names of individuals furnishing contraband to patients, yet no investigations were ordered on these occasions.

In addition, Department officials have stated that closing all but the main gate at State Hospital would reduce the traffic flow and reduce contraband. However, no gates have been ordered closed.

The law pertaining to furnishing contraband to a patient does not address the problem of visitors or employees who possess contraband.

According to Department officials, individuals cannot be prosecuted for possessing contraband, such as whiskey or knives, unless they supply it to patients.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SECURITY DIVISION SHOULD INITIATE AN INVESTIGATION TO DETERMINE THE MANNER IN WHICH PATIENTS ARE OBTAINING CONTRABAND ON WARDS. RECOMMENDATIONS TO CORRECT DEFICIENCIES SHOULD BE IMPLEMENTED BY THE DEPARTMENT.

THE GENERAL ASSEMBLY SHOULD CONSIDER AMENDING SECTION 44-23-1080 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO PROVIDE CRIMINAL PENALTIES FOR ANY UNAUTHORIZED INDIVIDUAL TO POSSESS CONTRABAND ON STATE MENTAL HOSPITAL GROUNDS.

THE DEPARTMENT SHOULD COORDINATE WITH THE PROPER LAW ENFORCEMENT AUTHORITIES TO PROSECUTE ANY INDIVIDUAL POSSESSING CONTRABAND ON STATE MENTAL HOSPITAL PROPERTY.

Sex Incidents on Hospital Wards

Fourteen sex incidents, substantiated by Department investigators, which occurred in two mental facilities between January 1980 and August 1982 were reviewed by the Council. Eight of these incidents involved employees having sexual intercourse with patients or making sexual advances toward patients. Two incidents involved visitors and patients and the remainder involved patients. The Council found that the agency needs to take steps to deter sex offenses in State mental facilities. Also, employees need to be more attentive to the patients' whereabouts. The following are examples of sex offenses examined by Department investigators.

In one hospital, a patient was raped one afternoon in her ward by another patient. According to the investigative report, six staff members were assigned to care for this patient and eight other patients on this ward. Although the rape occurred in the patient's bed, which was situated in sight of the nursing station, no staff witnessed the rape. No employees have been found to be at fault for allowing this incident to occur.

One male employee entered a locked female ward undetected and had sexual intercourse with a patient. In addition, the employee took the female off the ward and had sexual intercourse on two other occasions. According to the DMH investigator's report, "...several areas of gross negligence by the staff, including allowing a male to enter a female ward undetected..." allowed the sexual intercourse. The Department, instead of seeking prosecution under Section 44-23-1150 of the 1976 South Carolina Code of Laws (Intercourse With a Patient) of the employee to the full extent of the law as recommended by the Department

investigators, allowed the employee to plea to a lesser offense, simple assault. According to the Solicitor's Office, the Department of Mental Health would not cooperate in prosecuting to the full extent of the law because "it would create an air of public exposure and draw the interest of the news media." A plea bargain was the only alternative.

In another instance, a visitor stated he was a patient's husband and was allowed to visit the patient. He was found to have had sexual intercourse with her in the visitor's room of her ward. The patient was housed on a closed, locked ward. It was later determined he was not related to the patient. Another time, a visitor forced a male and female patient to engage in sexual intercourse. Afterwards, the visitor then engaged in sexual intercourse with the female. The visitor, who was a former patient at State Hospital, then left the facility and no action was taken against the individual.

One incident involved two employees engaging in sexual intercourse on different occasions with a patient. The patient became pregnant by an employee and suffered a miscarriage. The Department paid the medical expenses associated with the miscarriage. In this case, the Department cooperated in prosecuting the employees to the full extent of the law.

Five other employees were found to have had sexual relations or make sexual advances towards patients. The action taken against these employees was the termination of their employment with the Department.

Good patient care practices would require that Department staff provide constant supervision of patients to ensure their safety. Also, it is necessary that visitors are properly screened before entering the

grounds. Effective management would dictate an effort to seek, whenever possible, punishment of all sex offenders to the maximum extent of the law.

Section 44-23-1150 of the South Carolina Code states in part:

Any persons having sexual intercourse with a patient... shall be guilty of a misdemeanor...

This crime carries a sentence of up to 20 years in prison.

Department Directive 584-82 defines patient abuse in part as:

Sexual molestation or relations with a patient in any manner or the encouragement of sexual molestation or relations with a patient.

Section 43-29-40 concerning patient abuse states:

It shall be unlawful for any person to abuse, neglect or exploit any senile or developmentally disabled person...

Penalties for any person convicted range from up to five years in prison or a \$5,000 fine.

The sexual abuse of patients in State hospitals may endanger their recovery and return to the community.

Sex offenses have occurred because staff members have not effectively monitored patients. Also, Department investigators have documented that sex offenses occurred because of staff negligence in at least two instances. In other instances, although no staff were found negligent, patients were unsupervised in their wards when the acts occurred. In addition, the Department has apparently been reluctant in prosecuting employees to the full extent of the law. This does not provide an adequate deterrent to sex offenders.

RECOMMENDATIONS

STAFF MEMBERS RESPONSIBLE FOR MONITORING PATIENTS SHOULD BE HELD RESPONSIBLE FOR ANY INJURY TO THE PATIENT. STAFF SHOULD BE REEDUCATED AS TO THE IMPORTANCE OF ENSURING THAT PATIENTS ARE SUPERVISED AT ALL TIMES.

DEPARTMENT OF MENTAL HEALTH INVESTIGATORS AND ATTORNEYS SHOULD FULLY COOPERATE WITH THE SOLICITOR'S OFFICE IN PROSECUTING ANY PERSON ACCUSED TO HAVE SEXUALLY ASSAULTED A PATIENT.

Coroner Not Notified of Patient Deaths

Mental Health hospitals have not notified the Richland County Coroner when a newly admitted patient dies within ten days of admission. The Council reviewed medical records of 71 patients who died within ten days after admission during the period April 5, 1979 to August 17, 1982, to determine if the hospitals complied with DMH policy. The coroner was not notified in 35 (49%) of the 71 deaths (see Table 3).

TABLE 3
PATIENTS THAT DIED WITHIN TEN DAYS AFTER ADMISSION
FOR THE PERIOD APRIL 5, 1979 TO AUGUST 17, 1982

<u>Hospital</u>	<u>Total Number Reviewed</u>	<u>Coroner not Notified</u>	
		<u>Number</u>	<u>Percent</u>
Crafts-Farrow	41	23	56.1
State Hospital	18	6	33.3
Bryan Psychiatric	8	3	37.5
W.S. Hall Psychiatric	3	2	66.7
Tucker Center	<u>1</u>	<u>1</u>	<u>100.0</u>
TOTAL	<u>71</u>	<u>35</u>	<u>49.3</u>

Source: Department of Mental Health Records.

Department of Mental Health Directive 493-79, dated April 5, 1979 states that the coroner should always be notified if a newly admitted patient dies within ten (10) days of admission. This directive was addressed to all facility superintendents, directors, administrators, and medical staff and is included in the Department of Mental Health Policy and Procedure Manual.

Failure to notify the coroner of the death of a newly admitted patient raises questions as to the adequacy of care by the hospital or whether there was something acutely wrong with the patient prior to admission. Without receiving notification the coroner cannot order an autopsy, investigate the circumstances of the patient's hospitalization, or determine what may have occurred prior to admission.

The lack of notifying the coroner in 49% of newly admitted patients' deaths was caused by physicians being neglectful and hospital management not ensuring that directives are followed. Medical records personnel are not checking to determine if the coroner has been notified when they prepare the death certificates.

RECOMMENDATIONS

HOSPITAL MANAGEMENT SHOULD INSTRUCT DOCTORS AS TO THE IMPORTANCE OF PROMPTLY NOTIFYING THE CORONER WHEN A NEWLY ADMITTED PATIENT DIES. DISCIPLINARY ACTION SHOULD BE TAKEN AGAINST PHYSICIANS FOUND IN NONCOMPLIANCE.

MEDICAL RECORDS PERSONNEL SHOULD CLOSELY CHECK THE INFORMATION PROVIDED BY PHYSICIANS TO ENSURE THAT THE CORONER IS NOTIFIED WHEN A NEWLY ADMITTED PATIENT DIES WITHIN TEN DAYS OF ADMISSION.

CHAPTER III
ADMINISTRATION

Theft and Misuse of State Resources

The Council reviewed the Department of Mental Health investigative reports issued after January 1, 1980 and found employees had committed acts such as larceny, embezzlement, conspiracy and misuse of State resources. The Department has not reported these incidents to proper law enforcement authorities for judicial action.

The following are summaries of investigations where Department officials found illegal or possible illegal activity within the Department and no evidence exists that law enforcement officials were notified:

- A supply supervisor confessed to several thefts. This individual stole a state-owned riding lawn mower and sold it for \$100.00. Also, he stole State lumber (plywood and "two-by-fours") to build a shed at another employee's home. This employee used a State dump truck and "front-end loader" to haul dirt for his personal gain. Furthermore, he employed college students, allowing them to attend school during their paid State working time. Other employees would clock them in while they attended classes. Finally this employee admitted to stealing an undisclosed amount of gasoline, eight sheets of panelling, six sheets of plywood and other wood to remodel his kitchen. According to documents pertaining to this case, as much as 350 "two-by-fours," 28 sheets of plywood, an undetermined amount of hand tools, a metal door, 100 gallons of gasoline, and other items may have been stolen. In addition, employees would use State vehicles to perform personal errands,

attend college and transport employees to and from work. Although the supervisor and three others were terminated by the Department for these actions, the proper law enforcement officials were not notified by the Department for criminal prosecution and restitution was not made.

- One employee confessed to embezzling approximately \$600 of State funds while employed by the Department of Mental Health. The employee was terminated, but the proper law enforcement officials were not notified and restitution was not made.
- An investigation into illegal activity at State Hospital's Engineering Division led to the termination of a supervisor and maintenance worker in July 1982. These employees were making "insect killers," "deer stands" and a "dog box" for a pickup truck on State time for their personal use. Also, they were ordering the equipment for these items through the Department's purchasing office. Approximately three years earlier, the supervisor was found to be using State time and resources for personal gain. Three days after the Department's investigation into the Engineering Division began, the division director resigned. Investigators did not determine if this individual had knowledge of the activities within his division, and he was later rehired by the Department at a higher position. Law enforcement officials were not notified of these events and restitution was not made.
- Three employees conspired to steal approximately 240 T-shirts and 36 pairs of underwear, and used a State vehicle to transport the stolen goods. Although two employees admitted to the thefts, and all three were terminated, the proper law enforcement officials

were not notified. Approximately 150 T-shirts were not recovered. No restitution was made.

- A psychologist admitted to embezzling approximately \$1,400 from a patient's bank account. Although he confessed to this act, was terminated and repaid the funds, the Department did not pursue criminal charges.
- A clerk confessed to embezzling approximately \$900 in State funds. Although the employee was terminated and restitution was made, criminal charges were not pursued.
- The superintendent of one psychiatric hospital brought his personal furniture to work to be refinished by Department employees. He was suspended for one day for "improper, unauthorized use of SCDMH property and resources." No criminal charges were pursued, and restitution was not made.
- A nurse was caught stealing State property and her employment was immediately terminated. However, she was rehired by another facility within the Department.

Employees who have committed these acts may be guilty of violating State laws. Section 16-13-210 of the 1976 South Carolina Code of Laws states, in part:

All officers... who shall embezzle (public funds)... shall be guilty of a felony and, upon conviction thereof, shall be punished by fine and imprisonment...

Section 16-1-10 states that grand larceny is a criminal offense declared to be a felony.

Section 16-17-410 defines conspiracy as:

...a combination between two or more persons for the purpose of accomplishing a criminal or unlawful object...

This crime carries a penalty of up to five years in prison or a \$5,000 fine.

Section 8-11-30 states:

It shall be unlawful for anyone to receive any salary from the State or any of its departments which is not due, and it shall be unlawful for anyone in the employ of the State to issue vouchers, checks or otherwise pay salaries or monies that are not due to State employees of any department of the State... Any violation of the provisions of this section shall be punishable by a fine of not more than \$5,000 or by imprisonment for not more than five years, either or both, in the discretion of the court.

Since the Department did not pursue criminal charges against employees found to have stolen or misused State resources, little deterrent to future recurrences is provided. Since 1980, thefts of State property by DMH employees have continued. Employees are more likely to continue to misuse or steal government property if they feel that no criminal charges will be brought against them. Also, when supervisors and top-level officials, such as the superintendent of a facility, commit such wrongdoing, they fail to set a proper example of leadership for other employees to follow. In addition, the Department has not received restitution for stolen property such as the lumber, gasoline or \$600 embezzled, therefore, additional State funds must be used to replace these items.

RECOMMENDATION

A REVIEW TO DETERMINE IF INDIVIDUALS INVOLVED IN POSSIBLE ILLEGAL ACTIVITY ARE CRIMINALLY LIABLE SHOULD BE CONDUCTED. ALSO, A REVIEW TO DETERMINE IF DEPARTMENT OFFICIALS ARE

CRIMINALLY LIABLE FOR NOT REPORTING THIS
INFORMATION SHOULD BE CONDUCTED.

Accreditation of Department Hospitals

The Council examined requirements Department of Mental Health hospitals must meet in order to receive Federal funding. Several problems were found.

JCAH Accreditation Not Necessary for Federal Funds

The Department of Mental Health has issued inaccurate statements to the Budget and Control Board and the news media concerning the necessity of accreditation by the Joint Commission on Accreditation of Hospitals (JCAH). DMH officials have stated that JCAH accreditation is necessary for the Department to obtain Medicare, Medicaid, and private insurance funds. All that is necessary is certification by the Department of Health and Environmental Control (DHEC).

The Department's 1981 Five Year Plan justified a request of \$1.3 million for Crafts-Farrow Hospital to correct deficiencies cited by JCAH with the following statement:

Failure to receive the additional increases will ultimately result in the loss of certification to participate in Medicaid and Medicare programs and would result in a loss of Federal funds to the State amounting to more than \$8,000,000 annually.

In addition, the Department issued at least two press releases between 1981 and January 1982 stating that Medicaid, Medicare, and third party insurance payments would be jeopardized if a hospital lost JCAH accreditation. In January 1982, DMH appealed a JCAH decision to deny accreditation to State Hospital. In a press release, the Commissioner stated:

Until the appeal is completed, South Carolina State Hospital will remain accredited and be entitled to continue to receive Medicare and Medicaid payments for qualified patients and from other third party payers such as insurance companies. Should the ultimate decision be adverse, it places in serious jeopardy the future of such payments at South Carolina State Hospital. [Emphasis Added]

The appeal resulted in State Hospital retaining JCAH accreditation.

However, JCAH accreditation is not necessary for the Department to receive Federal funding, except for Medicaid reimbursements for persons under 21 years of age (such as those in DMH's Blanding unit). DMH received Medicaid funds for only five patients in this age group in April 1983. Facilities treating adults only need certification by the State Department of Health and Environmental Control to receive Federal funds.

When JCAH accredits a hospital, DHEC still must certify the hospital for participation in Federal reimbursements. In 1981, the Federal Government required DHEC and Federal officials to conduct a complete survey to validate JCAH findings. (DHEC has always had authority to completely survey DMH facilities.) DHEC found that although SCSH and CFSH are JCAH accredited, deficiencies existed which caused both hospitals to lose Federal certification for 2,281 beds in 1983 (see p. 45).

As of December 1982, ten states did not have JCAH accreditation of their psychiatric hospitals, including Florida and Mississippi. The State of Florida has never had any of its seven psychiatric hospitals accredited. Florida is reimbursed with Medicaid, Medicare, and private insurance funds. In addition, the South Carolina Department of Mental Retardation (DMR) recently discontinued JCAH accreditation of its Whitten Village hospital. DMR officials stated that JCAH accreditation is

both costly and unnecessary since Medicaid/Medicare standards enforced by DHEC are sufficient to assure quality care.

The Department is expending funds for JCAH surveys which are not necessary except for units serving persons under the age of 21. The 1983 JCAH survey of State Hospital cost approximately \$22,000. Since 1979, DMH has spent over \$65,000 for JCAH surveys. DMH could use DHEC surveys to ensure Federal standards are met and to avoid the cost of a JCAH survey. DHEC's Division of Certification, which is Federally funded, does not charge DMH for its surveys.

When questioned about the necessity of JCAH accreditation to receive Federal funding, DMH officials stated that accreditation is only necessary for Medicaid reimbursements for persons under 21 years of age. They stated that JCAH accreditation is not required for Medicaid and Medicare reimbursements to all other patients.

Loss of Medicare and Medicaid Funds

State Hospital has lost certification to receive Medicare and Medicaid reimbursements for all beds except those in the admission's and children's units. As a result, the facility is ineligible to recoup Federal funds of approximately \$783,000 in 1983 for 40 Medicaid and Medicare eligible patients. These patients are in beds no longer certified by the Federal Government (through DHEC) to receive Medicare and Medicaid. Before September 1982, all 1,684 beds available at State Hospital were certified. Now Federal reimbursement can be received for only 223 beds.

Crafts-Farrow will also lose Federal certification for 820 beds effective June 1983 as a result of a Federal review of the hospital. The amount of Federal funds that would be lost as a result could not be determined.

To be certified to receive Federal funding, DMH facilities must meet certain Federal guidelines outlined in Section 42, Part 405, Subpart J of the Code of Federal Regulations. In November 1981, Federal authorities surveyed State Hospital and Crafts-Farrow for compliance with requirements and found deficiencies which required corrective action. These results were presented to DHEC's Health Licensing and Certification Division. DMH officials submitted a plan of correction for each facility to DHEC. The plan provided only for a minimum number of beds to be certified rather than the certification of all beds. This would reduce Medicaid/Medicare eligible beds by over 1,400 at State Hospital and 820 at Crafts-Farrow.

The General Assembly has expressed its desire to use Federal funding whenever possible. Section 126 of the 1982-83 Appropriation Act states:

All departments, institutions and agencies of the State having revenue funds other than State appropriated funds available for operations, shall use such revenue before appropriations from the State's General Fund are expended or requisitioned.

The effect of losing Federal certification is that DMH is ineligible to receive Federal reimbursements for Medicaid or Medicare eligible patients. State funds will have to be expended to care for these patients rather than Federal funds. State Hospital could lose approximately \$783,000 in 1983 because as of March 1983, 40 patients eligible for Federal reimbursements were in noncertified beds. In addition, the Department may be required to repay approximately \$100,000 in Medicaid funds received for patients in noncertified beds between September 1982 and January 1983. The amount of Federal funds that would be lost as a result of Crafts-Farrow losing certification of 820 beds could not be determined.

In addition, placing Medicare and Medicaid eligible patients in noncertified beds is burdensome. These patients and their families must now assume responsibility for paying charges incurred. Also, loss of certification results in inequitable treatment of some patients. Patients in noncertified beds are not assured of the same level of care as patients in certified beds.

