MINUTES

MONTANA HOUSE OF REPRESENTATIVES
53rd LEGISLATURE - SPECIAL SESSION

JOINT SUBCOMMITTEE ON INSTITUTIONS & CULTURAL EDUCATION

Call to Order: By **CHAIRMAN EVE FRANKLIN**, on November 18, 1993, at **10:15 a.m.**

ROLL CALL

Members Present:
Sen. Eve Franklin, Vice Chairman (D)
Sen. Gary Aklestad (R)
Sen. J.D. Lynch (D)
Rep. Red Menahan (D)
Rep. Linda Nelson (D)
Sen. Daryl Toews (R)

Members Excused: Rep. Ed Grady, Chairman

Members Absent:

Staff Present: Sandra Whitney, Legislative Fiscal Analyst
Mary LaFond, Office of Budget & Program Planning
Gayleen Strachan, Committee Secretary

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:
Hearing: Department of Corrections and Human Services

VICE CHAIRMAN EVE FRANKLIN called the meeting to order. She stated that the subcommittee needs to decide whether to make a recommendation to the Human Services Subcommittee.

Informational Testimony:

Sandy Whitney, Senior Fiscal Analyst, went over pages B-16 and B-17 of the LFA book. She stated that Medicaid funding is in SRS. The contract money for community mental health centers for other services is in the Department of Corrections and Human Services. The executive budget hasn't proposed any changes in the DCHS funding for mental health services. Capping Medicaid services would result in a loss of not only the General Fund but federal matching funds to the community centers. From a community center viewpoint, if Medicaid is capped, they will lose General Fund plus three times as much federal funding.

REP. RED MENAHAN questioned what the Governor's recommendation is. **Ms. Whitney** stated that the Governors recommendation is to cap Medicaid services in SRS.

SEN. J.D. LYNCH stated that he will not vote because he does not feel he has accomplished anything by telling another committee how to vote. He would prefer not to give the Human Services Subcommittee a recommendation.

SEN. GARY AKLESTAD stated that he understands what **SEN. LYNCH** is saying. However, it's an easy way to avoid taking a vote and not expressing this subcommittee's wishes. **SEN. AKLESTAD** believes we should take a vote on the Governor's proposal; in the future one committee should deal with the issue completely.

Ms. Whitney stated that, while this committee will not have any say in what the Human Services Subcommittee decides, if that committee does cap Medicaid services, there is a potential for the institutions' budget to be affected if those people end up in the state hospital.

Motion/Vote: SEN. LYNCH MOVED THAT THIS COMMITTEE RECOMMEND TO THE LEADERSHIP THAT THIS ISSUE SHOULD BE IN ONLY ONE COMMITTEE AND NOT TWO FOR THE NEXT SESSION. Voice vote was taken. The motion carried unanimously.

ADJOURNMENT

Adjournment: 10:25 a.m.

Eve B Franklin

Sen. Eve Franklin, Vice Chairman

Gayleen Strachan

Gayleen Strachan, Secretary

by Marilyn Miller

EF/gs

HOUSE OF REPRESENTATIVES

INSTITUTIONS AND CULTURAL EDUCATION SUB-COMMITTEE

ROLL CALL DATE 11-18-93

NAME	PRESENT	ABSENT	EXCUSED
REP. ED GRADY, CHAIRMAN			✓
SEN. EVE FRANKLIN, VICE CHAIRMAN	✓		
SEN. GARY AKLESTAD	✓		
SEN. DARYL TOEWS	✓		
SEN. J.D. LYNCH	✓		
REP. WILLIAM "RED" MENAHAN	✓		
REP. LINDA NELSON	✓		

HR:1993
wp:rollcalls.man
CS-10

Thank you for the opportunity to present information to you this morning. My name is Kathy McGowan. I am Executive Director for the Montana Council of Mental Health Centers. I will be the first of several individuals who will provide you with information regarding three proposed cuts:

•The first is a proposal to limit services for Medically Needy to Primary and Preventive Care.

•The second is a proposed cap 22 hour limitation on therapy provided by community mental health centers.

•The third is a proposal to implement a limit of 15 hours per week on day treatment services at a community mental health center.

