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February 21, 2007

To: Members – Public Health Committee
From: Barry Simon, Executive Director, Gilead Community Services
Re: **H.B. 5631 An Act Concerning State Spending on Community Mental Health Services**

I am Barry Simon, Executive Director of Gilead Community Services. Gilead Community Services has been providing housing, support services and clinical treatment to individuals with mental illness throughout Middlesex County since 1968. Gilead offers a continuum of services to foster recovery from mental illness, including general counseling for individuals and families through our outpatient clinics, as well as very intensive community-based programs that offer case management and rehabilitation services to individuals who live independently and would benefit from regular clinical and support services.

I am speaking to you today as the Vice Chair of the Board of Directors of the Connecticut Community Providers Association in support of H.B. 5631 An Act Concerning State Spending on Community Mental Health Services.

The Medicaid Rehabilitation Option (MRO) is of great importance to private providers who work under contract with the state and the consumers we serve. If implemented successfully, the MRO will improve access and quality of care to consumers with mental illness. But the transition from the grant-based to a rate based service delivery system poses many challenges. We have been pleased to participate with DMHAS and DSS on a MRO Advisory Committee and we've worked with the state agencies in developing standards for the proposed Assertive Community Treatment and Community Support Program Services.

But the Governor's proposed FY08/FY09 budget is silent on MRO implementation. While funds are continued in the DMHAS budget to support the relatively new MRO for group home level of care, there do not appear to be any additional funds in the biennial budget to support rollout of an expanded Rehab Option.

Administration

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I am well known among my peers for my classic line: rates, rates, rates. And this is one of the keys to successful MRO implementation. While I realize that your Committee does not make funding decisions, the policy recommendations you make are critical to the success of the MRO. Among our basic tenets are three important provisions relating to rates:

- ◆ Reimbursement rates for MRO services must be adequate to cover providers' realistic costs and to sustain best practices established over the last ten years.
- ◆ A mechanism needs to be in place at the onset of the program for adjusting provider rates in future years.
- ◆ DMHAS grant funds should remain in place for a time period sufficient to safeguard against destabilization of the delivery system. Grant funds should not be the source of the federal match during this period.

In order to provide treatment services under the MRO, rates and contracts should reflect the cost of providing the services. They should be adjusted annually to match the Medical CPI, Medicare rates or related indices. Without such provisions, the service delivery system will be destabilized and the MRO will never meet its promise.

Historically rates have not kept pace with inflation. Attached to my testimony, you will find a chart that depicts four of the most commonly used Adult Community Mental Health Clinic Medicaid Rates in comparison to the Compounded Medical Consumer Price Index (CPI). As you see, Medicaid rates for outpatient mental health services have been funded at well below the standard inflationary indicators for years. Adequate provider rates are key to assuring access to services and expanding capacity. Our fear is that when the state implements the Rehab Option, even rates that begin as cost based will become level funded, as has been our history.

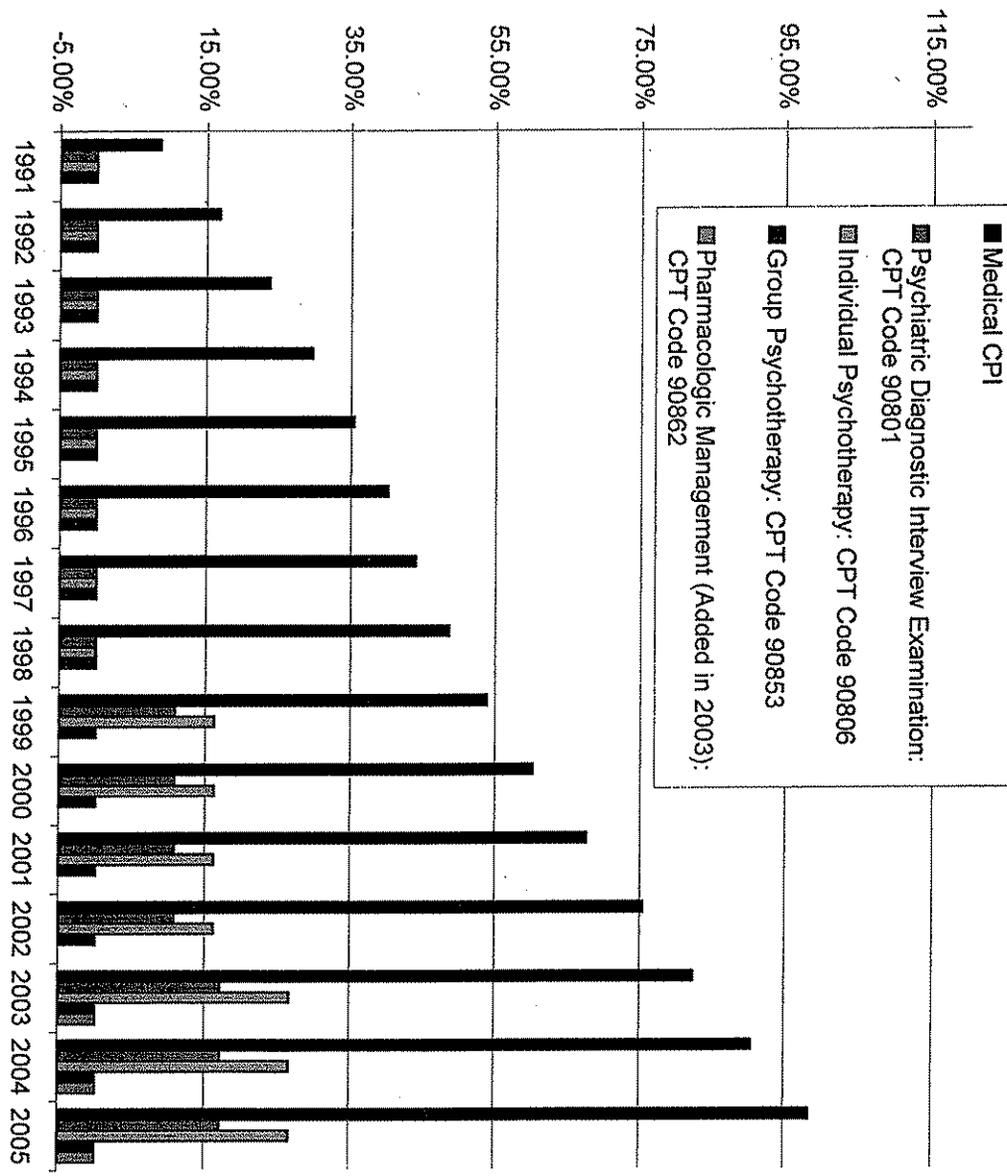
We ask that you support policies that ensure the success of the MRO by taking into account adequate community provider rates and the continuation of grant funding to support services for individuals not eligible for MRO services. H.B. 5631 does just that in describing a cost based system that is adjusted annually for increases in the cost of living.

We have only one opportunity to get it right and it has the potential to be a win:win for our agencies and the state. If done poorly though, it will be a disaster for the service system and the clients who depend on our services.

Thank you for your consideration.



CCPA Analysis: Compounded Growth of Adult Community Mental Health Clinic Medicaid Rates Compared with Compounded Medical Consumer Price Index (CPI)



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