



National Alliance on Mental Illness

Testimony before the Appropriations Committee
December 9, 2009

The Governor's Proposed Deficit Mitigation Plan and the Impact of the Governor's Rescissions

Good afternoon, Senator Harp, Representative Geragosian, and members of the Appropriations Committee. My name is Alicia Woodsby, and I am the Public Policy Director for the National Alliance on Mental Illness, CT (NAMI-CT). NAMI-CT is the largest member organization in the state of people with psychiatric disabilities and their families. I am here today to testify on the Governor's recent cuts to community mental health services, as well as further proposed cuts to Medicaid and psychiatric medications outlined in her Deficit Mitigation Plan.

The state's recent cuts have overwhelmingly affected people who are the most poor and most ill in Connecticut. Continuous and compounding slash and burn cuts to the most in need are ineffective and costly public policy. Keeping people with severe and persistent mental illnesses who are stable from their psychiatric medications will not save money and does not make sense. Just a few of the recent burdens placed upon people who are low-income and have serious disabilities or are elderly include:

- New restrictions on psychiatric medications for people receiving drug coverage through Medicaid or SAGA.
- New co-pays for people on Medicare and Medicaid receiving drug coverage through Medicare Part D. This will subject them to co-pays up to \$15 per month.
- The elimination of drug coverage for medications not on person's private Medicare Part D plan. The state used to pick up the cost of these drugs for people who also have Medicaid or ConnPACE.

In addition to these cuts, the Governor now wants to impose co-pays on the entire Medicaid population – a policy that has been twice repealed and rejected in our state because the harm and costs are so well-documented. The Governor also wants to remove the protection that the Legislature put in place for people who are stable on psychiatric medications that will prevent medication disruptions associated with prior authorization.

Multiple studies show that restricting access to psychiatric medications leads to higher costs through increased emergency room use and hospitalization. Lack of access to treatment and medications also leads many to incarceration and homelessness. A study in the *New England Journal of Medicine* noted that limiting the use of psychotropic medication for those with schizophrenia **increased costs 17-fold because of hospital costs incurred.**

- Numerous studies show that Medicaid co-pays lead to **people not getting their medications**. Even co-pays of \$1.50 were found to have an adverse effect on consumer use of medication. One study even found substantial administrative costs to collect the co-pays – well beyond any anticipated savings (April 2007, www.thenationalcouncil.org). Multiple studies confirm that "prescription drug co-pays, in particular, have an adverse effect on consumer use of medication as prescribed" (National Council for Community Behavioral Healthcare, State Policy Focus: Medicaid Copays, April 2007).
- Evidence shows that such co-pays -- **result in across the board reductions in all service usage, not just less important services or products.**" While this might not harm the average person, research demonstrates that people at risk of poor health are adversely affected by co-pays; people at risk of poor health who are also low-income face an even greater chance of being harmed by co-pays.

Freezing intakes into SAGA and eliminating adult dental service are equally short-sighted measures. The state stands to lose federal revenue for every dollar cut from Medicaid.

Simultaneously, the Governor made substantial cuts to community based mental health services for both children and adults. The stark reality is that Connecticut does not have the services or staff necessary to face current and increasing needs. Any cuts to community mental health services or providers will result in increased costs to hospitals, increased costs to prisons and nursing facilities, and significantly harm our most vulnerable residents. The Voluntary Services Program is critical to ensuring that children with the most significant mental health needs have access to adequate mental health treatment. Suspending new intakes to the Voluntary Services Program erodes the children's mental health safety net for all families. It will cut off access to comprehensive services needed by children with mental health needs of families from all levels of income in the state. Families will be in crisis with nowhere to turn. This will increase the need for crisis services, create significant burdens on emergency rooms and expensive inpatient pediatric psychiatric beds, and feed a pipeline to in- and out-of-state residential treatment settings, child welfare, juvenile justice, and adult correctional systems.

Similarly, reducing Housing Supports and Services, Young Adult Services (YAS), Grants for Mental Health Services, and Jail Diversion Funds will further erode cost-effective community options and force people into expensive crisis and institutional settings.

There are revenue enhancements and other choices that can be made. Policymakers are refusing added costs to the most wealthy -- but have already approved bigger, more devastating burdens on those with the least resources in our state -- many of whom have serious and debilitating illnesses. We cannot afford to continue down this path.