DMH management has consistently expended time and resources in order to meet Joint Commission on Accreditation of Hospitals standards (JCAH) instead of Federal standards (see p. 43). Although JCAH accredited all beds in both facilities for 1982, DHEC found deficiencies during this same time period which resulted in beds not being certified to receive Federal funds.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SHOULD REQUIRE ACCREDITATION BY THE JOINT COMMISSION ON ACCREDITATION OF HOSPITALS ONLY FOR THOSE WARDS THAT WOULD LOSE FEDERAL FUNDS IF NOT ACCREDITED.

ALL BEDS SHOULD BE CERTIFIED TO ENSURE A MINIMUM AND EQUAL LEVEL OF CARE FOR ALL PATIENTS. HOWEVER, IF THIS CANNOT BE ACCOMPLISHED DUE TO FUNDING LIMITATIONS, DMH SHOULD CONCENTRATE ITS RESOURCES IN AN EFFORT TO OBTAIN FEDERAL CERTIFICATION

OF BEDS FOR ALL MEDICAID/MEDICARE ELIGIBLE
PATIENTS.

Confiscated Property

Accountability of property confiscated by Department security was reviewed, and several problems were found.

Confiscated Property Missing

A sample of 94 items confiscated by State Hospital security officers between January 1980 and August 1982 was examined. The confiscated property, considered contraband, consisted of marijuana, alcoholic beverages, knives and guns. The Council could not locate 11 (12%) items. The following are examples taken from DMH security reports of missing items.

- Two bags of an undetermined amount of marijuana and two packs of cigarette papers.
- 750ml bottle of Jim Beam Whiskey.
- An undetermined amount of marijuana.
- Two "joints" of marijuana.
- One "joint" of marijuana.

The maintenance and disposal of confiscated property is the responsibility of campus security. The State Hospital Security Policies and Procedures Manual states in part:

The evidence officer will be solely responsible for the proper storage and preservation of all evidence and contraband. All evidence or contraband removed from the evidence room must be accounted for.

Without adequate control of marijuana and alcoholic beverages in the Department's custody, there is an increased possibility of diversion and abuse of these substances. Contraband such as marijuana and alcoholic beverages can be diverted for unlawful purposes such as selling these items to patients. In addition, lack of controls over contraband means that valuable evidence in legal cases is lost.

Contraband is missing because security has not maintained stringent controls to ensure the property is not lost, stolen, misplaced or misused. Also, agency officials have never conducted an inventory of the property maintained in the evidence room to ensure its proper storage.

No Policy for Disposal of Confiscated Property

The Department of Mental Health has no policy outlining the process for destroying confiscated marijuana, alcoholic beverages, and other contraband. In its inventory of 94 confiscated items, the Council found that 35 (37%) of the items missing were listed in Department records as "destroyed" or "to be destroyed." According to agency officials "to be destroyed" indicates the items were destroyed. However, no witnesses were present to verify the destruction of the contraband, and the destruction process (burning of marijuana, pouring out whiskey, etc.) was not documented (see Table 4).

In addition to the 35 missing items listed as "destroyed," the Council found records of other contraband listed as "destroyed" or "to be destroyed." The Council reviewed an additional 31 incidents of confiscated items which were destroyed without witnesses. These items include marijuana, alcoholic beverages, tear gas, bullets and a variety of controlled drugs. Drugs such as dexamy, limbitrol and dalmene

were "destroyed" without witnesses or documentation as to the disposal process.

TABLE 4
EXAMPLES OF MISSING CONTRABAND LISTED BY
DEPARTMENT OFFICIALS AS DISPOSED OF, THE DISPOSAL PROCESS,
AND WITNESSES TO THE DISPOSAL

<u>Item</u>	<u>Disposal Process Listed</u>	<u>Number of Witnesses</u>
One pint vodka	to be destroyed	none
One joint marijuana	destroyed	none
3/4 ounce marijuana	destroyed	none
Undetermined amount of marijuana	destroyed	none
One pint whiskey	to be destroyed	none
Ancient Age bourbon (seal unbroken)	to be destroyed	none
One pint vodka	to be destroyed	none
Limbitrol (8 tablets)	destroyed	none
Dalmane (30 mg tablet)	destroyed	none
Dexamyl capsule	destroyed	none

Source: DMH security records.

Good security practices would require that witnesses verify and attest to the proper disposal of any illegal or controlled drugs, alcoholic beverages, or other contraband in the custody of the Department. For example, the South Carolina Department of Corrections (SCDC) requires

that all marijuana and drugs be taken to SLED and turned over to the Chemistry Division for destruction. Any alcoholic beverage confiscated by the SCDC must be destroyed. SCDC requires an outside law enforcement officer to be available as a witness when this type contraband is destroyed. Also, the destruction process must be properly documented.

State Regulation R61-4-609 outlines pharmacy procedures for disposing of controlled drugs. This regulation requires persons authorized by the Department of Health and Environmental Control to dispose of controlled substances in the following manner:

- (1) By transfer to person registered under the Act and authorized to possess the substance;
- (2) By delivery to an agent of the Division (Narcotic and Drug Control Division-DHEC) or the office of the Division;
- (3) By destruction in the presence of an agent of the Division or other authorized person; or
- (4) By such other means as the Director (Narcotic and Drug Control Division) may determine to assure that the substance does not become available to unauthorized persons.

A similar procedure could be used by the Department of Mental Health.

Without witnesses, it is impossible to verify whether contraband is destroyed. Department officials are subject to accusations of improper disposal techniques, as well as the theft or misuse of the contraband.

Confiscated property has not been properly disposed of because management and security officials have not developed proper procedures for disposing of contraband. In addition, the Department's internal audit staff has never conducted an inventory of this area to determine if the maintenance and disposal of confiscated property is adequate.

RECOMMENDATIONS

DEPARTMENT OF MENTAL HEALTH CAMPUS SECURITY OFFICIALS SHOULD STRENGTHEN THEIR PROCEDURES FOR MAINTAINING ACCOUNTABILITY OF ALL CONFISCATED PROPERTY. SECURITY OFFICIALS SHOULD ABIDE BY THE POLICY OF ACCOUNTING FOR ALL EVIDENCE STORED IN THE EVIDENCE ROOM. DISCIPLINARY ACTION SHOULD BE TAKEN FOR NONCOMPLIANCE.

THE DEPARTMENT OF MENTAL HEALTH SHOULD ESTABLISH A POLICY OUTLINING THE DISPOSAL PROCESS OF CONFISCATED PROPERTY. THIS POLICY SHOULD REQUIRE DOCUMENTATION OF THE DISPOSAL PROCESS AS WELL AS PROPER INDEPENDENT WITNESSES TO VERIFY DISPOSAL.

THE INTERNAL AUDIT STAFF OF THE DEPARTMENT SHOULD PERIODICALLY MAKE AN UNANNOUNCED INVENTORY AND INSPECTION OF THE CONFISCATED PROPERTY AND RECORDS.

Pharmacy Operations

Pharmacy operations at DMH were reviewed, and several problems were found.

Drug Record Discrepancies

DMH records of two pharmacies indicated that certain controlled substances are unaccounted for, and the pharmacies did not attempt to determine what happened to the unaccounted drugs. For example, on April 29, 1981, one pharmacy's records indicated a discrepancy of 1,953 Valium (5 mg tablets) and 302 Librium (25 mg capsules) (see Table 5). Records of 11 controlled drugs indicate ten or more pills missing. Yet, no investigation to determine if the drugs were lost or stolen was conducted.

TABLE 5
SCHEDULE OF CONTROLLED DRUG INVENTORY DISCREPANCIES

Crafts-Farrow State Hospital Pharmacy

<u>Drug</u> <u>(Strength)</u>	<u>Date of</u> <u>Discrepancy</u>	<u>Amount on Hand Per</u>		<u>Shortage</u>
		<u>Record</u>	<u>Actual Count</u>	
Valium(5 mg tabs)	04/29/81	5,991	4,038	1,953
Librium(25 mg caps)	04/29/81	2,968	2,666	302
Valium(5 mg tabs)	05/20/81	5,568	5,416	152
Demerol(50 mg tabs)	05/26/82	32	21	11

(Table 5 continued on next page.)

TABLE 5 (CONTINUED)

Bryan Psychiatric Hospital Pharmacy

<u>Drug</u> <u>(Strength)</u>	<u>Date of</u> <u>Discrepancy</u>	<u>Amount on Hand Per</u>		<u>Shortage</u>
		<u>Record</u>	<u>Actual Count</u>	
Chlordiazepoxide (25 mg caps)	01/20/82	2,022	1,813	209
Restoril(30 mg caps)	12/17/81	2,510	2,383	127
Valium(10 mg tabs)	01/22/82	149	109	40
Ativan(1 mg tabs)	04/21/82	1,093	1,073	20
Tylenol #2 (15 mg codeine tabs)	01/22/82	186	166	20
Dalmane(15 mg caps)	01/12/82	331	321	10
Dalmane(30 mg caps)	01/20/82	290	280	10

Source: Crafts-Farrow and Bryan Hospital Pharmacy Records.

Also, the Council found that certain drug records indicated more drugs on hand than actually recorded on the inventory. For example, one pharmacy's records indicate that 841 Phenobarbital (15 mg tablets) were on the shelf. However, after a physical count, 1,881 tablets or 1,040 more tablets were discovered (see Table 6).

TABLE 6
SCHEDULE OF UNRECORDED DRUGS ON HAND
AT BRYAN PSYCHIATRIC HOSPITAL PHARMACY

<u>Drug</u> (Strength)	<u>Date of</u> <u>Discrepancy</u>	<u>Amount on Hand Per</u> <u>Record</u>	<u>Actual Count</u>	<u>Overage</u>
Phenobarbital (15 mg tabs)	01/22/82	841	1,881	1,040
Phenobarbital (30 mg tabs)	01/22/82	5,607	5,703	96
Phenobarbital (60 mg tabs)	01/22/82	388	508	120
Phenobarbital (2 gr inj)	01/19/82	96	109	13
Amytal (250 mg ampoules)	05/12/82	12	22	10
Librium ^a (25 mg caps)	12/15/81	-48	unknown	unknown
Ativan (1 mg tabs)	01/20/82	1,251	1,313	62
Ativan (2 mg tabs)	04/21/82	276	296	20
Valium (10 mg tabs)	04/21/82	249	269	20

^aInventory records showed a negative inventory of 48 capsules, and the pharmacist had not made an actual count to reconcile the inventory.

Source: Bryan Hospital Pharmacy Records.

Accurate, reliable records are necessary to ensure accountability of all controlled substances. Section 42, Part 405.1027 of the Code of Federal Regulations outlines drug record-keeping requirements for hospitals receiving Federal reimbursements. These Regulations require that:

A record of the stock on hand and of the dispensing of all narcotic drugs is maintained in such a manner that the disposition of any particular item may be readily traced.

In addition, a good pharmacy management practice would be to routinely audit controlled substances and reconcile any discrepancies found. For example, the State Hospital pharmacists conduct a physical inventory of controlled substances each month and immediately reconcile discrepancies found.

Without investigating causes for discrepancies in drug inventory records, Department pharmacists cannot adequately account for their controlled drug inventory. When controlled drugs are not properly accounted for, there is an increased possibility of drug diversion and abuse. Furthermore, the agency faces loss of Federal reimbursements where pharmacy records do not adequately account for narcotics.

Records have been inaccurate in two pharmacies for several reasons. First, these pharmacies do not physically inventory controlled drugs on a timely basis to determine any discrepancies in drug records. One pharmacy inventories controlled drugs semi-annually whereas the other pharmacy inventories drugs annually. There is no uniform DMH policy concerning inventory control or accounting of drugs. In addition, DMH internal auditors had not reviewed the pharmacies' accounting controls of drugs and made recommendations for improvements until the Audit Council reviewed this area.

Bryan Hospital Pharmacy Not Needed

The Department of Mental Health unnecessarily operates a pharmacy at Bryan Psychiatric Hospital (BPH). The pharmacy at nearby Crafts-Farrow State Hospital could dispense medication to BPH patients. By

discontinuing the pharmacy at Bryan and using the Crafts-Farrow pharmacy to serve Bryan's patients, two positions budgeted at approximately \$48,000 annually could be eliminated.

Bryan Hospital began operation in 1977 without its own pharmacy or plans for a pharmacy. From 1977 to 1979, the Crafts-Farrow pharmacy dispensed drugs to BPH patients. However, in 1979, BPH began stocking and dispensing its own drugs and has since increased the number of pharmacists it employs to three. Crafts-Farrow pharmacy, which previously dispensed to Bryan Hospital patients, did not reduce the number of pharmacists on staff when it discontinued serving Bryan.

The Council compared workload data (transactions such as prescriptions and requisitions filled) of the three Department pharmacies in operation in 1982 (the fourth pharmacy did not begin operation until 1983 and workload data was not available). Significant workload variances exist in the operation of the pharmacies. For example, Bryan Hospital's pharmacy workload is approximately one-half that of Craft-Farrow's workload per pharmacist. Crafts-Farrow workload is significantly less than State Hospital's (see Table 7).

Eliminating Bryan Hospital's pharmacy and transferring the dispensing responsibility to Crafts-Farrow would not increase CFSH's workload per pharmacist above the State Hospital pharmacy. In addition, Department officials have not compared available workload data to determine if personnel should be shifted to increase overall pharmacy efficiency. Also, discontinuing the policy of filling employee prescriptions could reduce the number of pharmacists needed (see p. 106).

TABLE 7
COMPARISON OF TRANSACTIONS (PRESCRIPTIONS AND REQUISITIONS
FILLED) OF PHARMACIES OPERATED BY THE
DEPARTMENT OF MENTAL HEALTH

<u>Pharmacy</u>	<u>Fiscal Year</u>	<u>Number of</u>		<u>Transactions Per Pharmacist</u>
		<u>Pharmacists Employed</u>	<u>Transactions</u>	
State Hospital	79-80	10 ¹	368,581	36,858
	80-81	10 ¹	286,815	28,681
	81-82	10 ¹	312,698	31,270
Crafts-Farrow	79-80	6	63,893	10,649
	80-81	6	77,103	12,851
	81-82	6	80,337	13,390
Bryan Hospital	79-80	1.5	12,525	8,350
	80-81	2.0	16,397	8,199
	81-82	2.66 ²	16,451	6,185

Tucker Center
(not open until Feb. 1983)

¹Excludes two pharmacy technicians.

²One pharmacist employed part of year. As of November 1981, three full-time pharmacists were employed.

Source: Department of Mental Health Records

In order to promote efficiency in pharmacy operations, a good practice would be to utilize only those pharmacies absolutely necessary to adequately serve patients. For example, Morris Village, a facility adjacent to Bryan Hospital, does not maintain a pharmacy. All pharmacy supplies and medications for Morris Village are obtained as needed at the nearby Crafts-Farrow pharmacy. Morris Village employees bring patient prescriptions or bulk drug requisitions to the CFSH pharmacy to be filled. This method could be utilized by Bryan Hospital. Also, Hall

Psychiatric Institute does not maintain a pharmacy but uses a method similar to Morris Village's. In FY 81-82, Hall Institute requested approximately 38,000 prescriptions (131% more than Bryan Hospital) from nearby State Hospital's pharmacy.

The State could save at least \$48,000 annually by eliminating two positions if it closed the Bryan pharmacy. In addition, the space the pharmacy now occupies could be used for other patient care functions.

According to Department officials, Bryan Hospital originally planned to employ a clinical pharmacist to offer drug counselling to patients and physicians. The pharmacy was stocked and staffed with additional pharmacists when Department officials anticipated an increase in prescriptions due to higher patient turnover than originally planned. However, the workload of Bryan Hospital did not increase to warrant its own pharmacy.

RECOMMENDATIONS

ALL DEPARTMENT OF MENTAL HEALTH PHARMACIES SHOULD, ON A MONTHLY BASIS, PHYSICALLY INVENTORY CONTROLLED SUBSTANCES STOCKED. ALL SUBSTANTIAL DISCREPANCIES SHOULD BE THOROUGHLY INVESTIGATED.

THE DEPARTMENT OF MENTAL HEALTH'S INTERNAL AUDIT DEPARTMENT SHOULD RANDOMLY CONDUCT INSPECTIONS OF CONTROLLED DRUGS STOCKED IN DEPARTMENT PHARMACIES.

THE DEPARTMENT OF MENTAL HEALTH SHOULD CLOSE THE BRYAN PSYCHIATRIC HOSPITAL PHARMACY. CRAFTS-FARROW STATE HOSPITAL SHOULD ASSUME RESPONSIBILITY FOR DISPENSING DRUGS TO PATIENTS AT BRYAN HOSPITAL.

ONE PHARMACIST, RESPONSIBLE FOR COUNSELLING PHYSICIANS AND PATIENTS CONCERNING MEDICATIONS, SHOULD BE MAINTAINED BY BRYAN HOSPITAL. THIS PHARMACIST SHOULD ALSO ASSIST THE CRAFTS-FARROW PHARMACY IN FILLING PRESCRIPTIONS AS NEEDED.

THE DEPARTMENT OF MENTAL HEALTH ADMINISTRATIVE DIVISION SHOULD PERIODICALLY PERFORM PHARMACY WORKLOAD STUDIES TO DETERMINE IF PHARMACISTS SHOULD BE SHIFTED TO IMPROVE OVERALL PHARMACY EFFICIENCY.

Patient Administration

The Audit Council reviewed the area of patient administration at the Department of Mental Health. The following problems were found.

Hearing Process Costly to State

DMH is incurring an unnecessary expense by transporting patients to their counties of residence for commitment hearings and examinations.

In FY 81-82, the Department expended over \$500,000 transporting patients to examinations and hearings. An additional \$528,045 was spent in FY 81-82 for commitment proceedings through the Office of Court Administration. This includes funding for attorneys, designated examiners, and court reporters.

When a patient is admitted to the hospital on emergency status, he is returned by law to the probate court of his county of residence within 20 days for an examination and hearing to determine whether or not he should be judicially committed to the hospital. In FY 81-82, DMH had 5,763 emergency admissions. There were 3,505 trips made for examinations and hearings, totalling 498,500 miles.

Requiring patients to be transported back to their counties of residence for examinations and hearings is costing the State over \$500,000 a year. It also endangers the health, safety and welfare of many patients, particularly elderly patients. Use of many courts causes court-related expenses to be excessive. Centralization of the commitment process would save the State \$484,375 in transportation expenses and \$226,545 in court-related expenses, for a total savings of \$710,920 per year.

DMH has proposed legislation which would provide for a centralized hearing and examination process. The Department has developed a model for this proposal which would involve setting up a court with two associate probate judges and hiring three psychiatrists and three psychologists on a part-time basis to serve as designated examiners.