Before I address each of the proposed cuts more specifically, I ask you to re-examine exactly what is the state's policy in regard to caring for people with serious mental illnesses. By your previous actions and words, I have gotten the message that the Legislature and the Governor had committed themselves to community-based, least restrictive care, using prevention and early intervention strategies whenever possible. Those are the buzz words. In fact, when the state lost the Ihler case, the Legislature, under advisement from the Governor, re-appropriated $1 million from the State Hospital to community programs in order to comply with the Ihler decision. In addition, during the 1993 Legislative session, $30 million were cut from the Department of Family Services for children's services. The marching orders were to replace those services with community-based alternatives. Under time and resource constraints, we have done our best to comply with your wishes.

Please do not overlook the fact that the three cuts you now are considering constitute a larger loss to the community mental health system than it gained when the $1 million was transferred. The three cuts combined would mean a loss of 6.6% of community mental health centers' total funding. I think you will agree that's a significant loss.

I will briefly address the three cuts more specifically.

1) The proposed cut that has been given the least attention is the Medically Needy proposal. A significant number of folks have incomes that are slightly higher than the amount that makes them eligible for Medicaid, but they are very vulnerable people who rely on Medically Needy to provide

the foundation for maintaining stability. Some have a work history and, in fact, will continue to be employed at least part-time if the appropriate mental health services are available to them. This proposal penalizes those people and I believe it represents bad public policy.

Last year there were 76 people in Region IV (this Region) alone who relied on Medically Needy to help them get by. This translates into a dollar loss of $150,000 to the Region IV Mental Health Center, which is far from insignificant. The human toll also is tremendously significant, as you will understand as I share some real life information about real live people.

2) The 22 hour cap for therapy services is the second proposal. One rationale used by the Medicaid Division has been that a 22 hour cap already exists for private providers and that similar caps exist in private insurance plans. That is a weak rationale. First, the 22 hour cap, as I understand it, initially was recommended by the Montana Psychological Association some years ago. No one can quite remember the details anymore, but 22 hours supposedly was thought to be the "average" amount of therapy needed by the "average" person.

Medicaid's own statistics reveal that mental health centers do not serve the "average" client. In 1992, for example, mental health centers served 624 of 637 Medicaid persons with a schizophrenia diagnosis, or 98%. They served 471 of 616 Medicaid persons with a Mood Disorder diagnosis, or 76%. Please do not construe my comments as being critical of private providers. Not so. My point simply is that we are comparing two populations.

To state it more simply, mental health centers' clients generally are the most chronic, the most severe of the mental illness population. Most of them will require life-time treatment. This is not done in 22 hours a year. Again, I am assuming that the policy of the state of Montana is that we want to serve those people in the community and that we want minimal hospital visits. If that is to be accomplished, this is an ill-conceived idea.

3) The proposed cap on day treatment. Day treatment is one of the critical tools used to provide stabilization and ongoing support. For some individuals, 15 hours a week is sufficient. Many individuals need far more than 15 hours, at least initially, and then their need of the service will

decrease. It is important to realize, however, that mental illness is an up and down thing. It does not go away. That same person most likely suffer relapses. What does he or she do when the 15 hour cap has been met? Still others, the most chronic cases, very likely will need day treatment, or something like it, full-time. Remember, some of these folks have spent the better part of a life time in the State Hospital. They have intense needs, whether they are in a hospital or being served in a community program.

Yesterday I received a copy of the Budget Analysis prepared by the Legislative Fiscal Analyst. Before I share my reaction to the Alternative Option offered for mental health services, I would like to compliment the Analyst, Lois Steinbeck, for the excellent description of the mental health system as a whole, of the individual programs, and the people who are the recipients of the services. It was long overdue.

The Alternative Option obviously is far more appealing than the Executive recommendations. Nevertheless, it still represents a reduction to a system that has been and continues to be over-stressed. To put it another way, it represents one-half of the amount that was transferred from the State Hospital to community programs. The old saying about "one step forward, two steps back" comes to mind. In addition, the Mental Health Centers have taken on a big extra load in the past few months in assuming the lead role in serving SED kids in this state. We need every ounce and every dollar of our present resources to attempt to hold things together as they now exist.

