

A STUDY OF ORGANIZATIONAL MODELS
FOR THE ST. JOSEPH MID-HOUSTON COMMUNITY
MENTAL HEALTH CENTER

A Problem Solving Project Report

Submitted to the Faculty of

Baylor University

In Partial Fulfillment of

Requirements for the Degree

of

Master of Hospital Administration

By

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Waco, Texas

August, 1970

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FOR THE ST. JOSEPH MED-EDNOR COMMUNITY

APPROVED BY THE U. S. ARMY MEDICAL FIELD SERVICE SCHOOL:

Director of the Program

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APPROVED BY THE PROJECT COMMITTEE:

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ABSTRACT

A STUDY OF ORGANIZATIONAL MODELS FOR THE ST. JOSEPH MID-HOUSTON COMMUNITY MENTAL HEALTH CENTER

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August, 1970

42 Pages

A copy of this document may be obtained on loan from the
United States Army Medical Field Service School, Brooke
Army Medical Center, Fort Sam Houston, Texas.

The Problem

The problem was to determine the most satisfactory
organizational relationship between the Sisters of Charity
of the Incarnate Word and the St. Joseph Mid-Houston Com-
munity Mental Health Center.

Methods of Research

Data for this paper was obtained from personal
observation of the operation at St. Joseph Hospital and the
St. Joseph Mid-Houston Community Mental Health Center, con-
ducting unstructured interviews of members of the staffs of
the two institutions, a review of the literature, and an
analysis of hospital records.

Conclusions

The major conclusion was that the most satisfactory
organizational model for the St. Joseph Mid-Houston Community
Mental Health Center would be a subsidiary corporation of the
Mother House Corporation.

Recommendations

The major recommendation was that the St. Joseph
Mid-Houston Community Mental Health Center be organized as
a Texas non-profit subsidiary corporation of the Sisters of
Charity of the Incarnate Word. A second recommendation was
that further consideration be given to organizing the mental
health center as a completely independent Texas non-profit
corporation when and if the subsidiary corporation becomes
a financially self-sustaining entity.



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patients continued to live at home were developed in Holland.

CHAPTER I

Mental hospital experiments in England during the 1940's showed that when patients were treated as responsible people, much of their disturbed nature vanished.

INTRODUCTION

General Information

Twenty years ago the term community mental health center was practically unheard of. The movement toward placing the emphasis on mental health rather than mental illness was just beginning. Today the movement is widespread and is attested to by the support of almost every agency and organization concerned with mental health.

The basic concept was first outlined by Adolf Meyer. Speaking to the delegates at the International Congress of Medicine in 1913, he said:

"The characteristic traits of a clinic for mental diseases should be, first, service to the patient rather than to the administrative systems; second, elaboration of the study of the diseases rather than the means of wholesale handling of patients; third, possibilities of following up the studies of nature's experiments beyond the hospital period, and preventive work through extra mural efforts outside the hospital."¹

He also suggested that the clinic serve a well defined population so as to study all factors, social and dynamic, which might cause mental illness.

There were a few isolated events in the 1930's which provided some impetus to the mental health center movement. Community-oriented programs whereby the

The National Mental Health Act was passed by Congress in 1946. In 1947 the National Institute of Mental

patients continued to live at home were developed in Holland.

Mental hospital experiments in England during the 1940's showed that when mental patients were treated as responsible people, much of their disturbed nature vanished. The attitude that since the patients were incompetent mentally they must be incompetent in all areas changed. The doors were unlocked and it became clear that the majority of patients were of no danger to themselves or to anyone else. As a result caretaker programs gave way to therapeutic programs.²

Later on in the 1940's the large number of World War II personnel discharged with psychiatric disabilities provided further impetus to the mental health movement. By the end of World War II, 380,000 persons had been discharged because of psychiatric problems. Sufficient hospitals and medical personnel were not available to cope with the large group. However, the country was determined to care for these veterans and the Veterans Administration took steps to meet the need. Hospital and outpatient clinic services were expanded and professional training programs were instituted. The extensive treatment provided in the expanded outpatient treatment clinics demonstrated that definitive psychiatric care could be provided in the community and hospital treatment could be kept to a minimum.³

The National Mental Health Act was passed by Congress in 1946. In 1949 the National Institute of Mental

Health came into existence. One of the main programs supported by the institute was, and still is, community mental health.

In 1955 a mental health study act was enacted by Congress. It was this act that provided the basis for the concept of community mental health centers.

President Kennedy was a staunch supporter of the mental health movement. In 1963 he advised Congress that a new type health facility was needed. It would be known as the community mental health center; it would provide for care in the community; and it would function as an affiliate of the state mental hospital, the state or local government, or be sponsored by a voluntary non-profit organization.

Subsequent to President Kennedy's message, Congress enacted Public Law 88-164, the Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963. This act authorized federal matching funds to construct comprehensive community mental health centers. In 1965 additional legislation was passed authorizing funds to staff community mental health centers.

The Act of 1963 requires that each state develop a long range comprehensive plan for overall mental health services before federal funds can be obtained. The Texas plan became law as the Texas Mental Health/Mental Retardation Act of 1965. Subsequent to the passage of this Act the Sisters of Charity of the Incarnate Word applied for and received a staffing grant. In September 1966 the first

Community Mental Health Center in the State of Texas was opened at St. Joseph Hospital, Houston, Texas.

One of the major purposes of the community mental health program is to coordinate existing programs. Funds must be appropriated to match federal money. Continued federal support will require the interest and support of all public and private agencies in the community. Professional and nonprofessional persons must become involved. If the movement is to survive the support must be broadened from the top down, particularly in the communities.

Hospital Setting and History

St. Joseph Hospital is but one of the institutions administered by the Sisters of Charity of the Incarnate Word. These institutions include fifteen hospitals, three schools of nursing, three orphanages, two homes for the aged, six schools and several clinics located in five states and two foreign countries.

The congregation was founded in 1866 and today consists of over 500 sisters. In 1887 the sisters established St. Joseph's Infirmary, the first general hospital in Houston, Texas. The Infirmary consisted of an abandoned building ten years old with two smaller buildings adjacent to it. After extensive renovation the main building contained thirty-two ward beds and eight private rooms. Located in the smaller buildings were the chapel, the sisters quarters, the operating room, the admitting office and a drug store.

The sisters were not immediately accepted by the community. It took several years and the heroic efforts of three sisters during the smallpox epidemic of 1890 to win the trust and understanding of the citizens of Houston.

Subsequent to the epidemic and acceptance of the community, a new facility was constructed. However, it burned to the ground shortly after it was completed. Once more through the heroism of the sisters in fighting the fire and evacuating patients, the citizens of the city were won over. Funds were obtained, a block of land was purchased, and a new hospital was constructed. This building was occupied from 1897 to 1961 when it was razed in order to provide a site for the new hospital.