In North Carolina, commitment hearings are held at the hospital where a patient is being treated. In Tennessee, hearings are held in the locality where a patient is being treated; most of the judges hold hearings at the hospitals.

DMH has taken steps to encourage the probate judges to hold hearings at the hospitals. Since April 1982, DMH has provided hospital staff to serve as designated examiners for all examinations and hearings held at the hospitals. The Department also provides travel reimbursement to all probate judges who hold hearings at the hospitals.

There are six judges who hold all hearings for their elderly patients at Crafts-Farrow State Hospital. Ten judges have held at least one hearing at South Carolina State Hospital since April 1982. It is at the judges' discretion whether or not to hold hearings at the hospitals. There is currently no legal requirement that hearings and examinations must take place at the treatment facility or in the locality where a person is being treated. Section 44-17-410 of the 1976 South Carolina Code of Laws grants jurisdiction to "the probate court of the county in which the person resides or where the acts or conduct leading to his hospitalization occurred."

Patients Not Charged Cost of Treatment

Patients treated at State mental facilities are not charged actual Department costs. As a result, the State may be losing up to \$5 million annually in revenues which could be recouped in additional Medicaid, Medicare, private insurance reimbursements and private paying patient fees.

Instead of charging patients actual costs, patients are charged a nominal fee established by the Mental Health Commission. This fee, as of September 1982 when reviewed by the Council, ranged from \$15 to \$50 per patient day. However, the cost to the State to operate these facilities ranged from approximately \$46 to \$165 per patient day (see Table 8).

Treatment costs vary among facilities and among units (wards) within a facility. For example, in FY 80-81, State Hospital costs averaged approximately \$55 per patient day to operate, whereas Crafts-Farrow averaged \$46 (operating costs for all wards). However, Table 8 shows that within State Hospital, costs vary from \$46 per day on the long-term care unit to \$125 per day on the children's unit. Costs on units at other facilities also vary. Regardless of these cost differences within facilities, DMH still charges patients the same rate. Patients on any ward at State Hospital would have been charged \$15 per day in September 1982.

TABLE 8
SCHEDULE OF DEPARTMENT FEES AND ACTUAL
TREATMENT COSTS, FY 81-82

<u>Facility</u>	<u>Per Patient Day</u>		
	<u>Charge</u>	<u>Actual Cost</u>	<u>State Revenue Lost</u>
State Hospital			
Admission Unit	\$15	\$121	\$106
Long Term Care	15	46	31
Children's Unit	15	125	110
Court Unit	15	93	78
Byrnes Clinic	23	104	81
Crafts-Farrow			
Admission Unit	15	58	43
Other	15	50	35
Bryan Psychiatric Hospital	15	127	112
Hall Psychiatric Hospital			
Regular Admissions	50	165	115
Four County Catchment Area	15	Not Available	-
Tucker Center	20	46	26
Morris Village	35	101	66

Source: Department of Mental Health Records

The Department has the authority to charge actual costs. Section 44-23-1110 of the South Carolina Code states:

The Department of Mental Health shall establish the charges for maintenance and medical care for patients, other than beneficiary, of State mental health facilities. These charges shall be based upon the per capita costs per day of the services rendered, which may include costs of operation, costs of depreciation, and all other elements of cost, which may be adjusted from time to time as the Department of Mental Health considers advisable.

In 1972, the Governor's Management Review Commission recommended that DMH revise the rate structure to charge actual costs.

Since actual costs of operation are not charged, DMH officials estimate the State is losing up to \$5 million in revenues that could be collected from Federal programs, insurance companies and patients with adequate resources to pay their bills. These revenues are lost at a time when State agencies are being required to reduce their budgets, and the Department is threatening to close hospitals.

In October 1982, the Deputy Commissioner for Finance presented alternatives for revising patient charges in order to increase patient fee revenues. At that time, the Commission voted to moderately increase nominal fees charged patients. However, as of March 1983, the Commission has not voted to charge actual costs.

Inappropriate Admissions to DMH Facilities

An Audit Council review of admissions indicates that individuals not in need of institutional care are being admitted to Department of Mental Health psychiatric facilities. DMH officials provided the Council with admissions data of individuals not needing institutional care.

These admissions fall into two groups. The first group, general inappropriate admissions, includes individuals who show no evidence of mental illness, patients who are mentally retarded, and patients with various mental disorders who could be treated adequately on an outpatient basis. Over a two-month period the cost to DMH as the result of such inappropriate admissions was approximately \$174,870.

The second group, medical inappropriate admissions, consists of individuals who have primarily a physical rather than a mental disorder. Between January 1980 and December 1982, a total of 220 such admissions occurred for which the Department expended approximately \$697,000. This problem is discussed in detail in the following pages.

(1) General Inappropriate Admissions

The Department of Mental Health is incurring substantial costs by having to provide citizens with mental health care not needed. The Audit Council requested DMH officials to conduct a review of all admissions to Bryan Psychiatric Hospital, Crafts-Farrow State Hospital, South Carolina State Hospital, and the Community Cottage at Hall Psychiatric Institute for the months of October and November 1982. The purpose of this review was to determine the extent to which inappropriate admissions have an impact on the Department.

DMH reviewed 504 admissions for their appropriateness. Eighty-two (16%) of the 504 admissions reviewed were considered by DMH medical experts to have been inappropriate for admission to the various institutions. Of these 82 admissions, 67 (82%) could have been treated on an outpatient basis. Ten (12%) had serious overriding medical problems and five (6%) were not in need of mental health services at all (see Table 9).

TABLE 9
NUMBER AND PERCENTAGE OF INAPPROPRIATE EMERGENCY
ADMISSIONS BY CATEGORY - OCTOBER AND NOVEMBER 1982

<u>Category</u>	<u>Inappropriate Admissions</u>	
	<u>Number</u>	<u>Percent Total</u>
<u>Treatable as Outpatient</u>		
Alcohol/Drug Abuse	37	45
Mental Disorder	25	31
Mental Retardation	<u>5</u>	<u>6</u>
Subtotal	<u>67</u>	<u>82</u>
<u>Overriding Medical Problem</u>	<u>10</u>	<u>12</u>
<u>Not in Need of M.H. Services</u>		
No Place to Stay	3	4
Domestic Uproar	1	1
To Avoid Jail	<u>1</u>	<u>1</u>
Subtotal	<u>5</u>	<u>6</u>
TOTAL	<u>82</u>	<u>100</u>

Source: Department of Mental Health Records.

The 82 admissions considered by the Department to be inappropriate involved 1,547 inpatient days. Based on an average daily cost, these admissions cost the Department of Mental Health approximately \$174,870. Projected over a year, DMH could spend at least \$1 million providing care and services to individuals who either could be treated as outpatients or who do not need mental health services at all.

Table 10 shows estimated costs if more appropriate alternative care had been provided over the same number of patient days. If

all 82 were placed in adult residential care facilities for 1,547 patient days, the cost would be \$19,338 as opposed to the \$174,870 for DMH institutional care.

TABLE 10
COST OF PROVIDING ALTERNATE CARE
TO 82 INAPPROPRIATE ADMISSIONS

<u>Type of Facility</u>	<u>Avg. Cost Per Patient Per Day^a</u>	<u>Patient Days</u>	<u>Total Cost</u>
DMH Institution	\$113.00	1,547	\$174,870
Adult Residential Care	12.50	1,547	19,338
Nursing Home	39.36	1,547	60,890
Alcohol & Drug Ctrs. - Residential			
Detoxification	72.26	1,547	111,786
Halfway House	12.28	1,547	18,997
CMHC - Outpatient Basis	7.57 ^b	1,547	11,711

^aTotal funds.

^bBased on average weekly cost of \$53.

Source: Departments of Mental Health and Social Services.

(2) Medical Inappropriate Admissions

Individuals are being admitted to Department of Mental Health psychiatric facilities who have primarily a physical rather than a mental disorder. These patients include individuals who, upon admission, show little or no evidence of mental illness and in whom a mental disorder is secondary in nature to a medical or physical disorder. Between January 1980 and December 1982, the Department spent approximately \$697,000 providing medical attention to 220 such patients.

DMH officials have stated that transferral of a patient from a psychiatric to a medical unit within ten days of admission indicates a possible inappropriate admission. All admissions between January 1980 and December 1982 falling into this category were identified by DMH officials. A determination as to the appropriateness of each admission was made by qualified officials at each institution. An admission was determined to be inappropriate if the patient was primarily in need of medical treatment when admitted.

Sections 44-17-310, 410 and 510 of the South Carolina Code define criteria for voluntary, emergency and judicial commitments to State mental health facilities. None of these provide the Department of Mental Health itself with specific authority to deny inappropriate admissions. In addition, there is no requirement that individuals be screened at community mental health centers to help reduce unnecessary commitments.

In contrast, Section 44-21-40 of the South Carolina Code establishing requirements for admission to the Department of Mental Retardation provides that:

No individual alleged to be mentally retarded shall be admitted to the jurisdiction of the Department until he shall have been examined at a diagnostic center of the Department or a diagnostic center approved by the Department and shall have been certified by the Department on the basis of acceptable data to be both mentally retarded and in need of the Department's services.

In addition, Section 44-21-50 further requires that elements, such as the relative need of the person for DMR services and availability of local resources, be considered before admission.

An Audit Council survey of the southeastern states indicated that only one of the eight states contacted had a major problem with inappropriate admissions. With that one exception, all had statutes or policies which provide for screening of patients prior to admission. Florida requires that all admissions to State institutions first be screened at the community level and only then referred by the receiving facility to the institution. Other states, such as Kentucky and North Carolina, by law, give absolute authority to the various facilities to admit or reject individuals based on psychiatric evaluations conducted by physicians at the admitting institution. South Carolina has neither of these provisions.

The Department has taken several steps towards alleviating the problems caused by inappropriate admissions. DMH has proposed legislation to amend Section 44-17-890 of the South Carolina Code to allow the various facilities to obtain the release of a new patient prior to the Probate Court hearing when deemed medically advisable.

The Department has also drawn up a tentative Emergency Stabilization Program Plan to reduce the number of emergency admissions to State psychiatric hospitals. Two major elements of this plan are to develop Emergency Stabilization Services which function as an alternative to State hospital care and to encourage the use of community centers and clinics as an evaluation and screening resource for people potentially in need of institutional care.

In an effort to provide citizens, who are diagnosed as both mentally ill and mentally retarded, adequate and appropriate services based on individual needs, DMH and DMR are collaborating on an agreement to provide such care. This concept could be expanded to address multiple problem admissions for which appropriate placement is difficult to determine.

Representatives from major service agencies, such as the Departments of Social Services, Youth Services, Corrections, Education, Mental Retardation, and Mental Health could constitute a coordinating council which would review multiple problem admissions to determine where the most appropriate care is available. This could result in more appropriate treatment for patients, better utilization of existing agency resources and a reduction in inappropriate admissions.

By controlling admissions to State psychiatric facilities through screening at the community level and by allowing institutions to accept or reject individuals based on a thorough psychiatric examination, inappropriate admissions can be reduced. The State has a significant interest in confining the use of costly mental health facilities to cases of real need. State monies presently being spent on inappropriate admissions can be used more appropriately to provide psychiatric care for those truly in need of such services.

Commitment Statutes Need Revising

DMH funds are inefficiently used because of existing commitment statutes. An involuntary patient admitted to the hospital under emergency procedures is not allowed to change to voluntary status. Therefore, he is required to undergo an examination and probate hearing at State expense. Also, a hospital does not have the authority to discharge an involuntary patient prior to his probate court hearing unless it can guarantee that the patient can be discharged "with safety." Because hospital staff fear liability repercussions, they have not exercised this authority.

The present law places an unrealistic burden of responsibility on hospital staff. They cannot guarantee the behavior of a patient after

his discharge. However, they can determine whether or not a patient exhibits active symptoms of mental illness requiring hospitalization. If a hospital could discharge a patient upon "determination by the staff that the person is not mentally ill," then many patients could be discharged earlier than their hearings (usually held about 20 days after admission).

Bryan Psychiatric Hospital performed a study of all patients admitted to the hospital (on emergency status) through the probate court in January 1983. Of 227 patients, a total of 20 (9%) patients could have been changed from involuntary to voluntary status within the first seven days of hospitalization. Eleven of the 20 patients were considered appropriate for both a status change and an early discharge.

If the hospital had the authority to discharge these patients when medically advisable, there would have been a reduction in the number of days the patients had to be hospitalized. According to the study, there could have been a reduction of 109 inpatient days for BPH in January 1983. This reduction would mean that more patients could be served at no additional cost. Since the per diem cost at BPH is about \$125, increased efficiency would be valued at \$13,625 for the month of January, and \$163,500 for the year. There could be a similar increase in efficiency at the other DMH facilities.

In North Carolina, Georgia, and Florida, there are statutory provisions which allow for involuntary patients to change to voluntary status. Also, North Carolina, Georgia and Tennessee give hospitals the authority to discharge a patient prior to his commitment hearing if deemed medically advisable.

Without these provisions, unnecessary funds are being expended in South Carolina for the judicial commitment process and some patients are being hospitalized longer than necessary. In FY 81-82, 45% of emergency

admissions were released by the probate court. DMH officials state that many of these patients could be released earlier if the hospital had adequate statutory authority to do so, thereby avoiding the costs incurred by the commitment process.

DMH is proposing legislation which would allow a patient to change from involuntary to voluntary status within seven days of admission. In appropriate cases, this law would avoid the necessity for transporting a patient back and forth to his county of residence for a probate court hearing. This would result in cost savings of approximately \$80 per patient for transportation and at least \$100 per patient in hearing and examination costs.

Legislation is also proposed which would allow DMH facilities to discharge a new patient before his probate court hearing when deemed medically advisable. This proposal does not make hospital staff unnecessarily responsible for guaranteeing the behavior of a discharged patient since this is often extremely difficult to predict. Instead, it allows the hospital to discharge a patient "after determination by the staff that the person is not mentally ill."

RECOMMENDATIONS

THE GENERAL ASSEMBLY SHOULD CONSIDER
AMENDING SECTIONS 44-17-410, 44-17-420, AND
44-17-630 OF THE 1976 SOUTH CAROLINA CODE OF
LAWS TO PROVIDE FOR A SYSTEM OF CENTRALIZED
COMMITMENT HEARINGS AND EXAMINATIONS.

THE BUDGETS OF THE DEPARTMENT OF MENTAL HEALTH AND THE OFFICE OF COURT ADMINISTRATION SHOULD BE REDUCED BY THE AMOUNT OF SAVINGS REALIZED.

THE MENTAL HEALTH COMMISSION SHOULD REVISE ITS FEE STRUCTURE SO THAT ACTUAL COSTS ARE CHARGED TO PATIENTS. THIS REVISION SHOULD INCLUDE SEPARATING LEVELS OF CARE (ADMISSIONS, LONG-TERM CARE, ETC.) TO IDENTIFY COSTS.

THE GENERAL ASSEMBLY SHOULD CONSIDER AMENDING SECTION 44-17-890 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO PROVIDE DMH PSYCHIATRIC INSTITUTIONS THE SPECIFIC AUTHORITY TO REQUIRE THE IMMEDIATE DISCHARGE OF INDIVIDUALS NOT MEETING ADMISSIONS CRITERIA.

THE DEPARTMENT SHOULD SET A POLICY REQUIRING POTENTIAL ADMISSIONS TO BE EVALUATED AT THE COMMUNITY LEVEL PRIOR TO REFERRAL TO STATE INSTITUTIONS.

A COORDINATING COUNCIL SHOULD BE ESTABLISHED REPRESENTING MAJOR SERVICE AGENCIES

TO DEVELOP CRITERIA FOR PLACEMENT OF
"MULTIPLE PROBLEM" ADMISSIONS.

THE GENERAL ASSEMBLY SHOULD CONSIDER
AMENDING SECTION 44-17-910 OF THE 1976 SOUTH
CAROLINA CODE OF LAWS TO PROVIDE STATU-
TORY AUTHORITY FOR DMH TO CHANGE THE
STATUS OF AN INVOLUNTARY PATIENT TO
VOLUNTARY PRIOR TO THE COMPLETION OF THE
INVOLUNTARY COMMITMENT PROCEEDINGS IN THE
PROBATE COURT.

THE GENERAL ASSEMBLY SHOULD CONSIDER
AMENDING SECTION 44-17-890 OF THE 1976 SOUTH
CAROLINA CODE OF LAWS TO ALLOW DMH FACILITIES
TO DISCHARGE A NEW PATIENT BEFORE HIS
PROBATE COURT HEARING WHEN DEEMED MEDICALLY
ADVISABLE.

Luncheons and Banquets Served at State Expense

DMH has been hosting luncheons and banquets for the Columbia Medical Society and Commission members at State expense, incurring costs of \$8,404. Of this, \$6,565 was taken from State funds and \$1,839 was taken from patient care funds for over 1,600 meals served between 1972 and 1982. The Council identified 16 luncheons and banquets sponsored by the Department. In the 13 cases, where documentation

was available, DMH provided the food and personnel to prepare and serve the meals at the William S. Hall Psychiatric Institute.

There is no authority in State law which allows a State institution to use its resources to support luncheons and dinners. Section 11-9-10 of the 1976 South Carolina Code of Laws, states:

It shall be unlawful for any moneys to be expended for any purpose or activity except that for which it is specifically appropriated...

Furthermore, State employees may not work for such luncheons and dinners in any capacity and be paid by the State. Section 8-11-30 states:

It shall be unlawful for anyone to receive any salary from the State or any of its departments which is not due, and it shall be unlawful for anyone in the employ of the State to issue vouchers, checks, or otherwise pay salaries or moneys that are not due to State employees of any department of the State...

The Department's use of State funds to pay for non-State business does not directly benefit the State. Expending funds from the Patients' General Fund for such functions reduces the amount available for patient care purposes. The Commissioner of DMH stated that entertaining the Columbia Medical Society had been a custom prior to his arrival at the Department in 1938.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SHOULD
NOT SUPPORT NON-STATE FUNCTIONS WITH
STATE RESOURCES.

THE COMMISSIONER OF DEPARTMENT OF MENTAL
HEALTH SHOULD ATTEMPT TO RECOVER ALL
STATE COSTS INCURRED FOR LUNCHEONS AND
DINNERS FROM 1972 TO 1982.

Vehicle Maintenance Shop Inventory Control

The Department of Mental Health operates two motor vehicle maintenance and repair shops. The following problems in their operations were found.

Accountability for Parts and Supplies

SCSH maintenance shop has not adequately controlled and accounted for automotive parts and supplies valued at approximately \$100,000. No documentation is kept which provides an audit trail on parts and supplies purchased.