I refuse to whine. I also refuse to leave without sharing with you my certainties about what we are headed for if we continue to diminish community programs that all the time are being asked to take on additional responsibilities:

- Staff will be reduced. This means that all populations will be impacted, not just seriously mentally ill adults.
- Hospitalizations at the State Hospital will increase.
- The high end Medicaid usage will increase, whether it be emergency room visits or hospitalizations.
- Waiting lists will grow. Frankly, this translates into refusal of service.
- More involuntary commitments will impact county property taxes.

This last year in Missoula County, $248,000 county money was expended on involuntary commitments. I predict that amount will grow, particularly if the Medically Needy cut is accepted. I am confident that these represent major cost shifts. I am confident that they represent major impacts on communities. I am confident that they represent major impacts on individual's lives.

Whether or not you decide to enact these cuts, we request that you seriously consider a statutory change. The present Montana statute (53-21 -206) addresses availability of services. It says that, "The services of the department and of the incorporated regional mental health centers are available without discrimination on the basis of race, color, creed, religion, or ability to pay and shall comply with Title VI of the Civil Rights Act of 1964." It sounds wonderful and we wish it were possible, but we believe that the "ability to pay" portion of the statute is unrealistic and inconsistent with funding limitations. We suggest that it be amended to contain language that ties ability to pay with availability of funding. I offer my services to work with legislative and agency staff to make the recommended change.

To conclude on a positive note, Mental Health Centers believe that changes can and should be made. The mental health system can and should be streamlined. We will work cooperatively with the state agencies and others during the next year to plan a capitated system for adults in Montana. Our counterparts in Utah and the consumers there report that a properly designed system can produce quality services at a reasonable cost. They also warn us that it will mean compromise and change for us all.

Thank you for time and consideration.

EXHIBIT 2
DATE 11-18-93
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MONTANA MENTAL HEALTH PROVIDERS COALITION

November 17, 1993

Representative John Cobb
Box 388
Augusta, MT 59410

RE: 1993 Special Session - Mental Illness / Medicaid Budget

Dear Representative Cobb,

The Office of Budget and Program Planning and the Department of Social & Rehabilitation Services are proposing three budget cuts in the current Medicaid budget that will actually increase the cost to the State's general fund. The proposed cuts could realistically require that the Legislature appropriate as much as $795,000.00 in NEW GENERAL FUND APPROPRIATIONS during the upcoming special session. On the other hand, the Legislature can actually reduce the general fund appropriations by about $113,300.00 if private providers are authorized to fully treat Medicaid eligible, seriously mentally ill Montanans in their local communities.

SRS claims that the three proposals will save money by reducing or eliminating community based treatment of mentally ill Montanans. The increased costs resulting from the proposed "cuts" are actually nothing more than a cost shift from SRS's tap on the general fund to other state agencies (Family Services and Corrections and Human Services); ergot the claims that general funds will be saved from the reductions proposed in the SRS budget.

The proposals are; (1) to "cap" the community based treatment of 579 seriously mentally ill Montanans by community mental health centers at 22 hours of treatment per year (an alleged savings of $202,400.00 during this biennium), (2) to limit the number of hours of community based "day treatment" provided to 107 seriously mentally ill Montanans, (an alleged savings of $300,000.00 during this biennium) and (3) to introduce a "capitated" program for the treatment of mentally ill Montanans in Montana communities (an alleged savings of $19,700.00 during this biennium). Please note exhibit one.

In addition to increasing and shifting general fund commitments away from the SRS budget, the policy behind the proposals directly calls for the reinstitutionalization of Montanans; quite the opposite direction that prudent fiscal policy dictates and modern medical protocol strongly endorses.

THE CUTS WILL REQUIRE ADDITIONAL GENERAL FUND EXPENDITURES

First, if the 22 hour "cap" is imposed, the Legislature will have to appropriate ADDITIONAL general fund appropriations over the current general fund levels to the Montana State Hospital budget by as much as $1,950,543.00 [1] in this biennium. At a minimum an additional $ 94,500.00 [2] in general funds will be required during the balance of the biennium.