The new St. Joseph Hospital is a 750 bed non-profit, short-term general hospital located in mid-town Houston. It is an operating division of the Mother House Corporation, the Sisters of Charity of the Incarnate Word (a Texas non-profit corporation). Its staff consists of some 40 full time interns and residents, 63 sisters, over 1,000 physicians and approximately 1,400 employees.

It offers the most modern and up to date equipment and facilities available in medicine. It has been the aim of the Sisters of Charity of the Incarnate Word through St. Joseph Hospital to provide the best medical services possible in order to meet the needs of the community of Houston, Texas. The new ultramodern building, dedicated in 1964, has enabled the sisters to carry on their work.

Conditions Which Prompted the Study

In 1966 the parent corporation, the Sisters of Charity of the Incarnate Word, obtained a federal grant for the staffing of a community mental health center. The St. Joseph Hospital Community Mental Health Center, later to be renamed the St. Joseph Mid-Houston Community Mental Health Center, was established upon receipt of this grant.

The federal staffing grant is in essence a series of five annual grants for five consecutive years. The federal contribution decreases on a percentage basis each year. Consequently, the matching funds obtained from other sources must increase percentage wise each year. In the absence of substantial state and local financial support, St. Joseph Hospital has been the primary source of financial support other than the federal government. There are various other expenses in addition to staffing expenses for which funds are needed. These expenses include the cost of facilities, the use of equipment and the delivery of services. There currently exists much confusion as to the actual cost of operating the community mental health center, and for that matter St. Joseph Hospital, due to the intermixing of the operations of the two entities.

Therefore, the associate administrator at St. Joseph Hospital requested that a study be made to determine an acceptable organizational relationship between

the parent corporation and the mental health center. A more realistic organizational model will enable the St. Joseph Mid-Houston Community Mental Health Center to better fulfill its mandate to become a community mental health center on a continuing basis.

Statement of the Problem

The problem is to determine the most satisfactory organizational relationship between the Mother House Corporation, the Sisters of Charity of the Incarnate Word, and the St. Joseph Mid-Houston Community Mental Health Center.

Definitions

Catchment area

The catchment area is a prescribed geographical area with population limits of 75,000 to 200,000 persons who are served by a specific community mental health center.

Community mental health center

A mental health center provides the community it serves with the five essential services required by federal regulation in order to be eligible to receive federal grants.

Comprehensive community mental health center

This is a mental health center which provides full comprehensive service.

1. The St. Joseph Mid-Houston Community Mental Health Center must continue to project itself as the model

Essential services

The essential services include inpatient care, outpatient care, partial hospitalization, emergency care, consultation, and education.

Full comprehensive services

Comprehensive services include the five essential services plus diagnostic service, rehabilitative service, precare and after care, training, research, and evaluation.

Mother House Corporation

A Texas non-profit corporation of the Sisters of Charity of the Incarnate Word. Also referred to as the parent corporation or the corporation.

Objectives

The objectives of this study are to analyze the current organization and operation of the St. Joseph Mid-Houston Community Mental Health Center, to discuss other alternative organizational entities which could conceivably sponsor the St. Joseph Mid-Houston Community Mental Health Center, to evaluate the advantages and disadvantages of each, and to propose an organizational model which would provide a more satisfactory organizational relationship between the community mental health center and the parent corporation.

Criteria

1. The St. Joseph Mid-Houston Community Mental Health Center must continue to project itself as the model

described by the federal government. The center must fulfill its mandate to function as a community service organization.⁴

2. The mental health center, however organized, must be able to fulfill its financial obligations. Matching funds provided from sources within the community are required since the federal government provides only a percentage of the necessary funds.⁵

3. The center must be able to attract community support in terms of funds, planning, and other aspects of operating a mental health center.⁶

4. In order to attract community support the center must be able to identify needs accurately including the operating costs of the organization.

5. The organization structure should be designed to remove obstacles to performance caused by confusion.⁷

Factors Bearing on the Problem

The following factors are considered to have a bearing on the problem discussed in this study.

1. St. Joseph Mid-Houston Community Mental Health Center serves a population of approximately 151,000 persons.

2. The population served includes a high percentage of persons with incomes which are substantially less than those of persons living in other areas of Houston, Texas.

3. Funds obtained from federal grants are not adequate to finance the operation of the mental health center.

4. St. Joseph Mid-Houston Community Mental Health Center is currently organized as an operating division of the parent corporation.

Assumptions

The following assumptions were made.

1. St. Joseph Hospital will continue to be primarily an acute care, short-term, general hospital with an active Department of Psychiatry.
2. The center will continue to strive to fulfill its mandate as a comprehensive community mental health center.
3. Funds for the operation of St. Joseph Mid-Houston Community Mental Health Center will continue to be available from various sources until the program becomes self sustaining financially.

Research Methodology

The data for this study were collected through review of the literature, analysis of hospital records, examination of staffing grant applications, and unstructured interviews with key staff personnel of St. Joseph Hospital, the Mother House Corporation, St. Joseph Mid-Houston Community Mental Health Center and the Neighborhood Centers Association. The interviews were conducted to obtain information concerning the current operation of St. Joseph Hospital and St. Joseph Mid-Houston Community Mental Health Center. Another purpose of the interviews was to

discuss the effects of reorganization and the advantages and disadvantages of each organizational model if the center were to be organized as discussed in this study.

Literature Review

The concept of community mental health is based on a concept similar to that of public health. The community should be the center of focus and not the individual. A community mental health program should be designed to reduce the factors adversely affecting large segments of the population of the community. Only in this way can the incidence of mental health problems be reduced.⁸

In order to achieve the goal of a community mental health program, community groups must participate. These groups must be made up of members of all segments of the community. Judges, lawyers, neighbors, friends as well as family members must become involved if the program is to be effective.⁹ According to Lawrence C. Kolb in an article in the November 1968 issue of Hospital and Community Psychiatry, the lack of community participation is one of the primary obstacles to overcome when developing a community mental health center program.¹⁰

The hospital treatment model is much different than the mental health center model. The hospital's approach is one man, one disease. In order to have a responsible community mental health program the two approaches must be compatible. This is extremely difficult to accomplish when

the mental health center is organized so that the hospital is the focal point and the persons experienced in organizing mental health services are not in a position where they can establish policy.¹¹ The organization should be considered not as an end in itself but as a means to accomplish a goal. It must be designed to meet the objective and not vice versa.¹²

One of the more difficult problems to overcome when planning community mental health centers is the lack of adequate financing. A major trend in providing financial support for community mental health programs is the use of matching funds. However, Arthur J. Bindman stated in an article in the Community Mental Health Journal, Winter, 1966, that matching fund programs are extremely unpopular wherever the community is not involved. Much coordinated planning is needed to solve the problems of financing mental health centers. The required coordination is sometimes better achieved when the mental health center is sponsored by an agency other than a general hospital.¹³

As pointed out earlier in this paper, the community mental health movement is a new one. There are myriads of problems still existing, some of which will probably never be solved. It is significant that throughout all literature the emphasis was on getting the community involved. All aspects of the mental health program including planning, funding, coordination and education should be a matter of

community involvement. The mental health center movement will succeed or fail, depending on how effectively community activities are organized to solve the wide range of community mental health problems.