With the exception of tires, no written record or stock inventory control system is kept on automotive supplies placed in stock. For example, there is no method to identify the disposition of items such as batteries, brake shoes, filters, and replacement parts such as starters and alternators. There is no continuous accounting of supplies on hand. In addition, no control numbers are assigned to high unit cost items to enable them to be traced to their final work order. This also makes it difficult to initiate new orders of supplies efficiently and economically.

Tire Inventory Discrepancies

An Audit Council review of SCSH tire inventory revealed that of 402 tires listed as "in stock," the shop had accounted for only 266. The Council also identified 19 new tires in stock which were not recorded on inventory. Based on the average costs for new and recapped tires, the value of the 136 tires unaccounted for would range from \$3,600 to \$5,700.

Improper Disposal of Unserviceable Tires

Neither Crafts-Farrow nor State Hospital disposes of unserviceable tires in the manner set forth by the South Carolina Consolidated Procurement Code regulations. SCSH pays a nominal fee per truckload to dump these tires at the Richland County landfill. CFSH allows employees to take the tires.

Section 11-35-3820 of the 1976 South Carolina Code of Laws requires that all state-owned supplies not in public use shall be sold by the Division of General Services at public auction or by competitive sealed bid to the highest bidder. Section 11-35-3830 provides for trade-in sales, the value of which may be applied to the purchase of new like items. The General Services Division of Motor Vehicles (DMVM) follows this procedure and applies the proceeds from the sale of unserviceable tires to the purchase of new tires. By following this procedure, CFSH and SCSH can properly dispose of tires and help defray the cost of buying replacements.

No Usage Priority

The Audit Council found tires that have been in stock for 18 years. This could be caused by several factors. First, there is no system to ensure that the tires received first are used first. Secondly, because reordering is based only on visual inspection, an excess of one type of tire may be purchased while an inadequate number of another is kept in stock.

Sound management practices would require that tires not used be disposed of before their sale or salvage value decreases. This would not only be more economical but also would provide for a more efficient use of space.

To ensure accountability and to minimize costs, a formal inventory control system which provides documentation from the time of purchase to the time and place an item is actually used should exist. The CFSH maintenance shop has implemented such a system. DMVM's maintenance shop implements its inventory control through the use of stock record cards filed alphabetically or which could be filed by assignment of a parts control number. By recording pertinent data, DMVM keeps a continuous account of the parts and supplies it receives and uses.

Lack of accountability for supplies at SCSH maintenance shop is the result of no or inadequate record-keeping and inventory control procedures. DMH Internal Audit staff has never reviewed this section's inventory or its controls. In addition, DMH performs no routine inventory of automotive parts and supplies.

Inadequate inventory control can allow the undetected theft or misuse of government property, unnecessary duplication in the purchase of supplies, and results in a waste of taxpayer's money. At SCSH,

there is little control over or accounting for supplies valued at approximately \$100,000.

RECOMMENDATIONS

FORMAL WRITTEN INVENTORY MANAGEMENT POLICIES SHOULD BE DEVELOPED TO ENSURE ADVANTAGEOUS PURCHASING, MAINTENANCE OF OPTIMAL STOCK LEVELS, AND OVERALL ACCOUNTABILITY OF AUTOMOTIVE PARTS AND SUPPLIES.

THE DEPARTMENT OF MENTAL HEALTH INTERNAL AUDIT DIVISION SHOULD PERIODICALLY CONDUCT AN INVENTORY OF SUPPLIES AND EQUIPMENT AT SCSH MOTOR VEHICLE MAINTENANCE SHOP.

Unnecessary Assignment and Use of State-Owned Vehicles

The Audit Council reviewed the permanent assignment of vehicles within the Department of Mental Health.

Improper Assignment of Automobiles

The Department has unnecessarily assigned nine top officials with State automobiles. These officials drive less than the 11,000 miles set forth by DMVM as the minimum number of official miles necessary to be eligible for an automobile assignment (see Appendix C).

The Division of Motor Vehicle Management Manual states that:

The assignment of a state-owned vehicle to an individual for his/her exclusive use shall be tightly controlled and based upon official travel requirements of 11,000 miles or more per year.

The manual also states that individual assignment shall not be made for the personal convenience or prestige of an individual and should be discontinued if there is no official need. DMVM recommends that motor vehicles be centrally pooled in order to provide effective and responsive vehicle support.

Unnecessary Commuting

DMH allows employees who are assigned State cars to drive to and from work at State expense. Four of nine automobiles were used primarily by officials to commute. DMH does not restrict these vehicles to official use only. During FY 81-82, 48% (34,946) of all miles travelled (73,287) were commuting miles (see Appendix C).

The Audit Council surveyed five southeastern states and found that three make no permanent assignment at all, but use motor pool vehicles instead. Two states do assign vehicles within their Departments of Mental Health, but assess either a per-mile commuting fee or, as in Virginia, assess a biweekly charge of \$55 for assignment of the vehicle.

DMH states that personnel were assigned cars permanently because they are "on call" 24 hours a day. However, as stated in the DMVM manual:

The mere fact that an employee/official has been assigned a vehicle for exclusive use does not, in itself, imply permission to operate the vehicle between home and place of business... The fact that an employee is "on call" does not, in itself, justify this authorization. The urgency of employee availability and frequency of actual recall must be factually justified in order to qualify as authorized use.

Such factual justification was not evident from a review of the trip logs. Only two individuals specifically noted special trips made as the result of being "on call."

The effect of providing individually assigned automobiles is that they are underutilized. Based on the DMVM 11,000 official mile minimum, these vehicles should be driven a total of 99,000 miles per year to justify their assignment. During FY 81-82, these cars were driven only 38,341 official miles. At this annual rate, six automobiles originally valued at approximately \$30,000 are not needed. In addition, allowing State automobiles to be used for commuting purposes results in expenditures of limited State funds for non-State business. Personal use benefits only the employees involved and not the State or its citizens.

RECOMMENDATIONS

DMH SHOULD REEVALUATE EXISTING ASSIGNMENTS OF AUTOMOBILES AND DISCONTINUE THOSE WHICH ARE NOT ABSOLUTELY ESSENTIAL.

THE DEPARTMENT SHOULD NOT ALLOW UNNECESSARY COMMUTING AND FEES SHOULD BE ASSESSED FOR ANY COMMUTING MILEAGE INCURRED.

CHAPTER IV

PLANNING

Inadequate Planning at Bryan Psychiatric Hospital

DMH's inadequate planning for Bryan Psychiatric Hospital has resulted in \$1.3 million of unnecessary construction. Opened in February 1978, the hospital was designed to house 288 patients in eight separate lodges. Each lodge was equipped with 36 beds, 27 bathrooms and a complete kitchen serving area.

In FY 82-83, Bryan operated on a budget of \$7.9 million with a staff of 458 employees and an average daily patient population of approximately 210 people. Although these patients are housed in individual lodges, they are fed in a central dining facility.

The following sections discuss in more detail problems with the construction of Bryan Hospital.

Wasteful Kitchen Construction

DMH spent \$462,000 constructing and equipping eight kitchen serving area units which are not used because patients are fed in a central dining facility. DMH officials changed their original plans to have patients dine in the individual lodges when they realized this would not be cost-effective.

Each kitchen serving area occupies 357 square feet and the total cost was \$221,000 for construction and \$241,000 for equipment. The idle kitchen equipment remains unsold and decreasing in value.

Acute Care Unit Abandoned

DMH spent \$607,770 constructing an acute care unit for problem patients at Bryan Hospital which it abandoned. The unit, designed to provide intense supervision of 17 patients, was built on the floor above the hospital's administration building.

After building the unit, DMH renovated one of Bryan's lodges at a cost of \$5,100 and transferred acute care to it in May 1982. This move resulted in a loss of 36 patient beds at Bryan Hospital. The former acute care unit was converted to office and storage space. DMH officials informed the Audit Council that the change was made for the following reasons:

1. Toilets would overflow and water would get on the records in the administrative offices below.
2. The unit was too small.
3. Not convenient to the rest of the hospital.
4. Difficult to check on patients given the design of the rooms.
5. No provision for patients to see outside and this makes them more difficult to manage.
6. No place for visitors.
7. No provision for the division of males and females.

DMH's Assistant State Commissioner of Mental Health stated that Bryan was designed to house short-term individual patients from three to six months. However, during construction, the national trend for short-term treatment shifted from a stay of three to six months to one less than 30 days. The average stay at Bryan is about three weeks and the Assistant State Commissioner attributes the design problems to this factor. Another Department official had a different view. He stated that staff members working in the institutions had some input in the initial planning, but not in the actual design and layout of the facilities.

Excessive Bathroom Construction

Each living area in a lodge at Bryan provides 12 beds for which nine bathrooms were constructed. The Department later realized that nine bathrooms for 12 patients were excessive and modified their design of a similar hospital, Village B in Anderson. In Village B, the living quarters will provide three bathrooms for 11 patients.

If the same design for Village B had been used at Bryan, the number of bathrooms for the living area could have been decreased from nine to three. This would have resulted in 144 less bathrooms. Given the present Bryan design, if the Department had only provided six bathrooms rather than nine for 12 patients, 72 less bathrooms could have been constructed. This would have saved \$224,000 in construction cost.

Conclusion

A review of Bryan's design indicates a lack of adequate study and planning as to acute care requirements, dining and bathroom facilities. A change in a patient's length of stay should not have caused the problems that occurred in the acute care unit. Neither should this have affected whether kitchens were needed in each lodge or the number of bathrooms required. The facility has been built and expenditures unnecessarily made, and only through the selling of kitchen equipment can some of the losses be recouped.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH IN COOPERATION WITH GENERAL SERVICES SHOULD DISPOSE

OF ALL FOOD SERVICE EQUIPMENT IN A MANNER
MOST ECONOMICAL TO THE STATE.

THE DEPARTMENT OF MENTAL HEALTH SHOULD
ENSURE THAT THE FINAL DESIGN OF PROPOSED
HOSPITALS IS REVIEWED BY STAFF WORKING IN
A HOSPITAL AND FAMILIAR WITH THE DAY-TO-DAY
OPERATION.

Excess Funds Expended at Bryan Hospital

The Department of Mental Health spent \$1,009,000 in personnel services prior to opening Bryan Psychiatric Hospital in FY 77-78 and overstaffed it for the next two fiscal years resulting in excessive costs of \$2.5 million. On September 20, 1977, the architect for the Bryan Hospital stated that the facility was substantially complete as of September 19, 1977. Prior to this date, the hospital had 67 employees but did not open and receive the first patient until February 6, 1978. The next month, March, 215 hospital employees served only 28 patients. By the beginning of the new fiscal year, July 1978, the number of employees had increased to 252 for only 68 patients (see Table 11).

TABLE 11
NUMBER OF PATIENTS AND EMPLOYEES AT
BRYAN PSYCHIATRIC HOSPITAL FROM
SEPTEMBER 1977 TO JULY 1980

<u>Month and Year</u>	<u>Number</u>		<u>Employees Per Patient Ratio</u>
	<u>Patients</u>	<u>Employees</u>	
Sept. 1977	<u>FY 77-78</u>	67	
Oct.		75	
Nov.		88	
Dec.		130	
Jan. 1978		129	
Feb.	Hospital Opened	28	6.4
Mar.		215	7.7
April		238	7.0
May		242	4.9
June		249	4.1
July 1978	<u>FY 78-79</u>	68	3.7
Aug.		245	4.1
Sept.		258	4.8
Oct.		266	4.4
Nov.		276	3.3
Dec.		281	5.7
Jan. 1979		269	5.2
Feb.		270	3.5
Mar.		294	3.2
Apr.		311	3.0
May		314	3.1
June		323	2.8
July 1979	<u>FY 79-80</u>	118	2.8
Aug.		355	3.2
Sept.		360	3.1
Oct.		374	3.8
Nov.		388	2.6
Dec.		402	2.7
Jan. 1980		407	3.3
Feb.		418	3.1
Mar.		425	3.1
Apr.		432	2.3
May		444	3.0
June		447	2.7
July 1980	<u>FY 80-81</u> Reached Capacity	213	2.1

Source: Department of Mental Health Records

The facility did not reach its patient capacity until two years later, July 1980. During this period, the hospital ranged from having 5.7 employees per patient to 2.3 employees per patient. The average for the first year was 3.7 staff members for one patient, and dropped to an average of 2.9 staff members per patient for the second year of operation. This high ratio of staffing cost the State approximately \$2.5 million more than it should have for FY 78-79 and FY 79-80.

Bryan Psychiatric Hospital was designed as a 305 bed acute, short-term psychiatric facility. Such care requires a higher ratio of staff to patients than other institutions such as State Hospital or Crafts-Farrow where the staffing is about one employee to one patient. The director of Bryan stated that the standard for the hospital should be about 2.3 staff members per patient.

The advanced hiring of some employees for preparation and training purposes is necessary for opening a new institution. However, the expenditure of \$1,009,000 prior to receiving any patients is questionable. Bryan's current practice of 12 days of classroom instruction with visits to the patient areas indicates the amount of time necessary for training. Yet the hospital hired 67 (40%) of the staff needed for opening five months prior to admitting the first patient and 122 (73%) were hired 71 days before the hospital opened.

DMH's premature hiring and overstaffing resulted in the unnecessary expenditure of State funds. Overstaffing resulted in costing the State an average of \$47,892 to treat a patient for one year in FY 78-79, and the cost was \$39,996 per patient year for FY 79-80. Funds of at least \$2.5 million that should have lapsed to the General Fund did not because of management's hiring decisions.

When Mental Health officials were questioned as to why employees were hired far in advance of admitting the first patient on February 6, 1978, they stated that they anticipated the building being ready for occupancy. However, they knew on September 20, 1977 of approximately 700 pages of items that were required to be completed or corrected by the contractor. It contained such things as roofs leaking, windows not properly sealed, and caulking needed. Hospital management should have carefully assessed the impact of this incomplete work upon the opening of the facility. Poor planning caused the premature hiring and overstaffing of the Bryan Psychiatric Hospital.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD
FORM A TASK FORCE PRIOR TO THE OPENING OF
HARRIS PSYCHIATRIC HOSPITAL IN ANDERSON.
THE TASK FORCE WOULD PLAN FOR AND MONITOR
THE PATIENT POPULATION AND STAFFING OF
THE HOSPITAL TO ENSURE AN EFFICIENT OPENING
AND PHASE-IN.

Unnecessary Construction of Child/Adolescent Beds

The Department of Mental Health is constructing a 30-bed child/adolescent unit and plans to add 51 more child/adolescent beds by 1988 which are not needed. DMH is planning for 130 psychiatric hospital beds for children and adolescents by 1988, although Department of Health and Environmental Control (DHEC) officials informed DMH that only 49 beds are needed.

The Department of Mental Health has 43 psychiatric hospital beds for children and adolescents at Blanding House (part of State Hospital). DMH is building a 30-bed child/adolescent unit at Harris Hospital in Anderson and plans to build a 100-bed child/adolescent unit at Hall Institute by 1988 to replace the 43 beds at Blanding House. Therefore, DMH plans to have 81 beds more than needed.

In addition, alternative placements for children and adolescents need to be further examined. DMH conducted a study of emergency admissions to Blanding House in October and November 1982 and found that eight of 29 (28%) were inappropriate for psychiatric inpatient treatment. A review of information provided by DMH and other social service organizations indicates that Blanding is inappropriately used due to the lack of alternative placements for emotionally disturbed children and adolescents.

In order to ensure that limited State funds are used most efficiently, a good practice would be for DMH to construct only beds DHEC states are necessary. DHEC is the only State agency responsible for projecting bed needs in the State. The 1983 South Carolina State Health Plan issued by DHEC projects that only 49 psychiatric hospital beds for children and adolescents will be needed by 1987. DMH officials assisted in developing this plan.

Also, good patient care practices would require that children be cared for by the appropriate social service agency. For example, in North Carolina one agency has assumed full responsibility for administration and coordination of treatment services for emotionally disturbed, violent children. In Maryland, an interagency effort resulted in a "state coordinating committee" whose mandate is to pull together resources.

They also determine eligibility for services, and use a state data bank to monitor the care of children in residential treatment, regardless of the department through which the children enter care.

The South Carolina Developmental Disabilities Council sponsored a study, released in February 1983, entitled "Alternative Models for Development of a Continuum of Care for Emotionally Disturbed Children and Youth." This study examined the needs of emotionally disturbed children and adolescents in South Carolina and recommended interagency cooperation in developing alternative models for providing treatment to this group.

Building beds which are not needed results in the unnecessary expenditure of limited State funds. The 30-bed unit at Harris Hospital will cost \$1.9 million. The additional 51 beds planned for 1988 will cost an undetermined amount. These funds could be better spent on developing alternatives to inpatient psychiatric care.

When questioned why the Department was planning to build 81 beds more than DHEC stated was needed, the Assistant State Commissioner stated that DMH is "planning on the basis of other assumptions." He stated that DHEC projections are based entirely on current use rates and the assumption that all children needing psychiatric hospital services from DMH are receiving them. However, no documentation was presented to the Council to indicate more beds were needed or that alternatives to hospitalization of children were being considered.

RECOMMENDATIONS

THE GENERAL ASSEMBLY SHOULD CONSIDER
PLACING A MORATORIUM ON THE CONSTRUCTION

OF CHILD AND ADOLESCENT BEDS. ALTERNATIVES TO HOSPITALIZATION SHOULD BE THOROUGHLY CONSIDERED BEFORE FUNDS ARE EXPENDED FOR ADDITIONAL BEDS.

THE DEPARTMENT SHOULD NOT PLAN FOR OR CONSTRUCT FACILITIES WHICH THE STATE HEALTH PLAN DOES NOT INDICATE A NEED.

Real Property Management

Introduction

The Department of Mental Health owns over 1,500 acres of land in the Columbia area. In examining the Department's real property management, the Audit Council found two problems.

Incomplete Records of Real Property

The real property records of the Department of Mental Health are contradictory and lack complete and updated information regarding boundaries, use, location, and acreage. As a result, the Department does not know how much land it owns nor can it identify land that is surplus to its needs.

The Council requested records of all land owned by DMH. Mental Health officials provided the Council with outdated maps - one dating back to 1871, a map from a utility company, and an inaccurate schedule of all tracts granted to DMH. Since 1954, tracts of land have been transferred to other State agencies without the use of deeds or any

other formal records. Department of Mental Health records of its more than 1,500 acres contradict the records of the agencies receiving the property, Budget and Control Board records of the transfers, and other Department records of the land transfers (see Table 12).

DMH management has not taken the initiative to properly document and inventory landholdings. In 1974, a company presented a proposal for surveying all of the Department's land which DMH did not accept. In addition, responsibility for the Department's real estate management is not specifically assigned to any Mental Health employee.

Proper land inventory controls include assignment of responsibility for real property management, surveys and updated maps of land owned, and lists of tracts with such information as location, use, and acreage. Good management practices would require that the transfer or sale of land be formally authorized and recorded.