The most likely scenario will increase the cost to the general fund by $794,149.65 for the current biennium. Please remember that every dollar spent at Montana State Hospital is a general fund dollar. Under this scenario about ten percent (57 people) of this seriously ill population will require up to 45 days of treatment at Montana State Hospital at a daily cost of $309.61 per day during this biennium.

In addition, the state's foster care budget will require an additional new general fund appropriation as children of single parents will require foster care placement while their parents are in Montana State Hospital. We urge the Legislature to closely examine these types of additional increased general fund costs incurred by the proposals to reinstitutionalize Montanans prior to approving with these proposals.

Second, parallel additional appropriations will be required if SRS's proposed day treatment cuts are made. We urge the Legislature to closely examine the costs of elimination of the community day treatment programs for the affected Montanans. We note that a third of these people have already been patients at Montana State Hospital. We note that 75% of these people are women. We further note that two thirds of these Montanans have a diagnosis of schizophrenia.

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1 Twenty five percent of the persons affected by this budget cut (144 persons) have a history of admissions to Montana State Hospital. The cost per day for acute care is $309.61 (see exhibit four) at Montana State Hospital. An average length of stay for these people is 45 days. Some will stay as long as ninety days at Montana State Hospital. 140 persons X 45 days $309.61 per day equals $1,950,543.00. This is all general fund money.

2 The Department of Corrections and Human Services estimates that Montana State Hospital can increase its average daily census by 12 persons without triggering massive staff increases. The Department estimates that if the Montana State Hospital daily census increase is less than 12 persons, then the average daily cost per person will be $15.00. 140 persons X 45 days X $15.00 per day equals $94,500.00 in new general fund money. We note that if the increase in the population at Montana State Hospital increased by 13 persons on any given day, the State of Montana will be subject to massive budget increases mandated under the Ihler decision.

Third, if the capitation plan is put into effect, the general fund appropriation for services to seriously mentally Montanans will be at least $113,308.47 LARGER than necessary during this biennium. A "capitation plan", if adopted, will allow SRS to contract with organizations to provide all the Medicaid funded treatment of the mentally ill in Montana by geographic region. The capitation plan will effectively limit treatment of the seriously mentally ill in Montana to the five government funded, community mental health agencies. Smaller private clinics and practitioners will be unable to bid to provide services as they are community oriented rather than regionally oriented. While services will be easier for the bureaucracy to administer under a "capitation" program, the program will cost Montana taxpayers more and severely limit access to patients.

The capitation program will actually drive up costs to the state and probably reduce services to Montanans. For example, community mental health centers charge the state an average of $83.98 per hour of treatment of seriously mentally ill Montanans eligible for Medicaid (see exhibit two). Private providers charge the state an average of $79.24 for exactly the same hour of treatment to exactly the same Medicaid eligible Montanans. If the state effectively freezes private providers out of treating Medicaid eligible Montanans in favor of the community mental health centers by limiting providers under the capitation program to regional service providers, then the state is merely inflicting a gross financial injustice on taxpayers and denying Montanans their freedom of choice of practitioners.

THE LEGISLATURE HAS A CLEAR OPTION AVAILABLE THAT WILL REDUCE THE GENERAL FUND COSTS AND ACTUALLY ENHANCE ACCESS AND TREATMENT OF MENTALLY ILL MONTANANS AT THE COMMUNITY LEVEL; ALLOW PRIVATE PRACTITIONERS TO ONCE AGAIN TREAT SERIOUSLY MENTALLY ILL MONTANANS UNDER A STRONG MANAGED CARE PROGRAM.

The capitation plan proposed by the Department of Social and Rehabilitation Services will effectively exclude private industry from providing cost effective services to mentally ill Montanans dependent upon Medicaid for payment of treatment. As noted earlier the capitation plan will "lock in" unnecessarily expensive services provided directly by the state and its contractees (the community mental centers) while "locking out" far less expensive private providers willing to deliver exactly the same services.

AT WHAT COST?

THE 22 HOUR "CAP"

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The Department of Social and Rehabilitation Services proposes to limit the COMMUNITY BASED TREATMENT of the most seriously mentally ill Montanans eligible for Medicaid to a maximum of 22 hours of therapy per year. Currently these people receive year around treatment if medically necessary. Of these 579 seriously mentally ill Montanans, over 560 are currently served by Montana's five community mental health centers.

