

MINUTES OF THE MEETING

PUBLIC HEALTH, WELFARE & SAFETY COMMITTEE

February 7, 1979

The twelfth meeting of the Senate Public Health, Welfare and Safety Committee met in Room 410 of the State Capitol Building on February 7, 1979, at 1:00 p.m.

ROLL CALL: All committee members were present.

CONSIDERATION OF SENATE BILL 238: Senate Bill 238 is an act to remove competition between the private mental health sector and community mental health centers by requiring all clients with the ability to pay a payment of the average fee charged by the private sector.

Senator Rasmussen, sponsor of Senate Bill 238, stated that this bill is designed to equalize the fees charged to clients by mental health centers in relation to fees with the private sector. The point of the bill is to equalize.

Dr. Mark Mozer, clinical psychologist, spoke in support of Senate Bill 238 and said that he represents about a dozen of his colleagues from around the state. He concurred with Senator Rasmussen's remarks that this bill would make it more equal between private sector and mental health centers. He stated that his is the only profession that he knows of where he has to compete with the government to make a living. The mental health centers provide services to all income sectors. In the southwestern region 49 percent of the clients of the mental health center had a family income of \$15,000 or more. The centers have around a million dollars each annually in government funding. All of the centers operate from a sliding fee schedule. The fees vary from region to region. In some regions the top fee is comparable to what the private sector charges. In Helena it is \$30, which is about 15 percent less than Dr. Mozer charges. Other advantages to this bill include the very nature of the personnel make-up of the centers. They have personnel who don't have to adhere to the same code of ethics as Dr. Mozer does, so they can send people out for public relations to advertise. The National Institute of Mental Health has a policy that the mental health centers are to provide services to people where there are no services or to people who cannot afford to pay private practice fees. Dr. Mozer stated that he has been in practice in Helena for 4-1/2 years. The center has been here for 3 years, and in those 3 years Dr. Mozer said he has received 2 referrals from the center. The mental

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health personnel can also practice on the side. Dr. Mozer said he was told that these people should not be able to do this. He is the only person who has been able to make it financially in Helena because of the government competition. In Bozeman with no mental health center there are 3 full-time people in private practice plus a 1/2 time psychologist, a 1/2 time psychiatrist, and many others who do part-time moonlighting. If the situation were more competitive among all concerned parties, services should improve. From 40 to 66 percent of the mental health center's staff time is spent in administrative matters. Dr. Mozer said that this is an extremely simple business as far as the business end goes. He said that the point he is trying to make is that he has to do a good job or he will not make it financially. The people at the center will receive their salary regardless. If the market place were more competitive, services would have to improve. If they have to raise their fees for middle and upper income clients, the mental health service may well benefit and save the state money. He doesn't feel the government should compete at a cut-rate price. He stated that he has a problem with the wording in Senate Bill 238 where it reads "client with ability to pay." The Department of Revenue does not break mean income down by locale. Last year's average tax return was \$9,169. He suggested that the Committee change the wording so as to fit what information the Department of Revenue can provide. In terms of what that should be, the bill is saying that the mean income should be the cutoff. Dr. Mozer doesn't think that is fair. He would suggest that the Committee find some factor which mean income would be multiplied by. He referred the Committee to page 5, lines 13 through 16, and said that he would like to have the mental health centers charge whatever the cost of their services are. If their costs are lower than in private sector, this isn't a bad thing. Dr. Mozer said that he is just asking for a free market place where the best man prevails.

Joe Harrington, director of Southwestern Montana Mental Health Center, said that he can support the concept of the bill but is concerned about some of the wording. For instance, the word "region." He doesn't understand what that refers to. If you break that down too small and come up with say 50 different sets of fees for the center, the administrative cost would be prohibitive. By the mandates of the federal government, the center cannot charge more than the services cost. He also said that it is not 49 percent of the people who make above \$15,000; it is 20 percent.

Churt Chisholm, Department of Institutions, stated that he is here to make some comments as to the proponents to some of the comments made on the bill. He said that the reason that the state is providing mental health services is by a federal mandate. In a sense this creates a problem with its trying to compete with the private practice. As explained, the centers charge on a

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sliding scale. However, the department has discussed with the centers the need to get something done with the way fees are charged. We can support the concept of charging like fees with the private practice. We have some technical problems with the way the bill is written. We have to charge a fee schedule by federal mandate.