As a result of its inadequate real property management, DMH has not effectively planned for the most efficient use of the State's land, nor has it determined what land is surplus to the Department's needs and could be disposed of.

Department Surplus Land

The Department of Mental Health has two tracts of land totalling 933 acres which are not needed and for which there are no plans for future development. The land could be worth between \$8 and \$15 million (see Table 13). The property, located in one of the State's prime growth areas according to Richland County officials, is near Interstate 20 and railroad lines, and part of it fronts on Interstate 77.

The land was acquired in the early 1900's by a commission created to buy land in anticipation of the Department's growth. However, no buildings have been constructed on this land and there are no plans for construction on the two tracts. The Department has not examined its landholdings to determine what is surplus and has turned down offers to sell certain undeveloped land. Although the Department is not selling its surplus land, DMH recently signed a 25-year lease with Richland County for 40 acres (not a part of either of the two tracts) for one dollar a year.

The Federal Government is selling surplus land to gain revenue and allow the land to be converted to productive uses by the private sector. Since DMH policy is for decentralization of services to community mental health centers, the Department's idle land will not be needed for expansion.

TABLE 12

DISCREPANCIES IN RECORDS PROVIDED BY DMH ENGINEERING
DEPARTMENT - ACREAGE TRANSFERRED IN STATE PARK AREA

<u>Recipient of DMH Property</u>	<u>Approx. Date of Transfer</u>	<u>Acreege Records Provided to:</u>		
		<u>LAC</u>	<u>B&C Board</u>	<u>DMH Admini. Div.</u>
State Park Health Center	unknown	363.7	363.7	215.6
Dept. of Mental Retardation	1971	285	100	285
SCDHPT (I-20)	unknown	no record	35.4	no record
SCDHPT (I-77)	1974	79.4	no record	no record
Dept. of Education (Transfer never completed)	1972	no record	no record	5
Dept. of Education	unknown	16.7	16.3	16.3
Dept. of Corrections	1964	65	67.4	67.4

Source: DMH Engineering and Planning Section Records.

As the preceding table shows, none of the seven transfers have complete and/or consistent information according to the three sets of records provided by the DMH Engineering Section. For example, although the 1972 transfer of five acres to the Department of Education never was completed, DMH Administrative Division records indicate that the land was transferred. Also, only one of the three sources shows the 1974 transfer of land for right-of-way for Interstate 77. Variations in acreage amounts show the State Park Health Center receiving from 215 to 363 acres of DMH land.

TABLE 13
SUMMARY OF LAND SALES SINCE MARCH 1981
NEAR MENTAL HEALTH'S SURPLUS LAND
(STATE PARK AREA)

<u>Property Sold To:</u>	<u>Price</u>	<u>Acres</u>	<u>Price Per Acre</u>	<u>Estimated Value of DMH Land¹</u>
Corporation A	\$ 180,535	11.2	\$16,119	\$15,039,027
Corporation B	3,506,094	326.45	10,740	10,020,420
Corporation C	1,448,255	163.42	8,862	8,268,246

¹Price per acre x 933 acres owned by DMH = DMH surplus land estimated value.

Source: Richland County Register of Mesne Conveyance and Tax Assessor's records.

By not disposing of its unneeded land, the State is foregoing \$8 to \$15 million in revenue at a time when Federal funds are being reduced and State tax revenues are not meeting projections. In addition, the State receives no return on its investment when land remains unproductive. Also, Richland County could be losing between \$95,000 and \$173,000 in taxes a year on this undeveloped land because State-owned land is tax-exempt.

After the Audit Council's review was completed, the State Budget and Control Board transferred 640 acres of DMH's land to the State Research Authority. However, the Department of Mental Health requested that the remaining land, approximately 300 acres which could be worth

\$3,000,000, be reserved for the recreational use of DMH employees and patients (see p. 108).

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD
ENSURE THAT SURPLUS LAND IS DISPOSED OF IN
A MANNER MOST BENEFICIAL TO THE STATE.

Consolidation of Food Services

There is duplication of effort in the Department of Mental Health's Food Services operations. Both State Hospital and Crafts-Farrow have kitchens and support staff including cooks, supervisors, equipment operators, and dietitians.

With the decrease in patient population by over 40% since 1966, the need for two food production operations is questionable. State Hospital Food Services presently provides the meat and baked items for Crafts-Farrow and has the capacity to prepare all meals being prepared at the institution. When Patrick B. Harris Psychiatric Hospital opens in Anderson, Food Services at State Hospital plans to prepare the main entrees, salads, and baked goods and transport them to Harris. Harris Psychiatric Hospital is approximately 117 miles from Columbia. Food is presently transported in containers from the two kitchens at State Hospital and Crafts-Farrow to their respective dining rooms. Food could just as easily be transported in heated containers from State Hospital to Crafts-Farrow's dining rooms, a distance of ten miles.

Centralized preparation of meals is a process that has proven to be successful by airlines, school systems, and other institutions. The Department is in the process of centralizing its engineering and maintenance functions to reduce duplication of personnel and equipment. Consolidating functions results in more efficient use of facilities, labor, and equipment.

Consolidating food production at State Hospital should reduce the costs of personnel, equipment, and utilities. As of February 1983, there were 56 employees in Food Production at Crafts-Farrow. According to Department officials, positions could be eliminated with consolidation and the funds saved could be used for patient care or returned to the General Fund.

Before patient population decreased and food service equipment and techniques improved, DMH needed the two kitchens at Crafts-Farrow and State Hospital. Department officials state that it would be worthwhile to study the consolidation of food production.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD
STUDY CONSOLIDATION OF ITS FOOD PRODUCTION
OPERATIONS. THE STATE REORGANIZATION
COMMISSION SHOULD REVIEW THE DEPARTMENT'S
FOOD PRODUCTION STUDY AND MAKE
RECOMMENDATIONS.

CHAPTER V

PERSONNEL MANAGEMENT

Additional Wages Paid Professional Employees

The Council reviewed the Department's method for compensating employees for working after normal working hours and found the following problems.

Questionable Salary Expenditures for Physicians

The Department of Mental Health unnecessarily expended \$423,150 in FY 81-82 by paying doctors for overtime. The Department requires physicians to work Monday through Friday from 8:30 a.m. to 5:00 p.m. In addition, the Department's policy is to have one doctor on the premises at night, on holidays and weekends. Doctors who work "after hours" are considered to be "medical officer of the day" or "medical officer of the night" and are paid a rate of \$13 per hour in addition to their regular salary.

Physicians are allowed to earn up to an additional 30% of their regular salary by working weekends and nights. For example, the superintendent of one facility, from FY 78-79 to FY 81-82, earned \$51,714 in addition to his regular salary by working these extra hours. During FY 81-82, he received an extra compensation totaling \$18,213 for "medical officer of the day" and "medical officer of the night" duties in addition to his regular salary of over \$60,000. Sixty-three doctors received from \$200 to \$15,000 in supplemental income during the same fiscal year.

The Council could not verify that the doctors actually worked the additional hours claimed. Separate time sheets are maintained for the doctors' hours claimed for working as medical officers on nights, weekends and holidays. Monthly duty rosters are not retained, and vouchers do not contain logs of nightly activity.

The Department of Mental Health requested the Budget and Control Board to allow doctors additional compensation for serving in these extra capacities. The Board's approval was based on the requirement that this additional pay be handled as dual compensation. However, sound management would require that only necessary personnel costs be paid to employees. This is particularly important when State revenues are not meeting projections. As an example of controlling costs, the Department of Mental Retardation does not allow additional compensation for doctors who work nights, weekends or holidays. Doctors are required to be on call on a rotating shift basis which provides at least one on-call doctor at all times. If a doctor is called for extra duty, he or she receives compensatory time for the number of hours worked.

Additional salary expenditures of \$888,506 were made by the Department in FY 80-81 and FY 81-82. This money could better be used for other patient care functions or returned to the State's general fund. Additionally, without adequate documentation to verify the additional compensation, there is no assurance that the extra hours claimed by the doctors were actually worked.

Call-Back Pay

The Department allows professional employees to receive additional pay for returning to work after normal working hours. From FY 79-80

through FY 81-82 the Department has spent over \$90,000 in "call-back" pay for nurses, social workers and other professional personnel (excluding physicians) who have worked overtime.

The "call-back" policy was implemented by the Department to compensate nursing and other professional staff who had to return to work during a severe staff shortage or emergency situation. Each facility has the authority to allow or disallow compensation for overtime work, but only CFSH compensates professional employees for overtime. Additionally, CFSH does not require the employees who are "called-back" to document the reasons for returning to work. The Council could not determine if an emergency situation actually existed to warrant employees to return to work.

Although the Budget and Control Board approved "call-back" pay, the intent was to use it sparingly. A letter to the Department from the Budget and Control Board dated June 13, 1979 states:

In approving this policy, the Board reiterates that it is for use only in emergency or extreme conditions. In fact, the Board urges that the Department undertake extensive recruiting or other efforts to staff adequately in order that it will not be necessary to use this policy except on a very rare basis.
[Emphasis Added]

Sound management of personnel dictates the need for a program to provide adequate staff at the lowest possible cost. This is especially true when revenues are not meeting projected expenditures. For example, South Carolina State Hospital does not allow "call-back" pay because of budgetary constraints. A professional who works overtime (excluding physicians) receives compensatory time.

By allowing "call-back" pay to employees who work after normal working hours, the Department is expending more than necessary for

personnel costs. The Department could save at least \$30,878 annually by eliminating "call-back" pay and granting compensatory time to professional employees returning to work. These funds saved could be expended for additional personnel or reverted to the State's general fund. Also, without documentation that an emergency situation exists to warrant employees to return to work, employees can use the "call-back" pay policy as a mechanism to receive additional wages.

According to Department officials, administrators at each facility can allow professionals either "call-back" pay or compensatory time for working overtime. However, the Department has not attempted to control personnel costs by disallowing "call-back" pay to professional employees at one facility. In addition, management has not required personnel receiving "call-back" pay to document the necessity of returning to work or duties performed when they returned.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SHOULD IMPLEMENT A SYSTEM WHEREBY PHYSICIANS WOULD BE REQUIRED TO WORK CERTAIN NIGHTS, HOLIDAYS AND WEEKENDS AS PART OF THEIR REGULAR WORKWEEK WITHOUT ADDITIONAL COMPENSATION BEING PAID. IF OVERTIME IS REQUIRED, PHYSICIANS SHOULD BE GRANTED COMPENSATORY TIME IN LIEU OF EXTRA PAY.

THE DEPARTMENT SHOULD DISCONTINUE PAYING ADDITIONAL WAGES TO PROFESSIONALS (SUCH AS NURSES) WHO WORK OVERTIME. IF OVERTIME

IS REQUIRED, THESE PROFESSIONALS SHOULD BE GRANTED COMPENSATORY TIME IN LIEU OF EXTRA PAY.

STATE FUNDS FOR THE DEPARTMENT OF MENTAL HEALTH SHOULD BE REDUCED BY THE AMOUNT OF SAVINGS REALIZED.

Perquisites Provided Mental Health Employees

The following fringe benefits provided DMH employees were examined.

Housing Benefits Provided Department Employees

Free and reduced housing, electricity, water and phone service are provided certain Department of Mental Health employees. Monthly charges for rent and other services vary among residences, but are not based on fair market rental value, cost of the service, (electricity or phone) or other equitable methods (see Table 14). For example, monthly rent charges vary from no charge to \$150, although a recent appraisal of these residences estimated fair market rent at \$75 to \$450. Electricity rates vary from no charge to \$0.050 per kilowatt hour. As of January 1983, the local power company charged approximately \$0.067 per kilowatt hour. Local phone service for residents ranged from free to \$10.97 per month. The phone company charges \$17.40 per month. Also, the Department provides water for free and up to \$5 per month. The City of Columbia charges a minimum of \$3.85 per month to a higher rate depending on the amount of water consumed.

The Department owns 26 houses and eight apartments valued at approximately \$970,000. Thirteen of these residences valued at approximately \$676,000 are located in a residential area away from the hospital campuses. One of these houses, valued at over \$66,000, has been vacant since October 1981. The remainder are located on the State Hospital and Crafts-Farrow campuses. An additional 22 dormitory-type rooms in State Hospital's Babcock Building are available for nursing students.

TABLE 14
SUMMARY OF MONTHLY HOUSING RATES CHARGED EMPLOYEES
BY DEPARTMENT FACILITIES¹

Facility	Number of Units Responsible For	Charges For			
		Rent	Electricity	Phone	Water
State Hospital ²	20 (houses)	\$37-46	\$.048 KWH ³	\$10.97 ⁴	\$5.00
Hall Institute	8 (apartments)	\$ 150	Free	Free ⁴	Free
Crafts-Farrow	6 (houses)	\$40-54	\$.050 KWH ³	Not Provided By DMH	Not Provided By DMH

¹Excludes nursing students' dormitory rooms in Babcock Building.

²State Commissioner of Mental Health is provided housing, electricity, phone (including long distance) and water free of charge.

³Kilowatt hour charges as of November 1982.

⁴Local service only.

Source: Department of Mental Health Records

Three facilities, Crafts-Farrow, State Hospital and Hall Institute, are responsible for assigning employees to residences and collecting monthly charges. These residences are maintained only for the benefit of the employees, and are not necessary for Department of Mental Health operations or patient care functions.

Providing fringe benefits to employees is contrary to South Carolina law. Section 135 of the 1982-83 Appropriation Act states:

That salaries paid to officers and employees of the State, including its several boards, commissions, and institutions shall be in full for all services rendered, and no perquisites of office or of employment shall be allowed in addition thereto, but such perquisites, commodities, services or other benefits shall be charged for at the prevailing local value and without the purpose or effect of increasing the compensation of said officer or employee.

In its 1980 audit of the Department, the State Auditor's Office recommended charging fair market rental value and requiring residents to pay all housing costs (electricity, phone, etc.).

A memo from the Commissioner of Mental Health dated December 18, 1979 to all employees living in Department Housing was not fully implemented.

Effective January 1, 1980 employees occupying SCDMH housing will be responsible for all utilities which includes electricity, gas, fuel oil, steam, water, as well as phone and milk. The rent charges will remain the same, but all utilities and fringe benefits will be the responsibility of the occupant.
[Emphasis Added]

Providing free and reduced housing and utilities has several effects. First, the taxpayers are subsidizing the housing and utility costs of certain State employees. For example, in FY 81-82, the State paid approximately \$12,700 for electricity, phone and water costs incurred by the eight psychiatric residents in Hall Institute apartments. Also, in 1982, the State could have collected an additional \$25,000 if fair market rent for all DMH housing units was charged instead of the nominal rental fees (see Appendix B for fair market rent).

The State could receive approximately \$676,000 by selling the residences located off the hospital grounds. Additional revenue could be obtained if the houses located on campus grounds were sold and removed.

Furthermore, the Department is treating employees inequitably. Employees who live in Department houses pay varying rates for the same services, such as electricity and phone. Some pay nothing. Employees not residing in Department houses are required to pay the full costs of utilities and other housing costs they incur. Additionally, providing housing benefits to DMH employees is contrary to the State personnel system which is to ensure equal treatment and benefits for all State employees.

The Commissioner has not required residents to pay fair market rent. Although the Department's Task Force on Administrative Management recommended to the State Commissioner in August 1981 that fair market rent be charged, this recommendation has not been implemented. Charges for electricity, phone and water vary because no one person is in charge of ensuring the rates do not vary. The administrator at each facility is in charge of billing and collecting these fees but has no set guidelines to follow.

According to Department officials, residences are maintained for highly qualified professional employees for recruiting and retention purposes. However, nonprofessional employees, such as security, food services and tradesworkers, as well as physicians and psychiatrists, currently reside in Department housing.

Payments in Arrears

The Council examined the Department's method of collecting rent and other housing charges from residents. One facility, Hall Institute, was not enforcing payment of these bills. Six of the eight psychiatric residents (medical doctors studying psychiatry) living in Hall Institute

apartments were from one to nine months in arrears in rent and phone charges.

The Department pays for local phone service but requires reimbursement for long distance charges. One psychiatric resident had not reimbursed the Department for long distance charges for eight months and owed \$175. Another resident, whose rent and phone charges were four months in arrears, owed the Department \$716. Approximately \$2,100 was owed the Department by the six residents as of December 14, 1982.

Hall Institute officials require residents to pay rent on the first day of each month. Also, long distance telephone charges are due when billed. Hall Institute Directive 5-9 requires:

Payment for long distance calls should be made to the institute cashier upon receipt of the invoice.

By not enforcing timely payment of charges, the State is losing use of revenue at a time when agencies are being forced to reduce their budgets. In addition, not requiring charges to be paid when due is unfair to those residents who pay their bills on time.

Charges are in arrears because management has not effectively monitored payments and ensured charges are paid when due. In addition, no late fee is imposed to encourage timely payment of bills. Also, the State Hospital and Crafts-Farrow administrators deduct residents' rent directly from their paycheck to ensure receipt of payment. Hall Institute does not use this method to collect rent.

Discount Drug Prices For Employees

The Department of Mental Health is violating the law by providing its employees with discount prices for drugs. Employees can purchase drugs at two DMH pharmacies for the cost of the drug plus a 10%

administrative fee. This benefit is not provided other State employees or the general public and is contrary to Section 135 of the Appropriation Act. In FY 80-81 and FY 81-82, DMH pharmacists filled approximately 22,000 employee prescriptions costing employees approximately \$126,000.

The Council compared the DMH prices of five commonly filled employee prescriptions with the average prices of these drugs at two major drugstore chains. DMH prices were 33% to 87% lower than the average prices of these private drugstores (see Table 15).

TABLE 15
COMPARISON OF DMH PRICES OF FIVE PRESCRIPTION DRUGS
TO AVERAGE PRICE AT TWO MAJOR DRUGSTORE CHAINS

<u>Drug(Strength)</u>	<u>Number Of Tablets</u>	<u>DMH Price To Employees</u>	<u>Average of Two Major Drugstore Prices</u>	<u>Amount That DMH Prices Are Lower Than Drug Companies' Prices</u>	
				<u>Dollars</u>	<u>Percent</u>
Keflex(500 mg)	24	\$13.73	\$27.05	\$13.32	49
Hydrochlorothiazide(50 mg)	30	.33	2.59	2.26	87
Motrin(600 mg)	24	6.34	9.44	3.10	33
Valium(5 mg)	90	7.92	15.04	7.12	47
Haldol(10 mg)	90	18.80	36.24	17.44	48

Source: DMH Records and private drugstore survey.

Section 135 of the 1982-83 Appropriation Act states:

That salaries paid to officers and employees of the State, including its several boards, commissions, and institutions shall be in full for all services rendered, and no perquisites of office or of employment shall be allowed in addition thereto, but such perquisites, commodities, services or other benefits shall be charged for at the prevailing local value and without the purpose or effect of increasing the compensation of said officer or employee.
[Emphasis Added]

In addition, the Department of Mental Retardation, a State agency which maintains a pharmacy operation, does not fill employee prescriptions.

