

**Testimony offered before the Human Service Subcommittee of the House Finance
and Appropriations Committee
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Representative Hoops and members of the Human Services Subcommittee of the House Finance and Appropriations Committee. My name is Suzanne S. LeSure. I am a psychologist, who has practiced in Medina, Akron and Cleveland for close to 25 years. I am a past President of the Ohio Psychological Association, and I am speaking to you on behalf of nearly 2,000 Ohio psychologists and graduate students to urge you to restore all psychological services to State Plan Medicaid.

In the last budget cycle the line item for Medicaid psychological services was eliminated, but the patients who needed help didn't go away. They were just unable to access the most cost effective treatment option you could have given them.

How is psychology different from other optional services?

It was estimated that cutting psychology services from Medicaid would save 1.5 million dollars from the budget. That assumption was predicated on the idea that the mental health services that were paid by State Plan Medicaid would no longer be delivered. The planners failed to take into consideration that those mental health services would continue to be delivered, but would be delivered by other more expensive providers. Consider the following:

- The decision to eliminate psychologists, but not psychiatrists caused care to be transferred to a more expensive provider and adds the cost of prescription medicine..
- When treatment resources are unavailable, the client presents to the emergency room. Last May a report of a national survey of emergency room doctors, showed that 60% of doctors said they were seeing an increase of patients in the emergency room that needed mental health treatment.
- Unfortunately, adults with mental illness who are not receiving treatment are much also more likely to be incarcerated. The average cost of incarceration for a single inmate in Ohio is \$20,000.

Can adult consumers access care at their local community health center?

When psychology services for adults were cut from the last budget, many consumers sought care at their community mental health center. It is important to understand there are two Medicaid funding streams supporting the delivery of mental health services in Ohio. Mental health services are delivered: 1) directly to Medicaid recipients through the State Plan and 2) through Community Medicaid funds channeled through ODMH. As a result, the fiscal impact of cuts on State Plan psychology services differs from cuts in other optional areas. When State Plan Psychology services are discontinued, many recipients leave the private sector State Plan providers and transfer their care to publicly funded ODMH certified agencies. Thus, cutting psychology services from the State Plan resulted in a transfer of services and related costs to Community Medicaid delivered by ODMH.

Why not transfer all mental health services to ODMH?

On the surface, it seems that such a consolidation would make sense. However there are two basic problems with this plan. First, ODMH agencies cannot and should not be expected to provide all necessary services. The most prominent example is hospital care. Acute care hospitals provide psychology services as part of necessary medical care. For example this month, I have been part of medical teams caring for patients with cancer and patients with neurological problems. As a member of the medical staff, I bill for my inpatient services just like any other doctor. Unfortunately, I now go unpaid for all adult Medicaid recipients, because I am not part of a community mental health center. As a member of the medical staff, it is not ethical for me to refuse the consult. So I go, knowing that I will not be paid for my services.

There are many other circumstances in which I provide services that the local mental health center cannot offer, including the areas of chronic illness and developmental disabilities. These are not problems typical to a community mental health center and it would not be cost effective for these centers to have specialists in all areas of treatment.

The second problem with routing all behavioral health services through ODMH is that the elimination of State Plan psychology costs Ohio money. It does not save money. Per unit, mental health services delivered through ODMH cost more than psychology services delivered through State Plan. For example, the provider of a unit of individual psychological treatment delivered through State Plan is reimbursed with 80% of the allowable Medicaid cost (57.10) or \$48.53. In my community, that same unit of care delivered through ODMH costs approximately \$90.00. \$54 of that \$90 comes from Community Medicaid and the remaining dollars from ADAMH Board resources (a combination of local and state dollars.) In addition, the level of care provided in the less expensive State Plan is a higher level of care. State Plan providers must be psychiatrists or psychologists. Although there are some psychologists working in community mental health, services are usually provided by a licensed professional counselor or social worker with a Masters degree.

My statements should not be construed to be critical of the mental health services delivered through ODMH. Many of our patients require a complex array of services

ranging from day treatment to medication management that are best provided by community mental health. Many presenting problems are efficiently and expertly cared for within community mental health agencies. I have nothing but respect for the role that ADAMH Boards play in developing constellations of community resources to serve vulnerable populations. In fact, I believe that retaining State Plan psychology is protective of ADAMH Board resources. The transfer of mental health services from State Plan to ODMH has put dangerous pressure on financially stressed ADAMH Boards by requiring them to “match” the Medicaid contribution with local resources.