Footnotes

¹As quoted in Raymond M. Glasscote, et al., The Community Mental Health Center: An Analysis of Existing Models (Washington, D.C.: The Joint Information Service of the American Psychiatric Association and the National Association for Mental Health, 1964), p. 1.

²Ibid., p. 2.

³Ibid., p. 4.

⁴Harold P. Halpert and Charlotte Silverman, "Approaches to Interagency Cooperation," Hospital and Community Psychiatry, VIII, No. 3 (March, 1967), 86.

⁵Richard B. Cravens, "Impact of Recent Federal Legislation: Community Mental Health Services," American Journal of Public Health, LVII, No. 7 (July, 1967), 1204.

⁶Leonard S. Rosenfeld, "Planning Comprehensive Health Services," Hospital and Community Psychiatry, XIX, No. 12 (December, 1968), 377.

⁷Harold Koontz and Cyril O'Donnell, Principles of Management (4th ed.; New York: McGraw-Hill Book Company, 1968), p. 232.

⁸Franklyn N. Arnhoff, "Realities and Mental Health Manpower," Mental Hygiene, LII, No. 2 (April, 1968), 183.

⁹Victor F. Lief and Richard Brotman, "The Psychiatrist and Community Mental Health Practice," Community Mental Health Journal, IV, No. 2 (April, 1968), 138.

¹⁰Lawrence C. Kolb, "Community Mental Health Centers: Some Issues in Their Transition From Concept to Reality," Hospital and Community Psychiatry, XIX, No. 11 (November, 1968), 337.

¹¹Arthur A. Woloshin and Hyman C. Pomp, "The Gulf Between Planning and Implementing Mental Health Programs," Hospital and Community Psychiatry, XIX, No. 2 (February, 1968), 60.

¹²Koontz and O'Donnell, Principles of Management, p. 49.

¹³Arthur J. Bindman, "Problems Associated with Community Mental Health Programs," Community Mental Health Journal, II, No. 4 (Winter, 1966), 335.

Early in 1966 the Sisters of Charity of the Incarnate Word requested a federal staffing grant. The grant was received in July, 1966. The St. Joseph Mid-Bowman Community Mental Health Center (originally called the St. Joseph Hospital Community Mental Health Center) Officially became operational in September, 1966.

Initially most of the services were provided in the Cullen Family Building, a unit of St. Joseph Hospital adjacent to the main building. Prior to the establishment of the mental health center, this building served as a 50 bed psychiatric unit for the private inpatients of St. Joseph Hospital Department of Psychiatry. Subsequent to activation of the community mental health center, approximately 80 percent of the inpatient psychiatric beds were allocated to the treatment of the community mental health center patients. Partial hospitalization and outpatient psychiatric care were also provided in Cullen Family Building. The main hospital emergency room handled psychiatric emergency care.

As the professionals in the community became aware of the center's existence, the magnitude of the workload

CHAPTER II

DISCUSSION

Center Development

Early in 1966 the Sisters of Charity of the Incarnate Word requested a federal staffing grant. The grant was received in July, 1966. The St. Joseph Mid-Houston Community Mental Health Center (originally called the St. Joseph Hospital Community Mental Health Center) Officially became operational in September, 1966.

Initially most of the services were provided in the Cullen Family Building, a unit of St. Joseph Hospital adjacent to the main building. Prior to the establishment of the mental health center, this building served as a 53 bed psychiatric unit for the private inpatients of St. Joseph Hospital Department of Psychiatry. Subsequent to activation of the community mental health center, approximately 20 percent of the inpatient psychiatric beds were allocated to the treatment of the community mental health center patients. Partial hospitalization and outpatient psychiatric care were also provided in Cullen Family Building. The main hospital emergency room handled psychiatric emergency care.

As the professionals in the community became aware of the center's existence, the magnitude of the workload

increased significantly. In April of 1967 the workload problem was partially alleviated by obtaining the use of additional outpatient facilities through negotiation with St. Joseph Hospital for use of the Hospital Outpatient Department. It was during this phase of its development that the center began to explore the extent to which it was fulfilling its role as a community service organization. At that stage of development the center was operating in the typical hospital mode of providing all the clinical services in one central location. Services were being provided to only those patients who sought help. The staff of the center was aware that as mental health programs become community oriented and assume responsibilities for the population of the catchment area, the servicing of only those individuals seeking treatment should be questioned.¹ Only a small portion of those patients needing mental health services are treated in such an atmosphere. The center administrator was aware that effective comprehensive delivery of mental health care was not being provided and that a means of expanding services would have to be found. The decision was made to decentralize and move out into the community in order to provide comprehensive mental health services with the aid and cooperation of existing agencies. It was decided that in order to obtain the necessary cooperation and aid, relations with other community agencies and institutions would have to be developed. Resources would

have to be mobilized in order to develop an efficient case finding and referral system and to provide for such other individual needs as money, housing, and medical care.²

A pilot project was initiated in the summer of 1967. Members of the Rehabilitation Therapy Department were assigned to the Neighborhood Centers Association. The purpose of the project was to provide the staff with an opportunity to get to know the community, its problems, its needs, and its interests and to transmit this knowledge back to the staff in the Cullen Family Building. The project was unsuccessful for several reasons, most of which were administrative. Another attempt was made by placing a staff member at the Neighborhood Centers Association headquarters in order to provide referral service as well as some diagnostic and testing service. This was also unsuccessful in terms of providing service. However, the association of the staff personnel with personnel of the Neighborhood Centers Association did result in a very successful relationship between the administrators of the Community Mental Health Center and the Neighborhood Centers Association. More definitive plans were formulated to expand the services into the community. Community Mental Health Center workers were assigned to Ripley House, the Neighborhood Centers Association headquarters. The assignment to Ripley House provided close association between personnel of the mental health center and personnel of the Probation Department, Public Health

Service, Vocational Rehabilitation and State Department of Public Welfare.

The two agencies, the Mid-Houston Community Mental Health Center and Neighborhood Centers Association, are now working together, pooling all resources, in an attempt to establish a truly comprehensive community mental health program.

Geographic Area Served

Harris County, in which the Mid-Houston Community Health Center is located, is divided into ten mental health service areas for the purpose of mental health center planning. The geographic area assigned to the St. Joseph Mid-Houston Community Mental Center is Mental Health Area Ten. It encompasses an area of approximately thirty-six square miles (see Appendix, Fig. 1). Area Ten includes twenty-one complete census tracts and part of another (see Appendix, Fig. 2).

Mental Health Area Ten has distinct geographic divisions and population characteristics. Therefore, it is divided into three districts (see Appendix, Fig. 3). Districts I and II are further subdivided into operating units. District III is operated as a single entity.