Providing reduced price drugs is contrary to the State personnel system which is to ensure equal treatment and benefits for all State employees. Furthermore, the Department is taking business away from private drugstores in the community. Approximately 22,000 employee prescriptions filled by DMH pharmacists in FY 80-81 and 81-82 could have been filled by drugstores in the private sector. By discontinuing filling employee prescriptions, one-half pharmacist position, costing approximately \$11,200 per year could be eliminated.

According to Department officials, DMH provided free drugs to its employees until September 1978. Directive 474-78 issued by the commissioner allows employees to purchase drugs at cost plus ten percent.

Recreation Facilities

The Department of Mental Health owns three lakes available to Department employees and patients for recreational activities. These lakes are primarily used by employees for recreation purposes. One lake offers activities such as picnicking, hiking, fishing, and can be used by employees for parties. The other two lakes are available for fishing only. The Department denies the general public, as well as other State employees, the use of these facilities. The Killian and Moore lakes are not needed and could be sold.

Providing employee benefits such as recreational facilities is contrary to State law. Section 135 of the 1982-83 Appropriation Act states:

Salaries paid to officers shall be in full...but perquisites, commodities, services or other benefits shall be charged for at the prevailing local rate.

One effect of providing Department of Mental Health employees with recreational facilities is other State employees are treated inequitably. This is contrary to the State personnel system which is to ensure equal treatment and benefits for all State employees.

In addition, State funds are used to maintain these facilities and to provide equipment such as picnic shelters. The State expended approximately \$13,400 for three picnic shelters, including tables and grills, at one lake. The State expended approximately \$1,800 in FY 81-82 to maintain the three lakes.

According to Department officials, these lakes were developed to provide a place for recreational activities for employees, their families and patients when supervised by employees. Also, these lakes were developed to aid in irrigation and timber harvesting. However, the Department no longer plants crops or harvests timber on this property and patients are rarely allowed use of the Killian and Moore lakes. In 1982, patients used these two lakes only 25 times. DMH officials also stated the public and other State employees are denied access to all three lakes because they would be too heavily fished and DMH would not have the staff to adequately maintain them.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SHOULD
SELL ALL HOMES AND APARTMENTS USED TO
HOUSE EMPLOYEES. IF THESE RESIDENCES ARE
NOT SOLD, THEN:

- (1) THE DEPARTMENT SHOULD CHARGE RESIDENTS FAIR MARKET RENT AND PREVAILING RATES OF PHONE, ELECTRICITY, WATER AND ANY OTHER BENEFITS PROVIDED.

- (2) THE HALL INSTITUTE ADMINISTRATOR SHOULD MONITOR PAYMENT OF PHONE CHARGES. ANY RESIDENT NOT PAYING CHARGES WITHIN A DESIGNATED PERIOD SHOULD BE ASSESSED A LATE FEE. IF PAYMENT IS STILL NOT MADE WITHIN A SPECIFIC TIME PERIOD, SERVICE SHOULD BE DISCONTINUED.

- (3) THE HALL PSYCHIATRIC INSTITUTE ADMINISTRATOR SHOULD IMPLEMENT A SYSTEM TO DEDUCT RENT CHARGES DIRECTLY FROM THE RESIDENTS' PAYCHECKS.

IN ACCORDANCE WITH THE FY 82-83 APPROPRIATION ACT, THE DEPARTMENT SHOULD EITHER; 1) DISCONTINUE PROVIDING EMPLOYEES WITH DRUGS, OR 2) CHARGE FAIR MARKET VALUE FOR DRUGS SOLD.

THE DEPARTMENT SHOULD DISCONTINUE ALLOWING EMPLOYEES AND THEIR FAMILIES THE USE OF DEPARTMENT LAKES. TWO OF THESE LAKES

SHOULD BE SOLD (SEE P. 94). THE THIRD LAKE,
ADJACENT TO BRYAN PSYCHIATRIC HOSPITAL
AND MORRIS VILLAGE SHOULD BE USED ONLY BY
PATIENTS WHEN SUPERVISED BY EMPLOYEES,
AND SHOULD BE ADEQUATE FOR PATIENT NEEDS.

Position Specifications Need Revision

The Director of Professional Services position at Crafts-Farrow State Hospital is not filled with an individual certified by the American Board of Psychiatry and Neurology (ABPN). Without an individual in this position who is certified, or hiring a properly certified individual to consult with this person, the State could lose Federal reimbursements to Crafts-Farrow. Hiring a certified psychiatrist on a consulting basis is an expense which could be avoided by requiring the Director of Professional Services to be "Board-certified."

The Director of Professional Services is responsible for supervising activities of the medical staff. This includes responsibility for all program activities relating to patient care and treatment services. The Federal Government requires the Director of Professional Services to be certified by the American Board of Psychiatry and Neurology. Certification means that the person is a specialist in psychiatry. If this person is not certified, the Department is required by the Federal Government to employ a "Board-certified" consultant to provide consistent consultation services.

In its 1981 review of Crafts-Farrow, Federal officials criticized the facility for not meeting this requirement, and specified that the facility should take corrective action or lose certification to receive Federal

funding. Instead of requiring the Director of Professional Services to take the examination to be certified, the Department has attempted to hire a "Board-certified" psychiatrist on a consultant basis. As of April 1983, CFSH did not employ a "Board-certified" psychiatrist or consultant to supervise clinical programs.

Title 42, Section 405:1038 of the Code of Federal Regulations outlines qualifications program directors must meet. This section requires:

The clinical director, service chief or equivalent is certified by the American Board of Psychiatry and Neurology, or meets the training and experience requirements for examination by the Board (Board eligible). In the event the psychiatrist in charge of the clinical program is Board eligible, there is evidence of consultation given to the clinical program on a continuing basis from a psychiatrist certified by the American Board of Psychiatry and Neurology.

State Hospital meets this requirement in that it employs a Director of Professional Services who is "Board-certified." A good management practice would be for the Department to require this position to be filled only by properly certified psychiatrists.

Without a properly certified psychiatrist in charge of the medical staff or consulting with the Director of Professional Services, the State faces the loss of Federal funding to Crafts-Farrow. Hiring a "Board-certified" consultant would be costly and would duplicate the functions of the Director of Professional Services. Furthermore, without a psychiatrist properly qualified to direct patient care programs, the integrity of these programs is questionable.

Management has not taken proper action to ensure Federal requirements are met because a "Board-certified" psychiatrist does not supervise clinical programs. Department officials have not required this individual to take the Board examination to become properly qualified. When questioned about her intent to take the ABPN examination, the Director

of Professional Services stated she did not plan to take the exam but was planning to hire a properly certified psychiatrist to act as a consultant to her.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD TAKE STEPS TO ENSURE THAT THE DIRECTORS OF PROFESSIONAL SERVICES AT FACILITIES RECEIVING FEDERAL REIMBURSEMENTS ARE CERTIFIED BY THE AMERICAN BOARD OF PSYCHIATRY AND NEUROLOGY. THIS COULD BE ACCOMPLISHED BY REQUIRING CERTIFICATION BY THE ABPN AS PART OF THE JOB SPECIFICATION.

Related Employees

The Crafts-Farrow Director of Professional Services' husband is employed as a dentist at the same facility. On each of the performance evaluations of the dentist, since his hiring in 1979, the dentist has received the highest possible rating. His wife's signature has appeared on all of his performance evaluations as the reviewer, or she supervises the individual who evaluates her husband.

The Council could find no evidence that the dentist position was advertised nor that any other applications were taken prior to the Director of Professional Services' husband being hired.

The Department of Mental Health does not have any policies pertaining to nepotism or hiring related employees. Section 8-5-10 of the 1976 South Carolina Code of Laws governing nepotism in the State is limited in coverage because it only pertains to agency heads. The law states that:

It shall be unlawful for any person at the head of any department of this government to appoint to any office or position of trust or emolument under his control or management any person related or connected with him by consanguinity or affinity within the sixth degree.

Sound management and personnel policies dictate the need for written policies on nepotism. These policies should prohibit supervisors or division heads from employing relatives. Additionally, positions should be adequately advertised in order to receive the most qualified applicants.

The Community Mental Health Centers, which are a part of the Department of Mental Health, are on the Merit System. Article VIII, Section II of the State Merit System regulations require that:

...Intensive recruitment and valid and reliable selection techniques shall be utilized.

and that:

Selection...shall be through open competition.

These same procedures should be consistent throughout the Department of Mental Health.

Allowing a division head to supervise a relative allows a potential conflict of interest. In this case, favoritism may be afforded to the dentist over other professional staff members. The potential exists for the dentist to receive undeserved merit increases and biased performance evaluations. With the lack of open recruitment and without policies prohibiting division heads and supervisors from employing relatives, the Department is open to accusations of unfair hiring practices.

RECOMMENDATIONS

THE DEPARTMENT OF MENTAL HEALTH SHOULD CONSIDER TRANSFERING THIS DENTIST TO ANOTHER FACILITY.

THE GENERAL ASSEMBLY SHOULD CONSIDER AMENDING SECTION 8-5-10 OF THE 1976 SOUTH CAROLINA CODE OF LAWS TO PROHIBIT A PUBLIC OFFICIAL OR EMPLOYEE OF THE STATE FROM ADVOCATING, APPOINTING, EMPLOYING, PROMOTING, OR ADVANCING A RELATIVE IN HIS AGENCY OR IN AN AGENCY OVER WHICH HE EXERCISES JURISDICTION OR CONTROL.

THE DEPARTMENT SHOULD ADOPT WRITTEN PROCEDURES TO PROHIBIT SUPERVISORS OR DIVISION HEADS FROM HIRING RELATIVES.

Training for Mental Health Specialists

Training for mental health specialists at the Department is fragmented and inconsistent. Each facility has its own training program to teach mental health specialists the fundamentals for working in a mental health environment. Some facilities' training programs last longer than others. For example, the Crafts-Farrow training program for mental health specialists lasts for seven weeks compared to 12 days at Bryan Hospital. Also, there is no standard exam for mental health specialists.

Upon completion of the training program, these employees are tested in a manner determined by each facility.

Department management has not established any directives addressing the type of training that mental health specialists should receive or methods for testing. Additionally, there are no training manuals available to assist mental health specialists in learning patient care procedures.

The mental health specialist is a vital part of the nursing care program. They assist patients in taking care of their basic personal needs. This includes taking and recording blood pressures, temperatures, pulses and respirations. To assure that all mental health specialists are receiving proper training throughout DMH, all facilities should coordinate and standardize their training programs for the fundamentals of nursing care. This is particularly important with new employees that have had no previous experience working in a mental health environment. Standardized training for mental health specialists would avoid duplication and ensure the mobility of mental health specialists among facilities for easy and immediate placement in areas of need.

As a result of varying training programs, the Director of Nursing Education at Crafts-Farrow State Hospital stated that they automatically retrain mental health specialists on the fundamentals when they transfer from other facilities. This has become necessary because transfers in the past have failed basic fundamentals tests although they have been working at other facilities within DMH in the same capacity. For example, one mental health specialist, who had worked at the South Carolina State Hospital for four years, began working at Crafts-Farrow. She could not satisfactorily complete Crafts-Farrow's training program, and her employment was terminated.

This brings into question whether or not patients at various facilities within DMH are receiving the best possible care. Additionally, having to retrain mental health specialists is a duplication and an additional expense that could be avoided if the training of basic fundamentals were consistent with each facility.

RECOMMENDATION

THE DEPARTMENT SHOULD CONSIDER STANDARDIZING TRAINING PROCEDURES FOR MENTAL HEALTH SPECIALISTS. THIS SHOULD INCLUDE DEPARTMENT-WIDE WRITTEN PROCEDURES, MENTAL HEALTH SPECIALIST TRAINING MANUALS, STANDARD EXAMINATIONS AND TRAINING PROGRAMS.

Commission Membership

There are no psychiatrists, physicians or psychologists on the Mental Health Commission. The Commission consists of seven members with backgrounds in business, farming, education and other nonmedical and nonpsychiatric areas.

The law concerning the Commission membership does not establish any requirements for members with medical or psychiatric backgrounds.

Section 44-9-30 of the 1976 South Carolina Code of Laws states:

There is hereby created the governing board for the State Department of Mental Health which shall be known as the South Carolina Mental Health Commission. The Commission shall consist of seven members to be appointed by the Governor, upon the advice and consent of the Senate. The members of the Commission shall serve for terms of five years and until their successors are appointed and qualify.

The terms shall be so designated that the terms of no more than two members shall expire in any one year. The Governor shall have the power to remove any member of the Commission from office for cause. Any vacancy shall be filled by the Governor for the unexpired portion of the term.

Commission members with a medical or psychiatric background can provide valuable input into policies established by the Commission and balance the interests of laymen on the board. There is little opportunity for physicians, psychiatrists or psychologists to have input into Commission decision making without their membership on the board. This can undermine the public's confidence in decisions rendered by the Commission and policies established concerning treatment of the mentally ill.

RECOMMENDATION

SECTION 44-9-30 OF THE 1976 SOUTH CAROLINA CODE OF LAWS SHOULD BE AMENDED TO REQUIRE REPRESENTATION OF PHYSICIANS, PSYCHIATRISTS OR PSYCHOLOGISTS ON THE MENTAL HEALTH COMMISSION, BUT NOT TO THE EXCLUSION OF LAY MEMBERS.

CHAPTER VI

COMMUNITY MENTAL HEALTH CENTERS AND CLINICS

Introduction

The Department of Mental Health provides mental health services to the community through its Division of Community Mental Health Services. The State is divided into 17 catchment areas with 15 comprehensive mental health centers and two clinics. These community mental health centers and clinics (CMHCs) offer a variety of outpatient services to all citizens in the State.

In order to review the operations of the centers and their relationship with the institutions, the Audit Council selected the five largest centers based on budget amounts and number of staff positions. The following centers were visited during the course of the audit: Columbia Area, Greenville, Charleston, Waccamaw and Catawba. Piedmont was also selected since it is located in Greenville County. The problems in the management of the centers are explained on the following pages.

Discharge Planning is Inadequate

The Department of Mental Health is not adequately planning for the institutionalized patient's return to the community. The Council reviewed CMHC patient files to determine if proper discharge planning information was sent to the centers. In a sample of 122 patient files, 61 (50%) contained no discharge information.

Files were inspected for three types of notification: admitting notification, discharge notification and discharge summary. As shown in Table 16, 74% of the files showed no admitting notification (date

admitted to hospital), 67% showed no discharge notification (date of planned release from hospital), and 55% showed no discharge summary (diagnostic and medication information). In total, 97 files (80%) contained either no information or an insufficient amount of discharge information.

Discharge planning consists, in part, of notifying the appropriate community center of a patient's status, progress and expected date of release. In addition, this process consists of sending the center past treatment and medication plans, psychological and social service histories, and other pertinent information prior to the patient's release.

TABLE 16
NUMBER OF SAMPLED PATIENT FILES CONTAINING
DISCHARGE INFORMATION BY TYPE

1979-81

<u>Type of</u> <u>Discharge Information</u>	<u>Contained in Patient Files</u>			
	<u>Yes</u>		<u>No</u>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Admitting Notification	32	26	90	74
Discharge Notification	40	33	82	67
Discharge Summary	55	45	67	55

Source: Department of Mental Health Records.

The Department has no standard policies and procedures for State mental facilities to follow in planning for a patient's discharge from a hospital. The continuity of care between the hospitals and the centers is arranged through 41 separate memoranda of agreements which are not consistent with one another. As a result, there is no assurance that

community mental health centers and clinics will receive necessary information concerning a discharged patient's treatment or follow-up needs.

Effective transmission of patient information is necessary for continuity of care to be successful. In order to assure consistency in planning for a patient's release, very explicit procedures for transferring information to the CMHCs need to be defined. This could be more efficiently accomplished if standard department policies and procedures were developed for each facility to follow and if a monitoring system were developed to assure that policies were followed.

Without a standard policy for discharge planning, there is little assurance that CMHCs will receive necessary patient information. Without knowledge of past treatment and medication histories, CMHCs cannot adequately begin an aftercare treatment program. Also, it is inequitable to patients when there is no standard discharge plan. For instance, a patient in one facility may receive better aftercare because he was in a facility that had better discharge planning than another. Standard policies would ensure that all patients receive adequate planning for follow-up care regardless of where they are hospitalized or discharged for follow-up.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD IMPLEMENT STANDARD POLICIES AND PROCEDURES CONCERNING DISCHARGE PLANNING FOR HOSPITALS TO FOLLOW. ALSO, THE DEPARTMENT SHOULD DEVELOP A MONITORING SYSTEM TO ASSURE COMPLIANCE.

DMH Not Adequately Funding CMHCs

The Department of Mental Health has not funded its community mental health centers in proportion to their increased caseloads. Emphasis on patient service has shifted from institutional care to treatment of the mentally ill in the community. However, the Department has not taken the initiative to redirect funding to the community in order to follow-up on patients released from psychiatric hospitals. This would not require additional funding from the General Assembly.

Tables 17 and 18 show that the expenditures of the hospitals and CMHCs have not responded to the changes in their caseloads. From FY 77-78 to FY 82-83, expenditures of psychiatric hospitals increased by \$20.9 million or 46.4%, despite a decrease of 446 or 13.4% in the average daily population. CMHC's expenditures increased by only \$5.8 million or 47.8% while their direct service contacts increased by 73,882 or 32.8%. A direct service contact is a measure of any one service provided to a patient.

TABLE 17
EXPENDITURE AND CASELOAD DATA FOR DMH
PSYCHIATRIC HOSPITALS FOR FY 77-78 THROUGH FY 82-83

<u>Fiscal Year</u>	<u>Expenditures of Psychiatric¹ Hospitals</u>	<u>Change in Expenditures</u>	<u>Average Daily Population in Psychiatric Hospitals</u>	<u>Change In Average Daily Population</u>
77-78	\$44,945,333		3,323	
78-79	51,179,062	\$ 6,233,729	3,227	(96)
79-80	59,813,816	8,634,754	3,126	(101)
80-81	61,723,745	1,909,929	3,049	(77)
81-82	64,533,157	2,809,412	3,113	64
82-83	65,805,342	1,272,185	2,877	(236)
TOTAL Change in Expenditures		<u>\$20,860,009</u>		<u>(446)</u>
Percent Change		46.4%		(13.4%)

¹Expenditures for State Hospital, Crafts-Farrow and Bryan.

Source: Budget Document and DMH Annual Statistical Reports.

