

TESTIMONY BEFORE THE  
SENATE FINANCE AND FINANCIAL INSTITUTIONS COMMITTEE  
SENATOR BILL HARRIS, CHAIR  
MAY 29, 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 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 with the State Plan for Medicaid. Under Federal law, Psychology (like Dentistry and Podiatry) is considered to be an "optional" service, i.e., it is not legally required. Historically, Ohio has provided psychology services to Medicaid recipients through two funding streams. One stream flows through the Ohio Department of Mental Health (ODMH). This stream funds mental health services at community mental health centers and state hospitals. The second funding stream has been part of general medical care and has been administratively managed 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, an action planners estimate 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. In fact, this apparently sensible approach is bad public policy.

Why?

First, this cut will fail to save money.

- Psychiatry will continue to be funded under the State Plan. Psychiatric services are reimbursed at a higher rate than psychology services. In addition, since psychiatrists treat primarily with medicine, pharmacy costs will increase. When state budget planners were asked specifically whether the estimated savings reflected the fact that some consumers would move to psychiatric care (thus incurring higher costs), they acknowledged that they had not considered the cost of this shift in making their estimates.
- Even 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 be shifted to local systems of care, a shift that 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 county ADAMH Board agencies, local county Boards are 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. Mental health care for the working poor and the uninsured will suffer disproportionately because local dollars will be used up in matching Medicaid funds. Again, when state budget planners were asked directly about the increased burden to Ohio counties, they openly acknowledged that such a shift was bad public policy. We hope that the members of this Committee and the Ohio Senate will not choose to increase their counties’ fiscal burden in this way.

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

- Psychologists working as part of medical teams often provide State Plan psychology services. Specialized psychologists work in rehabilitation programs, in geriatric programs, in acute care settings, and as part of teams caring for citizens with chronic illnesses. (For example, under the proposed budget cuts, psychological care for children with cancer will no longer be reimbursed.)
- State Plan psychology services are generally delivered by specialty providers, and these providers play an important role in local systems of care. 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.

Third, Ohio citizens who need mental health services 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.

- 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.
- 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, and we urge this committee to protect the vital psychological services currently made available via the State Plan.

In addition to State Plan Medicaid funding, an additional \$18.8 million dollars in ODMH funding is on the chopping block. 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 ask that you join the Ohio House in protecting mental health services, and we urge you to act to restore psychology services to State Plan Medicaid.