Population Characteristics

Total population

The population served totals approximately 151,000 persons according to a 1967 Houston Independent School

District census. This total represents a population decrease from the 1960 U.S. census of approximately 14,000 persons. The change is suggested by changes in housing, industry, public transportation routes, and freeway construction (see Appendix, Figs. 4 and 5).

Ethnic groups

The 1960 U.S. census revealed that about 29 percent of the Mental Health Area Ten population was Negro, and 71 percent was Caucasian.

Age distribution

The average age of the population of Mental Health Area Ten is slightly older than that of Houston as a whole. In 1960 approximately 37 percent of the population of Area Ten was under 19. In 1967 about 33 percent of Houston's population was under 19, while 29 percent of the population of Area Ten was under 19.

Crime incidence

In 1967 Mental Health Area Ten accounted for 25 percent of all crimes in the city in seven major categories. These included murder, negligent homicide, forcible rape, robbery, burglary, theft, and auto theft.

Economic

In 1960 the residents of Area Ten were more economically deprived than all other residents in Houston. Approximately 40 percent of the families reported 1959 incomes of less than \$4,000 and 26 percent reported 1959

incomes of less than \$3,000. The median income for all families in Area Ten was \$4,331. Median income for the city was \$5,902 with 29 percent reporting incomes of less than \$4,000 and 19 percent reporting incomes of under \$3,000.

Alternative Organizational Models

There are three models on which the organizational structure of the St. Joseph Mid-Houston Community Mental Health Center could be based. Each model could function in such a manner that it would comply with the intent of federal legislation to deliver comprehensive mental health services to all persons in the community who need it rather than just to those who seek it.

One alternative would be to continue with the current organizational model according to which the center is an operating division of the Mother House Corporation. A second alternative would be to form a non-profit corporation organized as a subsidiary of the Mother House. A third possibility would be to organize a Texas non-profit corporation completely separate from and independent of the parent corporation.

Current organization

Currently, St. Joseph Mid-Houston Community Mental Health Center is an operating division of the Mother House Corporation. However, it is quite difficult to differentiate this center from the Department of Psychiatry, St. Joseph

Hospital. For example, although two federal grants have been requested, by the Sisters of Charity of the Incarnate Word, the responsibility for meeting financial requirements in excess of these funds have been met mainly by St. Joseph Hospital. Furthermore, St. Joseph Hospital is providing all the supporting services (dietary, maintenance, credit and collection, accounts receivable and payable, and other activities) which the community mental health center would have to provide for itself if it were an independent operation. There is no clear separation or contractual arrangement established between the hospital and the center for the services mentioned above. As a result there never was nor is there now any system to identify the costs of operating the center. At the present time it is also difficult, if not impossible, to determine the operating costs of a hospital with a department of psychiatry. As a consequence there is no basis to estimate the amount of funds required to operate the mental health center.

The intent of federal legislation is that at the end of the five year period the community will finance the operation of the community mental health center. The intent is that the mental health center be a community service institution.

A county mental health/mental retardation board has been established in Harris County. This board has the responsibility to support financially the operation of the

mental health centers in each of the ten catchments in Harris County. Therefore, there should be no reason for St. Joseph Hospital to continue to make up operating cash deficits during the term of the federal grant and certainly not after the grant has expired. However, to date, an acceptable arrangement has not been worked out between the Harris County Mental Health/Mental Retardation Board and the St. Joseph Mid-Houston Community Mental Health Center whereby funds available to the board would be provided the center.

Currently all cash and accrual deficits are intermixed with the operation of St. Joseph Hospital. Also, cash surpluses generated by St. Joseph Hospital are used to make up the deficits in the operation of the St. Joseph Mid-Houston Community Mental Health Center. By law the responsibility belongs to the community, in this instance represented by the Harris County and State Mental Health/Mental Retardation Boards. However, the community has not been informed what the operational costs have been nor what they are expected to be.

There has been much confusion among the members of the staffs of the St. Joseph Mid-Houston Community Mental Health Center and St. Joseph Hospital Department of Psychiatry as to the roles each should play in the operation of the two entities. There is little, if any, differentiation of the center patients from the Department of Psychiatry patients.

are not. In terms of its total operation and in complying with the intent of federal legislation, the St. Joseph Mid-Houston Community Mental Health Center has been one of the more successful community mental health centers in the United States. In the most recent study of community mental centers conducted by the Joint Information Service of the National Association for Mental Health and the American Psychiatric Association, the St. Joseph Mid-Houston Community Mental Center is one of two mental health centers described as excellent examples of what the federal government is striving for in mental health institutions.³

services However, the lack of a well defined fiscal and organizational relationship between the St. Joseph Mid-Houston Community Mental Health Center and the Mother House Corporation operating in the name of St. Joseph Hospital has created a less than desirable situation. St. Joseph Hospital has expended an inordinate amount of time, money, and effort to justify and support an institution over which it has no direct operational control or responsibility for use of assets.

There are several advantages to retaining the current organizational model and method of operation.

hospital As indicated in the discussion of the economic characteristics of the population, the community mental health center patients are to a very large extent indigent persons. It is a certainty that revenue generated from patient collections will never equal the cost of operating the Community Mental Health Center. Receipts from patients

are not sufficient to make up the difference between the amount provided by the federal grant and funds needed for operation. Since the federal grant is on a declining percentage basis, the deficit will undoubtedly get larger. Therefore, it would be a definite advantage to the St. Joseph Mid-Houston Community Mental Health Center to continue to have the current source of funds to make up the deficit.

Under the current operation the mental health center is not responsible for the accountability of assets; furthermore, St. Joseph Hospital now provides it with such services as dietary, laboratory, and X-ray, and with the management of such resources as equipment, office space, and bed space.

St. Joseph Hospital is an old, well established, reputable institution. The close association of the Community Mental Health Center with St. Joseph Hospital provides an environment whereby people in Mental Health Area Ten have complete faith in the center.

The disadvantages are also numerous. The confusion of staffing roles among the personnel of the center and the hospital would still exist.

Operational policies pertaining to the hospital cannot in all instances be separated from those of the center. Yet under certain conditions these policies are not applicable to both entities.

the atmosphere of a formally established structure.

The accounting difficulties resulting from not being able to identify costs are extremely disadvantageous. The public or other providers of funds cannot be made aware of the specific financial needs of the community mental health center.

Unlimited liability exists in terms of risks of assets and in contractual obligations. Currently the Mother House Corporation owns all assets and operates all institutions of the corporation. There are no separate corporations or subsidiaries. The Mother House Corporation is entirely liable for the actions of all its institutions and all assets are subject to the satisfying of all liabilities of the parent corporation.

Subsidiary corporation

The subsidiary corporation model would take the form of a separate legal entity; however, it would remain under the ownership and control of the Mother House Corporation. The subsidiary would have its own members, board of directors and officers. It would carry on business in its own name. The center would be organized as a separate non-profit corporation under the laws of the State of Texas.

The advantages of organizing as a subsidiary corporation are numerous.