Although private therapists treat some seventy percent of all mentally ill Montanans who are eligible for Medicaid reimbursement, private therapists treat less than five percent of the seriously mentally ill and poor Montanans that the Department no longer wishes to provide full treatment for.

WHY?

These Montanans are generally the poorest and sickest of the state's people. Eight out of ten of these people are women. Many are single parents with children. One of every four of these people have been admitted to Montana State Hospital in the past. See exhibit 3. These people require and are receiving long term outpatient treatment; many are in community after care following hospitalization. **SRS limits treatment of this population by providers practitioners to 22 hours of treatment per year.** Since these Montanans require more than 22 hours of outpatient care per year in order to remain in their homes and communities, private providers cannot adequately treat them on a low cost, long term basis. Thus, less than five percent of the seriously mentally ill persons eligible for Medicaid are treated by private therapists in the entire state.

WHAT HAPPENS IF ALL TREATMENT IS CUT OFF AFTER 22 HOURS?

These 579 seriously mentally ill Montanans will no longer receive necessary long term community based therapy. Two scenarios emerge; both are based on lack of treatment. Both will occur DURING THE CURRENT BIENNIUM.

First, of the 579 people currently being served in their communities, as many as 140 will probably require readmission to Montana State Hospital; based on the current mix of Montanans being served, 116 persons admitted to Montana State Hospital will be women. As noted earlier, the probably cost to the general fund as a result of this cost saving measure will be $794,149.65.

The subcommittee on Institutions will have to include this amount of NEW MONEY in the Montana State Hospital if the subcommittee on Human Services chooses to cap community based treatment for the seriously mentally ill at 22 hours. The subcommittee on

Human Services will also be required to appropriate NEW MONEY sufficient to provide foster care for uncared for children. Additional social service budgets (such as community hospitalization) will have to be increased to pay for the increased medical and social costs incurred by allowing the seriously mentally ill to be untreated in Montana communities.

Second, if seriously mentally ill Montanans are untreated, is it not unrealistic for Montanans to experience an almost immediate upswing in the number of mentally ill persons wandering the streets of our cities and towns.

WHAT IS THE ALTERNATIVE?

Private providers should be treating the seriously mentally ill Montanans who are Medicaid eligible. Community mental health centers should be reimbursed as the same rate as private providers for community based treatment of seriously mentally ill Montanans. Both private provider and community mental health center treatment programs must be subjected to strong INDEPENDENT utilization review programs to assure that Medicaid dollars are wisely spent.

A brief examination of the 22 hour cap and the proposed capitation program illustrate why both the Department's proposals and the status quo defy financial logic.

Consider: the Community Mental Health Centers currently charge Medicaid an average of $79.24 per hour of therapy for these seriously mentally ill Montanans. Of this hourly amount, $26.41 is a direct charge to the state's general fund. Please note exhibit two attached.

This treatment is currently opened ended because the treatment is required throughout the year. We note that the treatment is occasionally delivered by therapists who are not licensed in Montana.

Private therapists, on the other hand, charge Medicaid an average of $36.86 per hour of therapy for treatment of these seriously mentally ill Montanans. Of this amount $12.28 is a direct charge to the state's general fund. In other words, private providers can provide the same treatment for about one third the cost of the community mental health centers.

Based on the Department's projection that 8019 hours of community based treatment be eliminated in favor of increased hospitalization at Montana State Hospital, treatment by community mental health centers costs a total of $339,925.41 more than the same treatment delivered by private providers. Treatment by community mental health centers costs $113,308.47 MORE in GENERAL FUND DOLLARS than the same treatment delivered by private provid-

ers.

WHY PRIVATE INDUSTRY SHOULD PROVIDE THE CARE!

ACCESS - The map attached to this letter clearly demonstrated that even the most rural Montanans have access to fully licensed psychologists, fully licensed clinic social workers, and fully licensed professional counselors. Unlike many states (the states where "capitation plans" have been put into place are leading examples), private providers blanket the State of Montana.

SAVINGS TO THE GENERAL FUND!

