

TESTIMONY BEFORE THE  
HOUSE FINANCE AND APPROPRIATIONS COMMITTEE  
CHARLES CALVERT, CHAIR  
APRIL 5, 2003

Good morning Mr. Chairman and members of the committee. My name is Dr. David Hayes. I am a psychologist and a member of the Board of Directors of the Ohio Psychological Association (OPA). I am here on behalf of OPA to testify on the impact of eliminating psychology services from Ohio's State Plan for Medicaid. I will also speak briefly about the impact of the proposal to eliminate \$18.8 million dollars of funding to the Ohio Department of Mental Health from the State budget for the next biennium.

Let me begin by discussing the State Plan for Medicaid. Like Dentistry, Psychology is considered to be an "optional" service, i.e., not required by Federal law. Historically, Ohio has provided psychology services to Medicaid recipients through two funding streams. One funding stream is funneled through the Ohio Department of Mental Health and funds mental health care at community mental health centers. The second funding stream has been part of general medical care and has been administratively managed directly by the Ohio Department of Job and Family Services (ODJFS) as part of the State Plan. The current budget proposes to eliminate all State Plan psychology services. Planners estimate that this cut will save \$1 million in State Funds. Psychology services would continue to be available through community mental health centers. On the surface, this may sound reasonable: Trim an optional service, save money, and continue to provide a safety net of psychology services through the community mental health system. The reality of this bad public policy is much worse.

First, the cut will not save money. Why?

1. Psychiatry will continue to be funded under the State Plan. Psychiatric services are reimbursed at a higher rate than psychology services. In addition, because psychiatrists treat with medicine most of the time, pharmacy costs will increase. When state budget planners were asked whether the estimated savings considered that some consumers would shift to psychiatric care, thus incurring higher costs, they acknowledged that they had not included the cost of this shift in their estimates.
2. More importantly, cutting State Plan psychology services will significantly increase costs to Ohio counties, because this proposal involves cost *shifting*, not cost cutting. Unlike *most* of the "optional services" provided through Medicaid (where the costs of the eliminated services simply disappear when the services are cut), the cost of *psychology* services will shift to local systems of care. This shift will significantly burden Ohio counties. When psychology services are provided through the State Plan, the level of reimbursement is very low, low enough that the reimbursement does not fully cover the cost of the service. When psychology services are provided through your county's ADAMH Board agencies, your local county Board is required to "match" the Medicaid reimbursement, up to the actual cost of service. For example, the average *reimbursement* for a simple office visit to a psychologist through the State Plan is approximately \$40.00. The *actual cost* is usually closer to \$75.00. That means that your county ADAMH Board will have to find an extra \$35 to cover each visit. When the citizens currently cared for by psychologists through the State Plan in your county are transferred to your community mental health center, your county's fiscal obligation for mental health will significantly increase. One local ADAMH Board Director stated that mental health care in his county would become bi-modal. There would be mental health care for the insured and mental

health care for Medicaid recipients. Mental health care for the working poor and the uninsured will suffer disproportionately because local dollars will be used up in matching Medicaid funds. When state budget planners were asked directly about the increased burden to Ohio counties, they acknowledged that such a shift was bad public policy. We believe that the members of the Ohio House of Representatives will not choose to increase their county's fiscal burden in this way.

Second, the services provided through State Plan services cannot simply be replaced by community mental health centers.

1. State Plan psychology services are often part of a medical team. Specialized psychologists work in rehabilitation programs, in geriatric programs, in acute care settings, and as part of teams caring for consumers with chronic illness. For example, a psychologist caring for children with cancer, as part of the child's medical team, will no longer be reimbursed.
2. State Plan psychology services are often specialty providers that play an important role in local systems of care. For example, in early budget discussions, children were spared from these cuts, because children in ODJFS custody are often cared for by specialists in adoption, sexual abuse, and severe behavioral disorders. Cutting State Plan Psychology services for children will seriously disrupt patterns of care in most communities.
3. Consumers must have a choice. Medicaid law speaks strongly to the issue of consumer choice in cases where professionals can perform the same medical services under state law.
  - a. The law requires that consumers have a choice between psychiatry and psychology. For example, many parents are strongly against medicine as a first solution for their child's mental health problem.
  - b. Consumers must have a choice among psychology providers. Mandating that consumers go to their local ADAMH Board agency does not empower consumers to take responsibility for their own care and is not in the spirit of the Medicaid law.

We believe that the elimination of psychology services in State Plan Medicaid is bad public policy. We respectfully ask that this committee recommend the restoration of psychology services under the State Plan.

When this testimony was prepared, it reflected the strong concern of our members for preserving State Plan psychology services and our desire to avoid shifting costs to local ADAMH Boards. Late yesterday, we learned that an additional \$18.8 million dollars was to be cut from the budget for the Ohio Department of Mental Health. In other words, the proposed budget not only increases fiscal responsibility of local systems for a Medicaid match, it also proposes significant cuts in the current funding of those systems. The community agencies that provide care through the ODMH system provide a basic safety net for Ohio's citizens who suffer with mental illness, and the elimination of nearly \$19 million in funding to ODMH would have a profoundly disastrous ripple effect. The degradation of our last line of defense for those with mental illness, in addition to its obvious human cost in unnecessary suffering, will increase unemployment, increase homelessness, increase pressure on the criminal justice system and incarceration of the mentally ill, increase health care costs, and increase incidence of child abuse and neglect; it will also mark Ohio as a regressive state in terms of its mental health policy. We urge you to refuse to cut mental health services and to restore psychology services to State Plan Medicaid.