Identification of needs, establishment of goals and the planning required to meet the goals would be enhanced in the atmosphere of a formally established structure.⁴ A

corporate model would provide for this. A corporation governing body would be more attuned to the complicated management of federal fund grants than is St. Joseph Hospital. Management of assets through corporate ownership would be facilitated. Also, liability in terms of asset risk would be limited to the assets of the subsidiary corporation. Confusion resulting from dual policies of operation would be eliminated. There would be complete separation of the staffs of the mental health center. Each would be independent of the other. The problem of role definition would not exist.

As an identifiable corporate entity the mental health center could contract with other agencies for the provision of required services. In this instance St. Joseph Hospital could be the main provider of contractual services. These services would include those now furnished totally or in part by St. Joseph Hospital such as staff, bed space, and medical services. The formation of a corporation would require the establishment of an accounting entity independent of that of St. Joseph Hospital. While this would be a disadvantage in one respect, it would permit the preparation of a separate profit and loss statement which could be effectively used for fund raising purposes. The financial needs of the mental health center could be readily identified. The

organizations established to provide financial assistance, whether they be community organizations or the Boards of Mental Health and Mental Retardation, could be advised of fund requirements in a factual manner.

One of the disadvantages of organizing as a corporation would be that as a corporation the mental health center would require its own administration and distinct methods of financing. The operational costs of the center could not be intermixed with those of operating St. Joseph Hospital. As a result the costs of the mental health center could no longer be passed on to St. Joseph Hospital patients as they are now.

A second disadvantage of organizing a subsidiary corporation would be that it would be expected to operate as a financially self-sustaining entity. Funds are not currently available in sufficient quantities from the community to make up operating deficits. Although financial deficits could be made up from the assets of the corporation, the assets would not be as readily available as they are under the current operation.

A separate and independent corporation

The third alternative model would take the form of a Texas non-profit corporation. It would have its own members, board of directors and officers. Its creation and continued existence would be predicated upon the corporate laws of the State of Texas. However, this organization would differ from the second alternative in that it would

be a legal entity separate and independent of the Mother House Corporation.

The potential advantages to be accrued as a result of establishing a separate corporation independent of the parent corporation are as follows:

A formal structure such as a corporation would provide a more suitable environment for identifying needs, establishing goals, and planning to meet the goals. Management of assets through corporate ownership would be facilitated. Liability in terms of asset risk would be limited under a corporate structure.

The separation of the staffs of the St. Joseph Mid-Houston Community Mental Health Center and St. Joseph Hospital would eliminate the confusion in roles which now exist.

The corporate organization would have its own accounting entity. Financial needs could be readily identified and the various sources of funds could be advised of fund requirements in a factual manner.

The disadvantages of organizing as an independent corporation are primarily financial. The corporate assets of the Mother House Corporation would not be as readily available as they are under the current concept of operation or as they would be if the center were a subsidiary corporation.

The operating costs of the mental health center could not be passed on to the St. Joseph Hospital patients

since the center costs and those of St. Joseph Hospital would no longer be intermixed.

The public is not aware of the needs of the community mental health program. Also a strong governing board is needed for the management of public fund programs such as that managed by the Mental Health/Mental Retardation Board. Such a governing body or strong organization is not apparent in Harris County at this time.

Summary

The St. Joseph Mid-Houston Community Mental Health Center is organized as a quasi-operational division of the Sisters of Charity of the Incarnate Word, a Texas non-profit corporation.

Since its inception it has been partially supported from a financial standpoint by the St. Joseph Hospital and totally supported in terms of services such as dietary, accounting, maintenance, inpatient, emergency, laboratory, and X-ray. There has never been a separation of staff or financial operations. As a result, financial problems have arisen in both the operation of the mental health center and St. Joseph Hospital.

Three alternative organizational models for the St. Joseph Mid-Houston Community Mental Health Center have been discussed.

The first alternative discussed was for the center to remain an operating division of the parent corporation.

The major advantage of the current organization is that the resources of the parent corporation in terms of funds and services are readily available. The primary disadvantage is that financial needs cannot be identified.

The second alternative discussed was to organize as a subsidiary corporation of the parent corporation. The primary advantage of forming a subsidiary corporation would be that identification of needs, establishment of goals, and the planning required to achieve the goals would be enhanced in the atmosphere of a formal corporate structure. The main disadvantage would be that operational costs of the center could no longer be passed on to St. Joseph Hospital patients.

The third alternative discussed was to establish a separate and independent non-profit corporation. The main advantage would be that identification of needs, establishment of goals, and the planning required to meet the goals would be enhanced. The primary disadvantage would be that community financial support is currently insufficient and the financial support from the Mother House Corporation would not be readily available.

Footnotes

¹Frank Baker and Herbert C. Schulberg, "The Development of a Community Mental Health Ideology Scale," Community Mental Health Journal, III, No. 4 (Fall, 1967), 217.

²Harold P. Halpert and Charlotte Silverman, "Approaches to Interagency Cooperation," Hospital and Community Psychiatry, VIII, No. 3 (March, 1967), 87.

³Raymond Glasscote, et al., The Community Mental Health Center: An Interim Appraisal (Washington, D.C.: The Joint Information Service of the American Psychiatric Association, 1969), p. 4. CHAPTER III

⁴Harold Koontz and Cyril O'Donnell, Principles of Management (4th ed.; New York: McGraw-Hill Book Company, 1968), p. 231.

⁵George Leland Bach, Economics - An Introduction to Analysis and Policy (4th ed.; Englewood Cliffs: Prentice-Hall, Inc., 1965), p. 287. a result of this study

is that the most satisfactory organizational relationship between the Mother House Corporation, the Sisters of Charity of the Incarnate Word, and St. Joseph Mid-Houston Mental Health Center would be to have the St. Joseph Mid-Houston Community Mental Health Center organized as a subsidiary of the parent corporation.

Recommendations

It is recommended that:

1. The St. Joseph Mid-Houston Community Mental Health Center be incorporated as a Texas non-profit subsidiary of the parent corporation with its own members, board of directors, and officers.

2. Further study be made with the objective of incorporating as an entity completely independent of the parent corporation once the center is established as a financially self sustaining organization.

CHAPTER III

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The conclusion reached as a result of this study is that the most satisfactory organizational relationship between the Mother House Corporation, the Sisters of Charity of the Incarnate Word, and St. Joseph Mid-Houston Mental Health Center would be to have the St. Joseph Mid-Houston Community Mental Health Center organized as a subsidiary of the parent corporation.