How does managed care affect mental health?

It is inevitable that Medicaid will move toward managed care in mental health. Language relating to Medicaid in the budget should permit psychological services to be part of the mix in managed Medicare. Some managed care companies carve out mental health benefits and subcontract the management of these benefits to large behavioral health corporations, e.g. Magellan Behavioral Health. These large companies then manage all behavioral health, including both psychiatry and psychology. Other managed care companies, e.g. QualChoice, retain the management of both medical and behavioral benefits.

Data analysis has shown that access to mental health care results in decreased costs in other medical services. This phenomenon is known as “medical cost offset.” Medical cost offset occurs because a substantial number of mental health symptoms have an impact on physical health and because a large number of primary care visits are actually for mental health problems. It is clear that psychology makes a contribution toward containing Medicaid costs.

The State of Ohio must work toward a plan that balances the need for managed behavioral health care on a state level with the importance of local ADAMH Board coordination. Retaining State Plan psychology providers in a managed health care approach to Medicaid offers a wonderful opportunity to experiment with state level managed mental health care.

What does the private sector offer the State?

The private sector psychologists who have provided Medicaid services through State Plan have developed their practice in the context of managed care. As Medicaid moves toward a managed care model it makes sense to include the State Plan psychologists who are already proficient at operating within that model.

As an association that represents many of those psychologists, OPA has extensive experience interacting with all of the major managed behavioral health care companies operating in Ohio and would be a willing partner in the development of managed behavioral health care.

The psychologists who have provided services through State Plan Medicaid have never done so because it is lucrative. They are highly skilled professionals who provide services that are part of the patterns of care in their community. The Medicaid reimbursement received by a State Plan psychologist is substantially below the cost of any managed care contract I know of. The cost of producing a unit of behavioral health treatment in my practice is \$75.00. Oddly enough, I am here advocating for the opportunity to lose \$26.47 for every hour I spend with an Ohio citizen covered by Medicaid. Psychologists who see Medicaid recipients under the State Plan do so because their specific psychology services are critical to that patient and are not available elsewhere.

Governor Taft has identified better access to care as a priority in Ohio. Our citizens do not lack care because they are unaware of services. They lack care because their opportunities to receive care are limited. A Medicaid mental health benefit plan that includes State Plan providers as well as ADAMH Board funded agencies offers the access to care that the Governor has identified as critical.

SOME BACKGROUND ABOUT MENTAL ILLNESS:

Untreated mental illness is epidemic, and profoundly costly in both human and economic terms. According to World Health Organization data, mental illness accounts for 25% of all disability across major industrialized nations. Mental illness, substance abuse, and Alzheimer's disease and dementias rank first, second and third among all causes of disability; accounting for more loss of function than musculoskeletal diseases, respiratory diseases, cardiovascular diseases, sense organ diseases, injuries, communicable diseases, cancers, diabetes and all other diseases combined. (WHO, 2001) In the US, the economy's loss of productivity from mental illness amounts to \$63 billion annually. (DHHS, 1999)

In the Department of Health and Human Services groundbreaking publication, Mental Health, a Report of the Surgeon General, it is reported that:

- One-in-five Americans suffer from mental illness in any given year.
- A range of effective treatment exists for virtually all mental illnesses.
- Only about one-in-three Americans with mental illness receive the treatment that they need
- Stigma and lack of access to services are the main reasons why people do not seek or receive the treatment when they need it (DHHS, 1999)

Untreated mental illness:

- Causes significant distress and dysfunction
- Interrupts developing lives and education
- Disrupts families and other relationships, deprives individuals of their human potential to live, work and contribute to society
- Has been implicated in increased and/or inappropriate utilization of medical/surgical services and inpatient emergency psychiatric care
- Drains social welfare programs and unemployment compensation funds

- Increases the risk of societal strains (e.g., accidents, violence and crime) (DHHS, 1999)

Considering these issues, putting psychological services back into Medicaid is sound public policy and is fiscally responsible.