TABLE 18
EXPENDITURE AND DIRECT SERVICE CONTACT DATA FOR COMMUNITY
MENTAL HEALTH CENTERS AND CLINICS FOR FY 77-78 THROUGH FY 82-83

<u>Fiscal Year</u>	<u>Expenditures of CMHC</u>	<u>Change in Expenditures</u>	<u>Direct Service Contacts</u>	<u>Change in Direct Service Contacts</u>
77-78	\$12,195,684		225,287	
78-79	13,827,819	\$1,632,135	240,369	15,082
79-80	15,586,222	1,758,403	258,881	18,512
80-81	16,875,824	1,289,602	278,153	19,272
81-82	16,825,005	(50,819)	312,534	34,381
82-83	18,020,103	1,195,098	299,169	(13,365)
TOTAL Change in Expenditures		<u>\$5,824,419</u>		<u>73,882</u>
Percent Change		47.8%		32.8%

Source: Budget Document and DMH Office of Research & Statistics.

With limited financial resources and increased demands for services, government must rationally allocate funds in order to achieve maximum public benefit. This requires an examination of the Department's overall objectives and an evaluation of its existing programs. Expanding needs or demands are not always accompanied with additional resources. Therefore, a reassessment of the benefits of ongoing operations must be made and funding priorities adjusted accordingly.

The release of patients from psychiatric hospitals and their return to the community has been a national goal since 1963. This movement, often referred to as deinstitutionalization, is to improve care and treatment for the mentally ill. Therefore, State psychiatric hospitals and the CMHCs constitute a single continuum of mental health care and treatment for the State of South Carolina. The role of the institution is to prepare the psychiatric patients return to the community, while the role of CMHC is to coordinate and provide programs and services that support the patient's return. The development of functional and coherent systems of care, treatment, referral and follow-up along this continuum is a significant priority in achieving the goal to move the focus of care to the community.

The objectives of decreasing the use of State mental hospitals and improving the continuity of care between the hospitals and community are hampered without proper funding. Improper allocation of funding has forced some community mental health centers to reduce services, such as, inpatient care, partial hospitalization and outreach services, which are vital to aftercare follow-up treatment. If the centers are unable to provide these services, State hospitals will be forced to admit all patients now being served in community treatment alternatives. This would increase hospital census and radically increase cost.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD SUPPORT THE OBJECTIVES OF COMMUNITY MENTAL HEALTH CENTERS AND CLINICS. MANAGEMENT SHOULD REEVALUATE ITS FUNDING PRIORITIES BY ASSESSING THE BENEFITS OF ALL ONGOING OPERATIONS AND DEFINE ALTERNATIVE OPERATIONAL LEVELS. THE DEPARTMENT MUST CONSIDER REDUCING SOME PROGRAMS IN ORDER TO MEET THE INCREASING NEEDS OF OTHERS.

Funds Not Distributed on the Basis of Need

The Department of Mental Health does not consider Community Mental Health Centers' needs when allocating State and Federal funds. Allocations are based solely on historical data without regard to the population served, the need for program changes or other necessary factors.

The Audit Council computed the per capita funding allocation for FY 82-83 for each of the community mental health centers. The funding per capita varied from a low of \$2.78 to a high of \$10.11 (see Table 19).

TABLE 19
PER CAPITA FUNDING ALLOCATIONS FOR EACH
COMMUNITY MENTAL HEALTH CENTER/CLINIC
IN FY 82-83

<u>CMHC</u>	<u>Area Population</u>	<u>Total Funds Budgeted¹</u>	<u>Funds Per Capita</u>
Aiken-Barnwell	125,493	\$1,039,699	\$ 8.28
Anderson-Oconee-Pickens	261,138	1,147,609	4.39
Beckman	205,405	871,356	4.24
Catawba	190,229	1,003,119	5.27
Charleston	335,735	934,431	2.78
Coastal Empire	140,503	1,019,738	7.26
Columbia	290,435	2,448,386	8.43
Greenville	175,627	1,362,564	7.76
Orangeburg	112,600	1,054,902	9.37
Pee Dee	207,059	1,280,355	6.18
Piedmont	112,286	1,094,786	9.75
Santee-Wateree	173,651	1,027,284	5.92
Spartanburg	273,595	1,363,030	4.98
Tri-County	100,878	1,019,787	10.11
Waccamaw ²	182,106	1,466,264	8.05
Lexington ²	140,353	426,803	3.04
Berkeley ²	94,727	236,782	2.50

¹Includes State, Federal and Local Funds.

²Clinics

Source: Department of Mental Health Records.

Establishing a formula which considers factors such as need and patient population would help ensure that limited State funds are allocated where most needed. The Federal government uses a similar formula for allocating Federal funds to states. According to Public Law 94-63, allotments made to States for CMHCs are to be based on population, the extent of need for the center and the financial need of the CMHCs.

Authority for allocating Federal block grant funds to CMHCs was transferred to the states in 1981. Because of this change in Federal law, the Governor's Office requested DMH to develop a formula for

distributing Federal funds available for centers. DMH is developing a formula for allocating Federal funds but not State funds. This formula could also apply to the allocation of State funds.

Without standard criteria for allocating funds to CMHCs, the Department cannot be assured that resources are going to centers with the greatest need. The purpose of an equitable distribution of funds is to ensure that adequate community mental health services are available to all of the citizens in South Carolina. However, with the current allocation process, there is no assurance that funds are efficiently and effectively used to provide necessary services. This is inequitable to community mental health centers/clinics and citizens in need of mental health services. In addition, the Department is open to accusations of favoritism and biased funding procedures without standard criteria for allocating funds.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD DEVELOP STANDARD CRITERIA FOR ALLOCATING RESOURCES TO COMMUNITY MENTAL HEALTH CENTERS AND CLINICS. FACTORS SUCH AS POPULATION, PER CAPITA PERSONAL INCOME AND UTILIZATION RATE SHOULD BE AMONG SOME OF THE FUNDING FACTORS CONSIDERED.

No Standard Fee Collection or Write-Off Methods

The Department of Mental Health has not established standard policies and procedures for Community Mental Health Centers to follow concerning the collection of fees and the write-off of uncollectibles (bad debts). The Department has allowed each center to establish its own standards for fee collection efforts and adjustments made to accounts receivable for bad debts.

The Audit Council reviewed policies and procedures for collecting and writing off patient debts in six centers, Columbia area, Greenville, Piedmont, Charleston, Waccamaw and Catawba. One of the centers was found to make no attempt at all to bill clients or maintain their accounts receivable account. As for the write-off of uncollectibles, only three centers wrote-off bad debts on a regular basis. According to CMHC records, \$416,147 was written off as uncollectible for these three centers from July 1980 to December 1982. At one center, \$297,769 was written off in a 21-month period by a clerk who does not need management approval for making these adjustments, thereby eliminating oversight of debts.

In July 1981, the Department established a Fiscal Records Committee of departmental personnel to review and recommend ways of improving the fiscal records system within the Division of Community Mental Health Services. A report of the Committee's recommendations was presented at a CMHC directors' meeting in June 1982. Among recommendations were billing procedures and considerations for the write-off and control of Uncollectible Accounts. Although CMHC directors approved the recommendations, Department management did not institute the Committee's proposals.

Standard detailed Department-wide policies and procedures for centers to follow would help ensure each center is making an equal effort at collecting debts. The Committee's report included detailed procedures for fee collection efforts and for adjustments made to the accounts receivable account once a client's account is considered uncollectible. The Committee recommended that four monthly statements be sent to the client with the last notice directing the client to contact the center's reimbursement office within ten days of receipt of letter. If the account balance is under \$100, has been inactive for 120 days and has no outstanding insurance claims, the CMHC can consider writing off the balance. However, if the balance is over \$100, further criteria must be considered.

Without standard policies for fee collections or the write-off of bad debts, the Department cannot assure that CMHCs are making an effort to collect client fees before writing them off as uncollectible. Inadequate control over billing and collecting procedures at CMHCs weakens the Department's ability to generate more revenue for programs being threatened by limited financial resources. Considering the amount of funds involved in fee collections and the increasing caseloads at the centers, the establishment of adequate controls over billing and collecting is essential in order for CMHCs to continue to operate.

RECOMMENDATION

THE DEPARTMENT OF MENTAL HEALTH SHOULD
IMPLEMENT UNIFORM POLICIES AND PROCEDURES
REGARDING THE COLLECTION OF FEES AND THE
WRITE-OFF OF BAD DEBTS AT COMMUNITY MENTAL

HEALTH CENTERS. THESE POLICIES AND PROCEDURES SHOULD BE BASED ON THE RECOMMENDATIONS MADE BY THE DEPARTMENT'S FISCAL RECORDS COMMITTEE.

No Measurement of Program Cost-Effectiveness

The Department of Mental Health has not analyzed expenditures to determine why costs of services vary among CMHCs. In 1981, the cost of CMHCs' programs varied from \$47 an hour at one center to \$102 an hour at another. However, the Department made no effort to determine the reasons for these cost variations.

The Department has limited its cost analysis to the purpose of determining financial charges for services. Management has not taken the initiative to utilize this data in evaluating CMHCs on the cost-effectiveness of their services. The Department only provides each center and clinic with the cost of services as they compare to other centers statewide and leaves the centers with the responsibility of determining their cost-effectiveness.

The purpose of developing a cost analysis is to improve management oversight and increase efficiency of CMHCs. The comparison of cost data over time is to determine why costs are what they are and how they can be reduced or contained. It is management's responsibility to identify the cost of its product or service in order to determine the most efficient and effective use of its resources.

Without determining reasons for variations in CMHCs' costs, the Department is encouraging inefficiencies among service programs. Some

centers may be incurring excessive costs at the expense of others which results in inequities among programs offered to citizens throughout the State. Funds cannot be managed efficiently nor can cost-savings be identified without a program cost standard.

RECOMMENDATION

THE DEPARTMENT SHOULD CONSIDER FURTHER UTILIZATION OF COST DATA COLLECTED FROM CENTERS AND CLINICS. COST INFORMATION SHOULD BE USED IN EVALUATING THE EFFICIENCY AND FUNDING PRIORITIES OF CMHCs' PROGRAMS.

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APPENDIX B
ESTIMATED FAIR MARKET RENTAL VALUES
OF 21 DEPARTMENT RESIDENCES

<u>Residence</u>	<u>Fair Market Rent</u>
1. 1426 Summerville Street	\$450
2. 1427 Summerville Street	\$450
3. 2608 Cardinal Street	\$250
4. 1426 Geiger Street	\$300
5. 2000 Barnwell Street	\$100
6. 2140 Bull Street	\$125
7. 2206 Bull Street	\$125
8. Cottage SCSH 1	\$175
9. Cottage SCSH 2	\$100
10. Cottage SCSH 3	\$125
11. Cottage SCSH 5	\$100
12. Cottage SCSH 6	\$125
13. Cottage SCSH 7	\$100
14. 1413 A & B Confederate Avenue	\$225 each
15. 1417 A & B Confederate Avenue	\$225 each
16. 1423 A & B Confederate Avenue	\$225 each
17. 1425 A & B Confederate Avenue	\$225 each
18. Residence CFSH 46	\$125
19. Residence CFSH 83	\$100
20. Residence CFSH 87	\$100
21. Residence CFSH 93	\$ 75

Source: DMH Records and 1981 Real Estate Appraisals

APPENDIX C

DMH INDIVIDUALLY ASSIGNED AUTOMOBILES:

MILES DRIVEN DURING FY 81-82

<u>Car</u>	<u>Miles</u>		
	<u>Commuting</u>	<u>Official</u>	<u>Total</u>
A	3,136	561	3,697
B	3,161	3,543	6,704
C	5,575	2,243	7,818
D	207	3,433	3,640
E	45	10,053	10,098
F	8,064	903	8,967
G	2,870	5,827	8,697
H	9,483	6,888	16,371
I	<u>2,405</u>	<u>4,890</u>	<u>7,295</u>
TOTALS	<u>34,946</u>	<u>38,341</u>	<u>73,287</u>

Source: DMH Daily Trip Logs.



APPENDIX D

South Carolina Department of Mental Health

An Equal Opportunity Employer

P.O. Box 485 / 2414 Bull Street / Columbia, South Carolina 29202 / (803) 758-8090

William S. Hall, M.D. / State Commissioner of Mental Health
Racine D. Brown, Ph.D. / Assistant State Commissioner of Mental Health

October 26, 1983

Mr. George L. Schroeder
Director
Legislative Audit Council
620 Bankers Trust Tower
Columbia, South Carolina 29201

Dear Mr. Schroeder:

The Department appreciates the opportunity to provide a response which will be published with the Audit Council's final report for this agency. The materials attached have been prepared to conform to the format and space limitations prescribed by your staff.

Sincerely,

William S. Hall, M. D.
State Commissioner of Mental Health

WSH:ac

Attachment

APPENDIX D (CONTINUED)

DEPARTMENT OF MENTAL HEALTH RESPONSE TO LEGISLATIVE AUDIT COUNCIL REPORT OF THE AGENCY AUDIT

The South Carolina Mental Health Commission and officials of the Department of Mental Health (DMH) appreciate the opportunity provided by Audit Council procedure for the audited agency to review the Council report in draft form and include its agency comments as part of the Audit Council report. This agency views the findings of the Audit Council to be highly valuable to its management, valuable in terms of the findings and recommendations with which it totally concurs as well as those with which it partially concurs or sees alternative formulations as more compelling than those put forth by the Audit Council. The agency, therefore, acknowledges the role assigned to the Legislative Audit Council as an important facet in the total process of public accountability for public agencies.

Mission of Department of Mental Health. The mission of the Department of Mental Health is to provide effective treatment services for the mentally ill and to promote the mental health of the people of South Carolina. In order to carry out this mission the Department operates an array of service programs organized under the headings of Community Mental Health Services, Psychiatric Hospital Services, Long Term Care Services, Alcohol and Drug Addiction Services, and Educational and Research Services.

In executing its mission the Department's overriding concern is that of providing adequate quality treatment services to patients who enter its service system. By way of assuring the public on this matter, DMH has sought and maintained hospital accreditation from the Joint Commission on Accreditation of Hospitals; DMH had the first state hospital so accredited in the southeast and South Carolina was the first state in the southeast to have all of its state psychiatric hospitals thus accredited. This method of accreditation gave assurance that the respective hospitals met the standards of quality care as judged by an outside professional accrediting body, while simultaneously providing deemed status permitting the hospitals to participate in reimbursement programs, i.e., Medicare/Medicaid and other third party payers.

Patient Management. DMH governance and officials fully share the Audit Council concern about patient abuse and patient safety. The Department of Mental Health has an aggressive program to detect and investigate patient abuse allegations. If it were not for Management's strong mandate for supervisors to report every known allegation, it would not have been possible for the Department to have provided 212 abuse investigations to the State's Ombudsman in the Office of the Governor in the period referenced by the Audit Council, January 1980 through August 1982. Approximately the same massive number of reports were provided to the Solicitor, a gesture which transcended all requirements of law. This reporting system was initiated by the Department's proactive patient advocacy system to further protect the rights of patients by providing an independent review by the prosecutorial arm of the judicial system. DMH officials are not aware of any substantiated cases of patient abuse which were not reported to the Ombudsman's Office, the Solicitor, or to SLED. Moreover, the basic integrity of the Department's patient abuse reporting system is validated by the Audit Council report which

alleges on the one hand that an investigation was ordered halted by the Superintendent of a facility but acknowledges on the other hand that the case was indeed reported to the Ombudsman's Office.

The Patient/Client Protection Act requires that reports of abuse be made to the State Law Enforcement Division, the Governor's Ombudsman or the Solicitor. There is no requirement that such reports be given to more than one of these agencies. The Department has a good record for exceeding its requirement by reporting to both the Solicitor and the Ombudsman. The Department enjoys a good working relationship with the Solicitor's Office regarding investigations and the implementation of a reporting system initiated by the Department of Mental Health. The Department frequently obtains guidance from the Assistant Solicitors assigned as Departmental contacts to determine the potential of cases for prosecution. With regard to patient sexual abuse, Department of Mental Health officials and attorneys have and shall fully cooperate with the Solicitor's Office in prosecuting substantiated cases of sex abuse. (DMH officials concur with the Audit Council that the investigative aspect of dealing with abuse is more properly ordered now that investigations as well as other public safety functions are under SLED supervision, a move fully supported by DMH.)

DMH officials believe that any patient abuse is too much. While the DMH record of reporting substantiated cases to one or more proper authorities is outstanding, agency officials are even more interested in preventing abuse through adequate staffing and training. For instance, the Department this year co-sponsored with the Mental Health Association in South Carolina and Friendship Center a video tape of candid discussion by former hospital patients of unfavorable staff attitudes/behaviors which they experienced as patients. This video tape was developed as an instrument for staff training. In a second tape now in preparation, former patients discuss what service and support is needed when a patient leaves the hospital, thereby providing training material for aftercare and support programming.

Employee Discipline. The allegation that the Department cannot effectively discipline employees is not consistent with DMH data. During the last three years, Departmental records indicate that more than 108 employees were fired and many more received other forms of discipline as a result of patient abuse investigations and Management's high standards for patient care.

Boards of Inquiry. Boards of Inquiry are a mechanism authorized by the legislature to assist medical bodies in maintaining high professional standards. Physicians and allied professionals can openly state opinions of a colleague's performance in this confidential context without incurring suits for defamation or engendering spurious malpractice suits. All opinions and recommendations of Departmental Boards of Inquiry are deposited with the Department's General Counsel for use in carrying out the statutory mandate of South Carolina Code of Laws, Chapter 19, Regulation 19-415.6 which requires that each agency implement a risk management program. No other copies of these reports are maintained. From 1976 to 1982, hundreds of Departmental employees were directed to critique their peers with the unqualified assurance that their recorded, albeit candid, thoughts would forever be immune from intrusion as a product of statutory privilege and the common law attorney/client privilege. On June 30, 1981, the Resident Judge of the Fifth

Judicial Circuit confirmed these principles and the statutory protection afforded other Departmental records.

When the Appropriations Bill Proviso dealing with Departmental records passed the legislature in 1982, the Department of Mental Health obligingly provided statutorily protected medical and licensing records to the Audit Council when they were requested. Peer review proceedings (Boards of Inquiry) on file in the Attorney's Office, however, were in a different class. First, serious questions abounded about the effect of a retroactive application of the Proviso to the expectations of privacy which had been relied on by Board of Inquiry participants and respondents alike. Secondly, and more importantly, the Board of Inquiry reports were immeshed with the attorney/client privilege which is fundamental pursuant to the common law of South Carolina (State v. Doster, 284 S.E. 2d 218). Disciplinary Rule 4-101 of the South Carolina Supreme Court further describes the parameters of the attorney/client privilege.