Recommendations

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APPENDIX

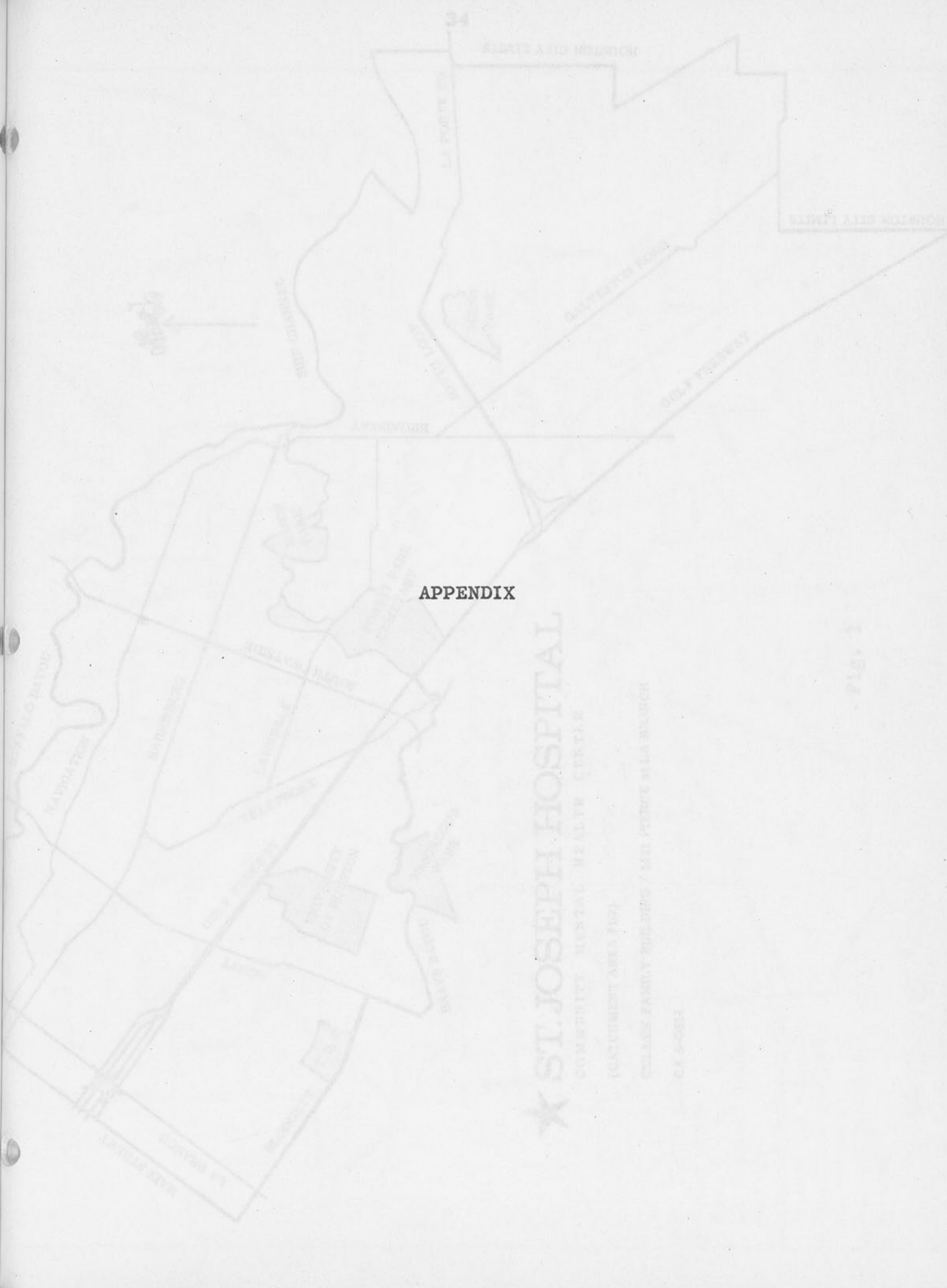
★ ST. JOSEPH HOSPITAL
COMMUNITY MENTAL HEALTH CENTER

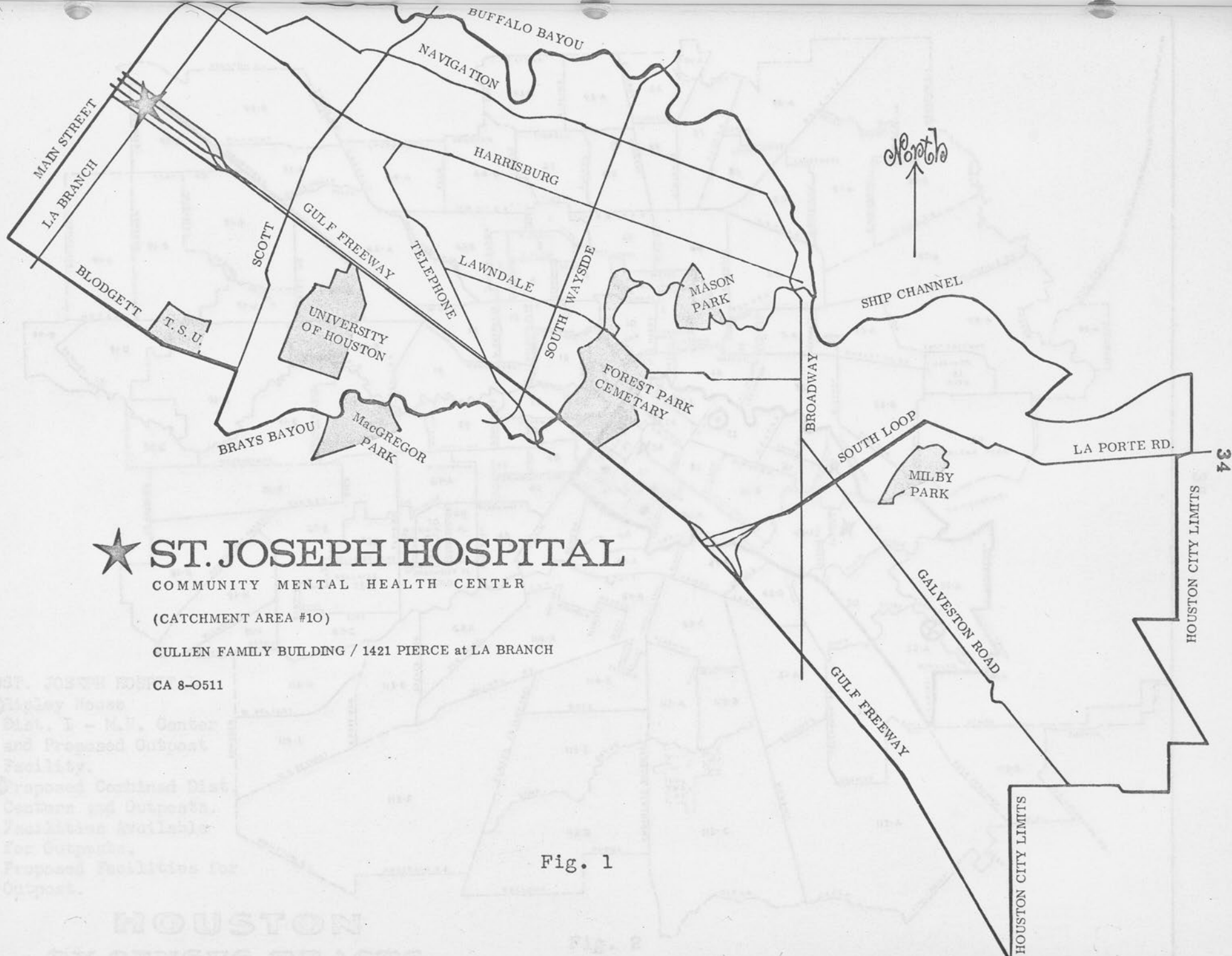
(CATCHMENT AREA MAP)