Senator Rasmussen closed testimony by stating that he sees this as a philosophical thing that we have all kinds of health care services that are available and are in use today. He stated that there is a question in his mind as to why the government is coming in with centers in one kind of care (mental health) when they do not for eye care, medical care, etc.

Chairman Olson asked the committee if they have any questions. Senator Rasmussen asked Mr. Chisholm if he said that it is a constitutional mandate that mental health services be available. Mr. Chisholm stated that when government benevolently identifies an acute health problem they respond by providing some care. Senator Rasmussen requested a copy of the state and federal law from Mr. Chisholm and said that he would like those copies that afternoon. Senator Himsel asked if the fees for this type of service are covered by insurance. Dr. Mozer said that he believes about a third of the time the insurance covers the cost. Senator Himsel asked if the ability to pay is considered when insurance covers the cost. Mr. Harrington said when insurance covers the cost the full fee is charged. Senator Himsel asked how the center would determine the person's ability to pay with the confidentiality problem. Dr. Mozer replied that it would have to remain as it is now, where you take a person's word for it. Senator Rasmussen asked if there is a difference in the state in areas on fees charged. Mr. Harrington said there is a difference by regions. Some of the centers have raised their fees to \$45 per hour. Senator Rasmussen asked Mr. Chisholm to provide him with a copy of the sliding fee scales. Senator Lensink asked Mr. Harrington if he has costs of the mental health center. Mr. Harrington replied that they are a private non-profit sector. That makes a difference. The center also offers 12 mandated services. The problem is to allocate the costs among the services. The cost analysis that they are now doing is at \$37.50 per hour for an outpatient visit. It won't be the same for every region. Senator Lensink asked if the center engages in anything that isn't direct patient care. Mr. Harrington replied that one of the mandates is education. The center also puts on workshops, and charges the participants. Senator Ryan

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stated that he has a problem with the \$35 rate and would like to see the operating costs. Chairman Olson stated that the Committee would try to hold a working session on this bill on Friday and requested that the information that has been requested be to the Committee by Thursday afternoon. Senator Norman asked about the fees charged by the private sector. Dr. Mozer said that the median fee is about \$45, but it varies from area to area. Senator Norman asked Dr. Mozer how he would determine what the private sector charges. Dr. Mozer said he would poll his colleagues. Senator Norman asked if the fees were raised at the centers if a decrease in appropriations would result. Mr. Harrington said that would probably happen. Senator Himsel said that on page 5 as he reads it the scale charged by the centers would be determined by the fee charged by the private sector. Senator Ryan asked how many people who avail themselves of the mental health clinic are referred through other state agencies. Mr. Harrington said most of them are self-referred. Senator Ryan asked about referrals from judges. Mr. Harrington said that sometimes they have court orders to do an evaluation. Dr. Mozer said that he gets referrals from courts in the case of divorce where there are children involved. Senator Lensink asked Mr. Harrington if he could pinpoint the administrative costs of the mental health center. Mr. Harrington said they are working this up for another committee on Friday. Senator Lensink asked how much funding comes from patient fees. Mr. Harrington said about 20 percent. He stated another 20 percent comes from federal funding; local funding is about 5 percent; and the Department of Institutions provides about 42 to 43 percent. Senator Rasmussen asked for clarification on the present fee. Mr. Harrington said that the top fee was raised to \$35 on July 1, 1978. Senator Lensink asked where the maximum fee is charged. Mr. Harrington said at \$25,000 family income and above. Senator Himsel asked what percentage of the people are charged the full rate. Mr. Harrington said a lot are charged full price when you include the insurance. Senator Himsel asked how many are covered by insurance and how many are charged full rate without insurance. Mr. Harrington said he would have to check, but he believes there are really not too many.

The hearing on Senate Bill 238 was closed at 1:50 p.m.

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ANNOUNCEMENTS: A discussion was held on the bills in Committee. Chairman Olson announced that he is going to step down as chairman because of health problems and that Senator Rasmussen will be acting as chairman.

ADJOURNMENT: There being no further business, the meeting was adjourned at 1:55 p.m.



S. A. OLSON, CHAIRMAN

SENATE COMMITTEE

BILL *17* *10-29*

VISITORS' REGISTER

DATE

ROLL CALL
PUBLIC HEALTH COMMITTEE

46th LEGISLATIVE SESSION - - 1979

Date 2-07-7