ⁱ Soumerai, S.B. et al, "Effects of Limiting Medicaid Drug-Reimbursement Benefits on the Use of Psychotropic Agents and Acute Mental Health Services by Patients with Schizophrenia." *New England Journal of Medicine*, 331:650-655; 1994.

ⁱⁱ J. Gruber, "The Role of Consumer Copayments for Health Care: Lessons from the RAND Health Insurance Experiment and Beyond," *Kaiser Family Foundation* (2006): 4.

The Governor's Cuts will Harm Children, Youth, and Adults with Serious Mental Illnesses

Access to Medications

The Governor wants to remove the protection the Legislature just put in place to protect people on Medicaid and SAGA who are stable on psychiatric medications. Multiple studies show that restricting access to psychiatric medications leads to higher costs through increased emergency room use and hospitalization. Lack of access to treatment and medications also leads many to incarceration and homelessness.

Numerous studies show that Medicaid co-pays lead to ***people not getting their medications***.

The Governor is calling for more restrictions on medications, such as co-pays, prior authorization, and restrictive formularies. These are all proven access barriers for people with serious mental illnesses. These barriers lead to relapse and hospitalization.

Hospitalization is 3 TIMES more costly than outpatient medication and relapses can devastate a person's life and take years to recover from. A study in the *New England Journal of Medicine* noted that limiting the use of psychotropic medication for those with schizophrenia **increased costs 17-fold because of hospital costs incurred.**¹

Community Mental Health Services

The lack of housing and community-based services contributes to unfulfilled lives and wasted dollars by forcing persons with serious mental illness into inappropriate expensive settings, such as:

- incarceration, mostly due to minor crimes related to their illnesses
- nursing facilities
- emergency rooms
- homeless shelters and the streets
- state hospitals

Jail diversion and alternatives to incarceration save money. Connecticut's successful jail diversion program for persons with mental illness who commit non-violent crimes is unable to serve many individuals identified as appropriate for their program due to the lack of housing options and community services. As a result, they are incarcerated at a high cost to taxpayers and the individual.

Young Adults Services

The number of referrals of young adults from DCF to DMHAS continues to rise dramatically, and other young adults, frustrated with the bureaucracy, simply "drop out."

Despite efforts by DCF and DMHAS to meet this demand, the status of young adults with psychiatric disabilities in Connecticut is reaching crisis proportions. According to DMHAS, "The referral trends through the central office threaten to thoroughly overwhelm our system of care, elevating what has already been observed to represent heightened risks for critical incidents affecting both our clients and the community" (DMHAS, April 2007).

Comprehensive Community Mental Health Services for Children

The Voluntary Services Program is critical to ensuring that Connecticut's children with the most significant mental health needs have access to adequate mental health treatment. The Governor's suspension of new intakes to the Voluntary Services Program will erode the children's mental health safety net for all families.

Further, it will cut off access to comprehensive services needed by children with mental health needs of families from all levels of income in the state. Families will be in crisis with nowhere to turn. This will increase the need for crisis services, create significant burdens on emergency rooms and expensive inpatient pediatric psychiatric

¹ Soumerai, S.B. et al, "Effects of Limiting Medicaid Drug-Reimbursement Benefits on the Use of Psychotropic Agents and Acute Mental Health Services by Patients with Schizophrenia." *New England Journal of Medicine*, 331:650-655; 1994.

beds, and feed a pipeline to in- and out-of-state residential treatment settings, child welfare, juvenile justice, and adult correctional systems.

Affordable Housing

Access to housing is central to successful stability, health, and community integration, as well as essential for providing relief to multiple state systems burdened by the lack of treatment access and relapse for persons with mental illnesses. People with psychiatric disabilities living on fixed incomes cannot afford housing. The lack of community housing options forces people into costly institutional settings.

Connecticut residents receiving Social Security as their only income need to use **116% of their monthly income toward rent.**²

The Governor's cuts will impact access to affordable housing, which also includes Supportive Housing. Supportive housing is permanent, independent and affordable housing combined with on-site or visiting case management and support and employment services. **Supportive housing costs \$54 per day – hospitalization and inpatient psychiatric care are more than 20 times more costly.**

For further information on any of these issues, please contact Alicia Woodsby or Amy O'Connor at NAMI-CT at 800-215-3021.

² "Priced Out in 2008." Technical Assistance Collaborative