CYLISS FAMILY BUILDING / MIL PETERE M LA BLANCH

CA 5-081

FIG. 1





★ ST. JOSEPH HOSPITAL

COMMUNITY MENTAL HEALTH CENTER

(CATCHMENT AREA #10)

CULLEN FAMILY BUILDING / 1421 PIERCE at LA BRANCH

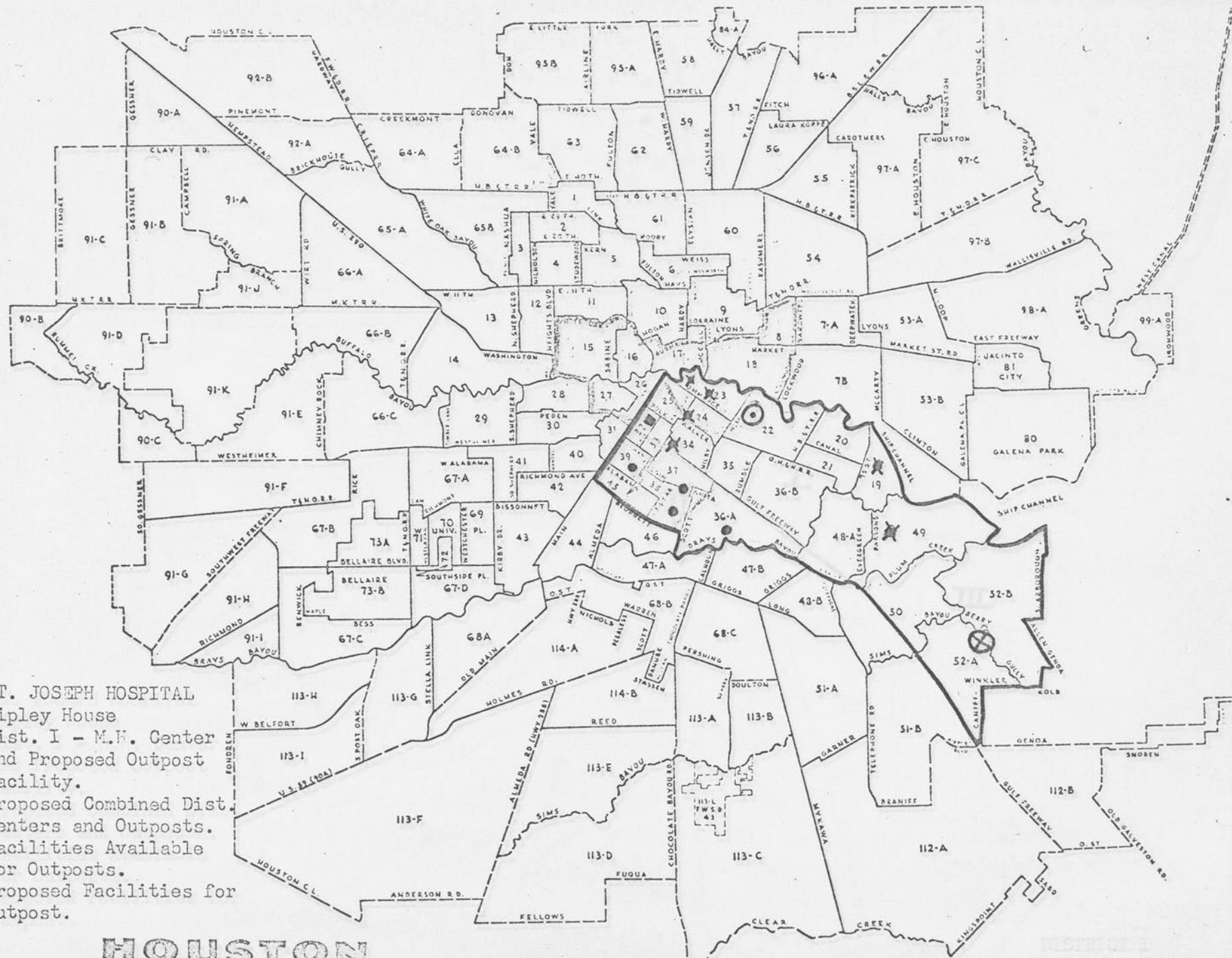
CA 8-0511

Fig. 1

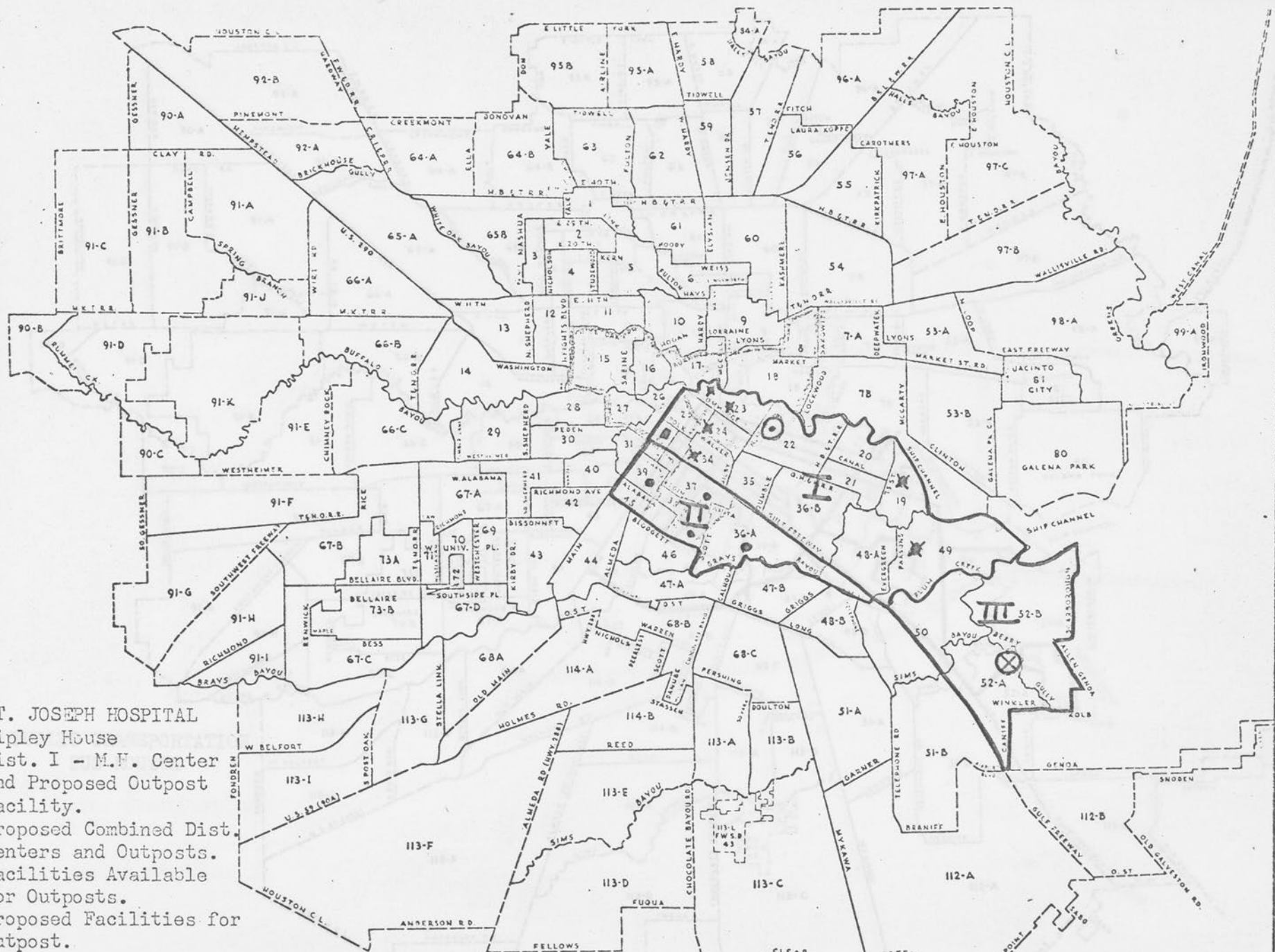
- ST. JOSEPH HOSPITAL
- ⊙ Ripley House
Dist. I - M.H. Center
and Proposed Outpost
Facility.
- ⊗ Proposed Combined Dist.
Centers and Outposts.
- Facilities Available
for Outposts.
- ✱ Proposed Facilities for
Outpost.