Since (1) this legislative proviso does not seemingly abrogate these common law principles nor the rule of the South Carolina Supreme Court and (2) since the Circuit Court arguably confirmed the applications of this privilege to the matter under discussion as recently as June 30, 1981; it would have been highly irresponsible for the Department of Mental Health to waive this without further guidance from the Court or the legislature. Accordingly and in the interest of time, the Department sought to work with the Audit Council to provide all available information about the 189 Board of Inquiries except the recorded confidential opinions of Board members. The Audit Council was given the dates and identifying data for all 189 Boards. 145 of these Board proceedings had Security investigations attached and these were separated from the textual opinion and provided to the Audit Council in the spirit of cooperation and compliance with the will of the legislature.

Departmental Boards of Inquiry are used to evaluate the impact of employee performance and to identify/improve procedures for better patient care. The Boards are never used to conceal criminal activity. If the sanctity of the Boards is ever lost, there will exist no mechanism for reflection and candid self-evaluation. This will seriously erode the opportunity to find and implement changes to improve patient care.

The Department of Mental Health feels that the Audit Council's recommendation that a single Departmental Board of Inquiry be convened for all facilities may well be meritorious. It is anticipated that a new procedure will be implemented incorporating this concept. Although it would not appear to be feasible to utilize private citizens as Board members, the Department has recently included the Governor's Ombudsman as a Board member and further consideration is being given to involving that office in future Boards on a routine basis.

Security Operations. The Department acknowledges room for improvement in Security operations and fully expects centralization and SLED involvement to eliminate any inefficiency and inconsistency between facilities.

Patient Security. It is well recognized in the medical profession that the prospect for successful treatment of mental illness and social rehabilitation is diminished if not precluded by perpetual confinement. This

principle and the constitutional rights retained by mental patients have given rise to treatment in the least restrictive environment which is consistent with the patient's condition and the interests of society. In today's enlightened environment, the eight foot brick walls of State Hospital have been torn down, along with many of the medieval ideas which literally shackled the mentally ill.

It is accepted practice that DMH patients are granted increasing degrees of freedom as their affliction enters remission. A medical team must continuously evaluate each patient to determine the appropriateness of yard privileges, trial community visits and even employment. To characterize all patients who are given such privileges and who deviate from being at their appointed place for thirty minutes or more (Mental Health's criteria for LWP status) as "escapees" is misleading. Many of the incidents cited involve patients who were deliberately and therapeutically given varying degrees of latitude and freedom of movement. The risk to the patient and society was considered minimal. In each instance of unauthorized departure, an evaluation by the medical team determines if the patient must return to finish the prescribed medical regime, etc. In a number of these cases the patient was sent to visit relatives and all concerned agreed to the patient's discharge.

The unauthorized departure of patients in some of the incidents cited, however, is a matter of substantial concern to the Department. This group of incidents includes patients who: Run from scheduled activities, Elope while being transported for commitment hearings, Overpower aides, Break out of dormitories, Elope while being escorted as a group to meals, Leave from doors that should be locked, Elope during fire drills, Use stolen "yard cards", Leave with assistance from visitors. Some of these incidents involve staff negligence and others involve a breakdown of equipment or procedures. Since January, 1981, each incident of this kind has been the subject of a special Board of Inquiry in order that staff members can be made more accountable for mistakes and trends can be detected/corrected.

Other areas of patient security are also of continuous concern to Department of Mental Health and hospital officials. Supervisors, primarily nursing supervisors, routinely make rounds to ensure assigned personnel are present and performing their respective duties. Public Safety personnel also are assigned to patrol wards and conduct "surprise" inspections. It is through these methods that employees have been detected away from assigned areas or asleep on duty.

SCDMH Directive No. 576-82 entitled "Standards of Disciplinary Actions" provides for strict disciplinary action for employees who are improperly away from assigned areas or are asleep on duty. These guidelines have provided a basis for various forms of disciplinary action, depending upon the severity of the offense and whether the offense is a first or subsequent offense.

Notification of Coroner of Patient Deaths Within Ten Days of Admission.
The Audit Council report identified an area in which there is variation from Department of Mental Health policy. Corrective action has been taken to assure that the Coroner's Office is notified in all such cases.

Control of Contraband. The control of contraband is a continuous problem for all institutions, both open and closed.

The abuse of alcohol and drugs is more prevalent among those suffering from emotional and mental disturbances than society at large. The Department of Mental Health has attempted to address this matter through a variety of methods. These methods include: (a) subjecting all vehicles and persons entering Department grounds to search; (b) conducting no notice searches of vehicles and persons; (c) the maintenance of constant vigilance for contraband by treating staff and other personnel; (d) investigating all reported incidents and when merited pursuing prosecution of substantiated incidents; (e) establishing an employee assistance program to those who are experiencing alcohol or drug abuse or addiction; (f) establishing procedures for laboratory testing for alcohol and/or drug content of employees; and (g) subjecting employees who sell, distribute, purchase, use or possess alcoholic beverages or illicit drugs on Departmental property to immediate dismissal. The Department concurs with the recommendations of the Audit Council to amend Section 44-23-1080 to provide criminal penalties for individuals possessing contraband on State Mental Health campuses.

Key Control. The Audit Council recommendations concerning key control have distinct merit. The agency has initiated a new policy on key control consistent with the LAC recommendations.

Theft and Misuse of State Resources. Historically, Department of Mental Health officials have used the rule of reason in handling cases involving theft or misuse of State resources. However, the agency concurs with the general proposition that all such cases shall be routinely reported to the Solicitor's Office.

Automobile Assignments. The nine automobiles referenced by the Audit Council report are assigned to top management officials who must be able to respond without notice, twenty-four hours a day, to contingencies in different areas of the agency's state-wide jurisdiction. Thus, individual vehicle assignments are consistent with DMV Management Manual Guidelines for automobile usage where official business requirements preclude pooling or shared arrangements. Additionally, individuals operating such vehicles between home and place of business have complied explicitly with DMV requirements (DMVM Form 980-1).

All 73,287 miles traveled by the referenced vehicles during fiscal year 81-82 were "official miles" according to the DMV Management Manual. Accordingly, the average usage of 8,100 miles per year reflects very conservative fiscal management in light of the age of the vehicles involved. Although the DMV Management Manual suggests disposal of such vehicles after four to five years of use, six of the nine vehicles under discussion are more than five years old. Additionally, the Department has currently achieved a decrease in the number of vehicles assigned to individuals.

Confiscated Property. New policies and procedures relating to the handling and disposition of confiscated property will be in effect by December 1, 1983, with responsibility for such assigned to the Office of Public Safety.

Third Party Reimbursements. Accreditation and/or certification of Department of Mental Health hospitals for participation in Medicare/Medicaid and other third party funding programs is essential. From 1969 through 1981, JCAH accreditation provided the most feasible, cost-effective approach to ensuring quality of care and the deemed status necessary for such participation in third party payments. Following the survey in the Fall of 1981 by the National Institute of Mental Health (NIMH) and Department of Health and Environmental Control (DHEC), both South Carolina State Hospital (SCSH) and Crafts-Farrow State Hospital (CFSH) were found to have inadequate registered nurse staffing to meet the Medicare/Medicaid standards throughout the entire hospital.

The alternative in each instance was to establish a distinct part, or segment, of the hospital which could meet Medicare/Medicaid standards. The Mental Health Commission, after staff review of the situation in 1982, unequivocally opposed the creation of a distinct part specifically for Medicare/Medicaid patients, that is, a dual level of care in which Medicare/Medicaid patients receive a higher level of service than other patients who required the same level of care. The solution adopted by DMH was that of realigning its entire hospital and institutional program to provide psychiatric hospital level of care, acute medical services, intermediate nursing care, skilled nursing care and residential care, i.e., to provide patients with the most appropriate level of care required by the patients' conditions and altogether in beds which meet relevant certification standards. Such realignment is currently in process and the DMH institutions collectively expect to receive all allowable Medicare reimbursement, the full allocation of Medicaid reimbursement provided to DMH institutions in the State's Medicaid Allocation Plan, as well as other third party reimbursements.

Patients Not Charged Cost of Treatment. The Mental Health Commission has had under review since October 1982 a plan to assess full cost charges for patient service. It is a complex matter, with the benefits to be derived directly from the differentiation of services into level of care centers, most appropriate to patient needs, with established cost for each level of care. Differentiation of service levels of care will be completed within the 1984 fiscal year; the Department expects, therefore, to be in position to implement a cost based rate structure on July 1, 1984.

It should be noted that the agency currently receives actual cost reimbursements from both Medicaid and Medicare sources, but should be able to enhance the cost rates associated with the eligible treatment services. Current charges generally exhaust eligible patients' Social Security benefits which provide the next largest third party reimbursement.

Pharmacy Operations. All DMH pharmacies are routinely inspected by DHEC for controlled substances. According to DHEC officials, they always find DMH pharmacy controlled substances to be accounted for well within the limits of error applied to pharmacies in the private sector. The Audit Council's recommendations appear to be consistent, however, with current DMH plans to establish a Departmental Pharmacy Supply Center which will permit a more cost-effective way of handling pharmacy supplies and simultaneously allowing for a higher level of clinical pharmacists assigned to the individual hospitals.

Planning. Bryan Psychiatric Hospital is recognized by surveyors and visitors from other State Mental Health authorities as an outstanding State Mental Health facility, both physically and programmatically. The Hospital was planned over several years of indepth study by DMH officials with full representation of the then current hospital leadership and with the active participation and direction from the Clemson University Architectural Foundation Health Care Studio.

There is currently no unused space nor significantly under-utilized space within the hospital. The space originally designed for acute care (ACU) is now used for Vocational Rehabilitation Services, Volunteer Services and Psychology Testing Services Center. While there have been changes in the utilization of space within the facility, there was no surplus or unneeded square footage constructed. DMH acknowledges that the plan which led to the inclusion of a kitchen in each lodge, which was based on sound therapeutic principles was determined to be cost ineffective to operate with the total resources available during the series of lean years which have ensued since its opening in 1978. However, the kitchens are used for activity therapy/recreational therapy purposes, and indeed kitchen areas for these purposes are currently being constructed in the Patrick B. Harris Psychiatric Hospital. Excess kitchen equipment at Bryan Hospital is under review for inclusion at Harris Hospital.

The Audit Council report cites concern about DMH overbuilding child/adolescent beds. In no event would DMH or could DMH construct beds not in accordance with the State Medical Facilities Plan since DMH is subject to the same Certificate of Need process as any other provider. In fact, the Patrick B. Harris Psychiatric Hospital's thirty (30) children's beds went through full Health Systems Agency and DHEC review prior to DHEC awarding DMH a Certificate of Need for that construction.

Real Property Management. The Audit Council report highlights the need for records of real property to be updated and certified through survey and otherwise. This will be done.

Food Services Operations. The Audit Council recommends consolidation of Food Services. Planning has been underway by DMH which will lead to such consolidation.

Personnel Management. On the matter of additional wages paid professional employees, DMH believes that conclusions alternative to those arrived at by the Audit Council are compelling.

There can be no argument against the fact that the facilities of the South Carolina Department of Mental Health are truly medical facilities. All facilities of the Department deal not only with acute psychiatric illnesses but also the full range of physical illnesses as well, many of which are life threatening. These illnesses require the immediate accessibility of physicians and psychiatrists twenty-four hours a day, seven days a week. The South Carolina Department of Mental Retardation in contrast is primarily educational and does not deal with nearly as many acute illnesses, therefore, they do not have the need for the number of physicians and psychiatrists the Department of Mental Health must have immediately available.

In addition, as stated by the Legislative Audit Council in their report, the South Carolina Department of Mental Health does not have the specific authority to deny admissions. Therefore, the Department must admit patients at any hour, any day of the week; making immediate professional services mandatory. By contrast, Code Section 44-21-40, establishing requirements for admission to the Department of Mental Retardation provides that: "No individual alleged to be mentally retarded shall be admitted to the jurisdiction of the Department until he shall be examined at a diagnostic center by the Department or by a diagnostic center approved by the Department and shall have been certified by the Department on the basis of acceptable data to be both mentally retarded and in need of the Department's services". "In addition, Section 44-21-50 further requires that elements such as the relative need of the person for the Department of Mental Retardation services and availability of local resources be considered before admission."

The comparison between the South Carolina Department of Mental Health and the South Carolina Department of Mental Retardation does not seem appropriate since the Department of Mental Health deals with acute illnesses and is required to take admissions at any time, making immediate medical services mandatory. This point is in fact verified and supported by the Legislative Audit Council's own report.

Should the Department of Mental Health place physicians on rotating shifts, the services of these physicians who are assigned to work nights, etc., would be lost during the day when their services are desperately needed. In addition, the granting of compensatory time is self defeating in that these physicians are then away from the job when we need their services. The patient to physician ratio is currently 31.2 to 1. We in fact need more physicians on duty and the above plan would be a definite detriment to patient care.

By assigning physicians to work nights and weekends on a rotating basis, the Department would have to in fact employ more physicians. The average physician's salary is approximately \$30.00 per hour. It is, therefore, not practical or cost efficient to hire more physicians at \$30.00 per hour when the same services are provided by the physicians we currently have for \$13.00 per hour. If the Department had paid \$30.00 per hour for the number of hours of "Call Back Pay" reported by the Legislative Audit Council it would have cost the State \$976,500.00. Therefore, paying the minimal amount of \$13.00 per hour to provide these services has cost the State \$423,150.00, but is in fact, a savings of \$553,350.00.

As was recognized by the Legislative Audit Council in their report, the payment of physicians as Officers of the Day and Officers of the Night was approved by the S. C. State Budget and Control Board and is within the parameters of State Policy concerning Dual Employment.

The Department has a severe shortage of licensed nurses and has had for some time. This is one of the main deficiencies pointed out by the Joint Commission for the Accreditation of Hospitals every time they visit one of our facilities. The Department's need for nurses will increase dramatically when we are required by law to have only licensed personnel dispensing medications as opposed to our current method of assistance by the Mental Health Specialists.

The shortage of nurses is not just a departmental problem, the shortage is nationwide, which can be verified from any number of sources. The Department has made every effort to recruit nurses but the competition is fierce and the salary structure, working conditions, current benefits, etc., of the state in comparison to the private sector make this a most difficult task. We cannot keep the positions we currently have filled so the idea of not paying overtime to nurses and employing more nurses is not feasible or possible.

Granting compensatory time to nurses in lieu of paying Call Back Pay is self defeating. By taking their compensatory time, the nurses will be away from work even though we have a critical shortage of nurses. This critical shortage is the reason the overtime is worked in the first place -- to provide minimal coverage and adequate patient care.

As an example, Crafts-Farrow State Hospital has a total of 91.8 registered nurses for 1300 patients, which is a ratio of 14.2 to 1. But this problem must be looked at in terms of shifts, particularly P.M.'s and nights when the overtime is worked. On the P.M. shift there are an average of 14 registered nurses on duty, which is a ratio of 92.9 to 1. On the night shift there are an average of 16.4 registered nurses on duty, which is a ratio of 79.3 to 1. These nurses are to provide minimal coverage. Therefore, when emergency situations arise or illness keeps some nurses off of duty, Call Back must be used to provide a minimum of care.

Another consideration must be that our facilities are medical in nature, with a wide range of both acute mental and physical illnesses, many of which are life threatening. Furthermore, Crafts-Farrow State Hospital is a geriatric facility serving those ages 55 and older who obviously will have more physical illnesses, many of which involve life and death situations which require licensed personnel on duty.

If we tried to grant compensatory time this would be counterproductive as stated earlier. We would then have to obtain nurses through a private agency (external vendor) to provide even minimal coverage. This would expend a great deal of State revenues. It must also be considered that paying a private vendor for a staff nurse that does not have knowledge of the Department of Mental Health, its facilities and most importantly the patients for whom they would be responsible is not practical. In addition, they cannot supervise, discipline, etc., the non-licensed personnel on the wards. It seems obvious that it is much more cost efficient to utilize the nurses we have who know the system, patients, employees, etc., not to mention that it is certainly more efficient with regard to the quality of services provided.

All of the above should make it obvious that this is truly an emergency situation as stipulated in the approval of the Department's Call Back Pay Policy by the State Budget and Control Board and pointed out by the Legislative Audit Council. Call Back Pay is used sparingly and only in true emergency situations to accomplish the mission of the Department of Mental Health: the provision of competent and quality care to the mentally ill of S.C.

Housing Provided DMH Employees. While having key employees living on the premises or near the premises of SCSH and CFSH historically served a very

useful purpose and was in the public interest, the hospitals have been systematically getting out of the housing business and closing, removing or converting such houses to other use. In the Spring of 1983 the Mental Health Commission asked for a study and recommendations for a new housing policy consistent with the current tenets of public interest. That policy will be adopted in the near future.

The Audit Council's highlighting of vagaries in the payment mechanisms of utilities has prompted DMH management making residents in DMH housing directly responsible to the utility companies for utilities provided.

Consolidation of Training. The recommendation by the Audit Council for a single training program for Mental Health Specialists has merit and is currently under consideration.

Community Mental Health Centers and Clinics. DMH State Plan, Fiscal Year 1977, Goal 1 states as follows: "To accelerate the orderly and responsible shift in the locus of mental health services from centrally based resources to regional and community based resources." The State Plan in 1982 established as its first priority the relocation of 400 appropriate long term psychiatric hospital patients to a community base of care with adequate community and client support services to be funded by the reallocation of \$2.92 million from hospital budgets to the Community Support Program budget. This is currently being successfully implemented. In 1982, the Mental Health State Plan called for the establishment of an emergency stabilization program designed to reduce emergency admissions from 6,000 per year to 4,800. \$2.8 million was allocated in the 1983 Appropriations Act for this purpose. The program is currently being successfully implemented.

By the end of 1985 the psychiatric hospital population should not exceed 1,600 to 1,700. Community Mental Health center resources will have been expanded by some \$7.5 million by comparison with FY 1983 allocations. Funding of Community Mental Health Centers will be moved on a gradual basis toward the formula method of funding as indicated by the Audit Council report. However, the transition to formula funding must be gradual and orderly so that disruptions in current Center operations are minimal. DMH concurs with the Audit Council that coordinated discharge planning, i.e. between hospital and Community Mental Health Centers has been inadequate. That process is already vastly improved by virtue of the community support program. DMH concurs with the Audit Council on the need for a more effective measure and utilization of a program of cost effectiveness.

Legislative Review of Audit Council's Report. The Department commends the wisdom of the General Assembly in requiring legislative review of Audit Council reports, as provided for in the 1983-84 Appropriations Act, Section 161, as follows:

Reports published by the Legislative Audit council shall be reviewed by the appropriate subcommittee of the South Carolina House Ways and Means Committee with the audited entity and the Audit Council in order to prepare a plan of corrective action for problems concerning the report.

Based on Section 161, Audit Council recommendation for a public hearing is at least premature, if not unnecessary. The Department looks forward to the opportunity to review this report with the referenced subcommittee, and, most certainly, with any other entity of the General Assembly as deemed appropriate.