If the 22 hour cap where lifted so that private providers can finally provide cost effective, long term, community based treatment to the seriously mentally ill, then the general fund appropriation for Medicaid funded treatment could be reduced by $113,308.47 (from $211,808.52 to $ 98,500.05) for the current biennium. Total costs would be cut from $673,435.62 to $295,500.15.

In addition to the $113,308.47 direct general fund reduction, the Legislature could avoid increasing the budget at Montana State Hospital by as much as $795,000.00. The Legislature would likewise NOT have to appropriate additional new money to the foster care budget and to the community hospital budget in Medicaid.

Private providers encourage two additional measures that will reduce costs and provide incentives to complete state funded treatment at the earliest possible date.

First, treatment provided by the state's community mental health centers should be funded at the same rate as the duplicate treatment provided by private providers. This action alone will reduce the general fund's cost of treatment by $14.13 PER HOUR or $125,978.49.

Second, treatment provided by both community mental health centers and private providers should be subject to a strong independent (not a state agency) utilization review program under Medicaid. This will assure that only necessary care is provided to seriously mentally ill Montanans, while assuring that these Montanans receive the care they need to remain in their communities rather than in Montana State Hospital.

IN SUMMARY

The Legislature should again allow private providers, under a strong utilization review program to provide community based treatment to seriously mentally ill Montanans. The resulting general fund savings will exceed $113,308.47 during the current

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biennium. In addition, the need for over $795,000.00 of OTHERWISE REQUIRED NEW GENERAL FUND APPROPRIATIONS will be avoided.

We thought that you ought to be aware of the choices you have available to you. Please feel to call us if you have questions or comments regarding these important issues.

Sincerely,

Mary Grace Black LCSW

Mary Grace Black, MSW, LCSW
President, Montana Chapter, NASW
48 Medical Park Drive
Helena, Montana 59601
449-3880

Dr Robert Bakko LCPC (RBA)

Dr. Robert Bakko, LCPC
President, MCMHCA
1004 Division Street
Billings, Montana 59101
259-6161

J Platt PhD JPB

John Platt, Ph.d
President, MPA
121 West Kagy
Bozeman, Montana 59715
587-7468

- **Reduce Limit on Personal Care Services** (44,900) (106,200)
  Under this service option currently, Medicaid clients are allowed to have personal care services (assistance with activities of daily living provided by attendants who are supervised by registered nurses) provided for 40 hours per week. No more than one-third of these hours may be provided for household tasks. The proposal would reduce the maximum benefit to 35 hours per week. The SRS calculates that 20 recipients would be impacted by this proposal and could require placement in a nursing home. The estimated decrease during the 1995 biennium would be $363,600 federal matching funds plus the reduction in general fund.

- **Limit the Number of Mental Health Services** (55,900) (146,500)
  Currently, there is a 22 hour limitation on therapy provided by social workers, psychologists and licensed professional counselors in the individual, group or family setting. This proposal would include community mental health centers in this limitation of the mental health benefit. There would be no limitation on targeted case management. The estimated reduction in federal matching funds for the 1995 biennium would be $487,100. The general fund reduction is shown at right.

- **Limit Number of Day Treatment Services** (82,700) (217,300)
  This proposal would implement a limit on the number of hours of day treatment that a client may receive at a community mental health center. Currently, there is no limit. The proposal would place a cap of 780 hours per year, which is an average of 15 hours per week on Medicaid clients. The projected reduction in funding during the 1995 biennium would be $1,020,100. This includes federal matching funds of $720,100 plus the general fund reduction shown.

- **Capitate Mental Health Services to Adults** 50,000 (69,400)
  This proposal would restructure the reimbursement mechanism for mental health services under Medicaid. The department would apply for a waiver from the federal government to restrict the number of providers of mental health services. The SRS would issue competitive bids for providers of mental health services. Inpatient and outpatient mental health services would be paid to a provider as a fixed amount per client instead of per service. Providers who were able to provide care for less than the capitated amount would realize a profit, whereas providers who did not provide care in the most efficient manner may sustain extra cost. The additional $50,000 general fund during FY94 reflects the cost of a contract to develop and implement this new service delivery system. (The contract is estimated to cost $100,000 during FY94 and $50,000 during FY95, half of which are federal matching funds.) The department plans to implement this change at the beginning of January 1995. This proposal also allows for more management of the care given to clients. Federal matching fund reductions are estimated to be $150,600 during the 1995 biennium.