HOUSTON BY CENSUS TRACTS

Fig. 2



- EAST. JOSEPH HOSPITAL**
 * Ripley House
 Dist. I - M.F. Center
 and Proposed Outpost
 Facility.
 ⊗ Proposed Combined Dist.
 Centers and Outposts.
 ● Facilities Available
 for Outposts.
 ✕ Proposed Facilities for
 Outpost.



HOUSTON BY CENSUS TRACTS

Fig. 3

DISTRICT I
 DISTRICT II
 DISTRICT III

PUBLIC TRANSPORTATION
BUS ROUTES

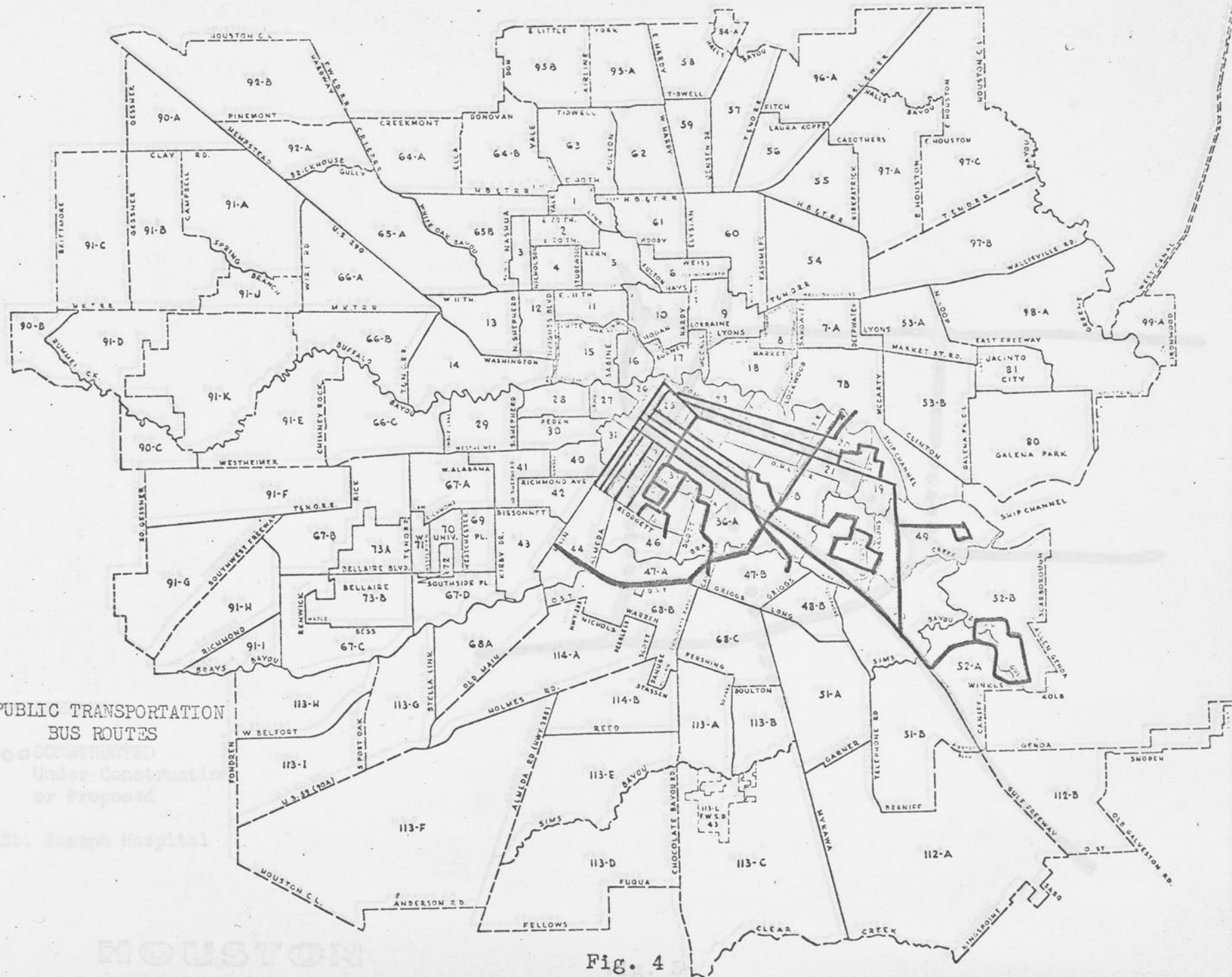


Fig. 4

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ABSTRACT

A STUDY OF ORGANIZATIONAL MODELS FOR THE ST. JOSEPH
HOSPITALS COMMUNITY MENTAL HEALTH CENTER

A Problem Solving Project was submitted to the Faculty
of Baylor Univ. in partial fulfillment of the require-
ments for the Degree of Master of Hospital Administration

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The writer [REDACTED],
[REDACTED]
[REDACTED]
[REDACTED] 49 Pages

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