

**Testimony offered before the Senate Finance and Financial Institutions Committee  
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Good morning Chairman Carey and members of the Finance and Financial Institutions Committee. My name is Dr. Gerald Strauss. I am a psychologist, who has practiced in Stow and Cleveland for 20 years. I am President of the Ohio Psychological Association (OPA), 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 simply 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 psychological 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.
  - In a study of Depression Treatment in Primary Care (Robinson, W.D. et al, 2005) J. Am Board of Family Practice, 18, 79-86) it is estimated that nearly 70% of patients who have visits with primary care providers have depressive symptoms with 10% suffering from major depression. The researchers cited another study (The influence of individual, marital, and family therapy on high utilizers of health care. Law, DD et al, 2003, J Marital Fam Ther, 29, 353-63) that found individuals receiving marital and family therapy significantly decreased their use of medical services by 53.6% six months after termination of therapy. They further reported that persons who received individual therapy had similar significant reductions in health care utilization by 48%. Indeed, there is ample empirical evidence demonstrating significant medical cost offset by psychotherapy alone.
- When treatment resources are unavailable, the client presents to the emergency department. Last May a report of a national survey of emergency department physicians showed that 60% of doctors said they were seeing an increased number of patients in the emergency department that need mental health treatment.
  - As cited in the The President's New Freedom Commission on Mental Health (July 2003, p. 59): "Individuals with co-occurring (mental) disorders challenge clinicians and treatment delivery systems. They most frequently use the costliest services (emergency rooms, inpatient facilities, and outreach intensive services),

and often have poor clinical outcomes. The combination of problems increases the severity of their psychiatric symptoms and the likelihood for suicide attempts, violent behaviors, legal problems, medical problems, and periods of homelessness.”

- Unfortunately, adults with mental illness who are not receiving treatment are much more likely to be incarcerated. The average annual cost of incarceration for a single inmate in Ohio is \$20,000.

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

When psychological 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 Psychological services are discontinued, many recipients leave the private sector State Plan providers and transfer their care to publicly funded ODMH certified agencies. Thus, cutting psychological services from the State Plan resulted in a transfer of services and related costs to Community Medicaid delivered by an already overburdened 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 psychological services as part of necessary medical care. For example, a colleague of mine is part of medical teams caring for patients with cancer and other patients with neurological problems. As a member of the medical staff, she bills for the provided inpatient services just like any other doctor. Unfortunately, she now is unpaid for all adult Medicaid recipients treated, because she is not part of a community mental health center. As a member of the medical staff, it is not ethical for her to refuse the consult. Yet, she treats the patients knowing that she will not be paid for her services.

There are many other circumstances in which private practitioners 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 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. We have known this since 1967 when Follette and Cummings (Medical Care, 5, 25-35) published their seminal study on how psychological services significantly reduced healthcare utilization (i.e., hospital admissions) from 5 days to 0.7 days per year. In a more comprehensive study (Chiles, Lambert, and Hatch, 1999, Clinical Psychology: Science and Practice, 6, 204-220), a meta-analysis of 91 studies examined cost-offset. The researchers found that cost saving due to psychological interventions ranged from 20-30%. What’s more, 90% of the studies reported cost-offset. 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 \$100.00. Oddly enough, I am here advocating for the opportunity to lose \$42.90 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 psychological 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 other dementias rank first, second and third among all causes of disability; accounting for more loss of function than musculoskeletal diseases, respiratory diseases, cardiovascular diseases, end organ diseases, injuries, communicable diseases, cancers, diabetes and all other diseases combined. (WHO, 2001; cited in The President's New Freedom Commission Mental Health, July 2003) 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.

#### **Innovations In Behavioral Health Care**

Bridging the gap between science and practice is one the subheadings in the chapter “Achieving the Goal” in the The President’s New Freedom Commission on Mental Health (July 2003, p. 72). The commission calls for a more effective system to identify, disseminate, and apply proven evidenced-based practice (EBPs) to mental health care. They cite Medicaid demonstration initiatives as an “essential tool” to inform policy makes, such as your selves, and payers about EBPs clinical and cost effectiveness.

In discussing current state-of-the-art evidence-based treatments for mental disorders, the Commission offered a partial list (see Final Commission Reports, 2003, page 68) of EBPs. Of the 10 EBPs listed, eight were behaviorally based programs that psychologists can offer. The other two practices involved medications.

The last EBP listed was “collaborative treatment in primary care”. I have been practicing collaborative care in my primary practice at an inner city medical center for the last 12 years. Indeed, my patients do tend to have fewer emergency department visits, fewer hospitalizations, improved quality of life, cite higher levels of patient satisfaction, and my medical colleagues cite better provider satisfaction. Psychologists, as researchers/practitioners, have been in the forefront of EBPs for years. I would highly recommend a journal article that cites numerous other evidenced-based psychological interventions that demonstrated excellent medical cost offset (Friedman, R., Sobel, D., Myers, P., Caudill, M. & Benson, H. (1995). Behavioral Medicine, Clinical Health Psychology, and Cost Offset. *Health Psychology*, 14, 509-518).

Previous testimony in front of this committee by Barbara Coulter Edward, Deputy Director, Ohio Department of Job and Family Services (April 28, 2005) cited that the Medicaid Reform in State Fiscal Years 2006-2007 have several guiding principles. Included in these guiding principles are, in part, “minimizing harm to Ohio’s most vulnerable populations and expanding consumer choice and self-direction in long-term care”. In addition, Deputy Director Coulter Edwards further stated that to improve cost efficiency, ODJFS is recommending expanded use of managed health care and Enhanced Care Management (EMC), akin to the above described “collaborative

treatment” model, for Medicaid enrollees with chronic medical illnesses such as diabetes, chronic obstructive pulmonary disease, and chronic heart failure. I have addressed, in the above testimony, how psychology is very much in concert with these aspects of the Deputy Director’s recommendations. Psychologists can assist your efforts to provide the best healthcare possible for our citizens at a reasonable cost. Please allow us to help you

On behalf of the many Ohio citizens who will need behavioral health services, the Ohio Psychological Association respectfully urges you to recommend that:

1. the psychological services under State Plan Medicaid funding which were eliminated in past budget cuts be reinstated.
2. consumers have freedom of choice to see a psychologist for all mental health services psychologists are licensed to provide.
3. access to the cost effective mental health services which psychologists provide and that are currently included in Medicaid funding be preserved, and
4. mental health services be included as a basic health care service.

Once again, thank you for the opportunity to speak with you today.