- **Limit Services for Medically Needy to Primary and Preventive Care** (2,294,000) (5,276,200)
  The Medically Needy program is intended to provide a bridge between people who are fully eligible for Medicaid and those whose income is slightly too high to qualify for Medicaid, but still have health care expenses. This proposal would limit the benefits to clients on the Medically Needy program to primary and preventative care services, drugs, and lab and x-ray services. The

DEPARTMENT OF
SOCIAL AND REHABILITATION SERVICES

STAN STEPHENS
GOVERNOR

JULIA E. ROBINSON
DIRECTOR

STATE OF MONTANA

P.O. BOX 4210
HELENA, MONTANA 59604-4210
(406) 444-5622
FAX (406) 444-1970

October 19, 1992

William Evans, MSW., LSW
Adult and Child Counseling Services
Suite 21 Arcade Building
111 North Last Chance Gulch
Helena, MT 59601

Dear William:

I enjoyed our telephone visit today and hope the information we discussed about mental health issues will be helpful. As you requested, I am enclosing information on services furnished under the "Clinic Option" from the Code of Federal Regulations 440.90, Medicaid Manual Sections 4421 and 4320, and Section 46.12.570 through 46.12.573 of the Administration Rules of Montana. You also requested Medicaid reimbursement rates for mental health centers. These rates are listed below.

THESE RATE RANGES CHANGED SLIGHTLY FOR THE CURRENT FISCAL YEAR.

THE CURRENT RATE RANGES ARE:

Individual Therapy	$18.07 - 21.55 per 15 minutes
Group Therapy	$ 2.24 - 6.42 per 15 minutes
Adult Day Treatment	$ 1.35 - 1.91 per 15 minutes
Adolescent Day Treatment	$ 1.26 - 4.29 per 15 minutes

If you have further questions or wish additional information, please call me at 444-1955.

4-7706

Sincerely,

Virginia Gilbertson

Virginia Gilbertson
Program Officer
Medicaid Services Division

VG/

cc: Kathleen Martin
Mary Dalton
7.2.33

EXHIBIT
2

MEDICAID CUTS

Impact of 22 Hour Limit

579 people would hit limit

Based on a Sample:

Age Range: 21 - 96

Sex: 17% Male 83% Female

Diagnosis:
- 42% Mood
- 25% Adjustment
- 17% Personality
- 8% Schizophrenia

Warm Springs History: 25%

Annualized Revenue Loss to Community Mental Health Centers $465,608

Impact of Day Treatment Limit

107 people would hit limit

Based on a Sample:

Age Range: 31 - 79

Sex: 25% Male 75% Female

Diagnosis:
- 67% Schizophrenia
- 25% Mood

Warm Springs History: 33%

Annualized Revenue Loss to Community Mental Health Centers $690,230

EXHIBIT 3

DEPARTMENT OF CORRECTIONS
AND HUMAN SERVICES
MONTANA STATE HOSPITAL

MARC RACICOT, GOVERNOR

WARM SPRINGS, MONTANA 5975

STATE OF MONTANA

(406) 693-7000
FAX (406) 693-7023

August 3, 1993

To: Pam Joelher, Administrator
Management Services Division

From: Keith H. Wilson, Director
Business Services Department

Subj: FY 94 Per Diem rates for Montana State Hospital

Below are the calculated Per Diem rates for FY 94 for the various treatment units of Montana State Hospital. The rates are calculated using information from the Fiscal Year 1992 cost reports, Fiscal Year 1994 appropriations and Fiscal Year 1994 budgeted patient days.

Geriatrics (Intermediate Care)	$154.59
Acute Psychiatric Program	309.61
Extended Treatment	181.91
Forensic	229.05
Medical Treatment Program	221.33
Personal Care	153.09

Should you require any further information regarding the above rates please do not hesitate in contacting us.

CC: Janie Wunderwald
Dan Anderson

EXHIBIT
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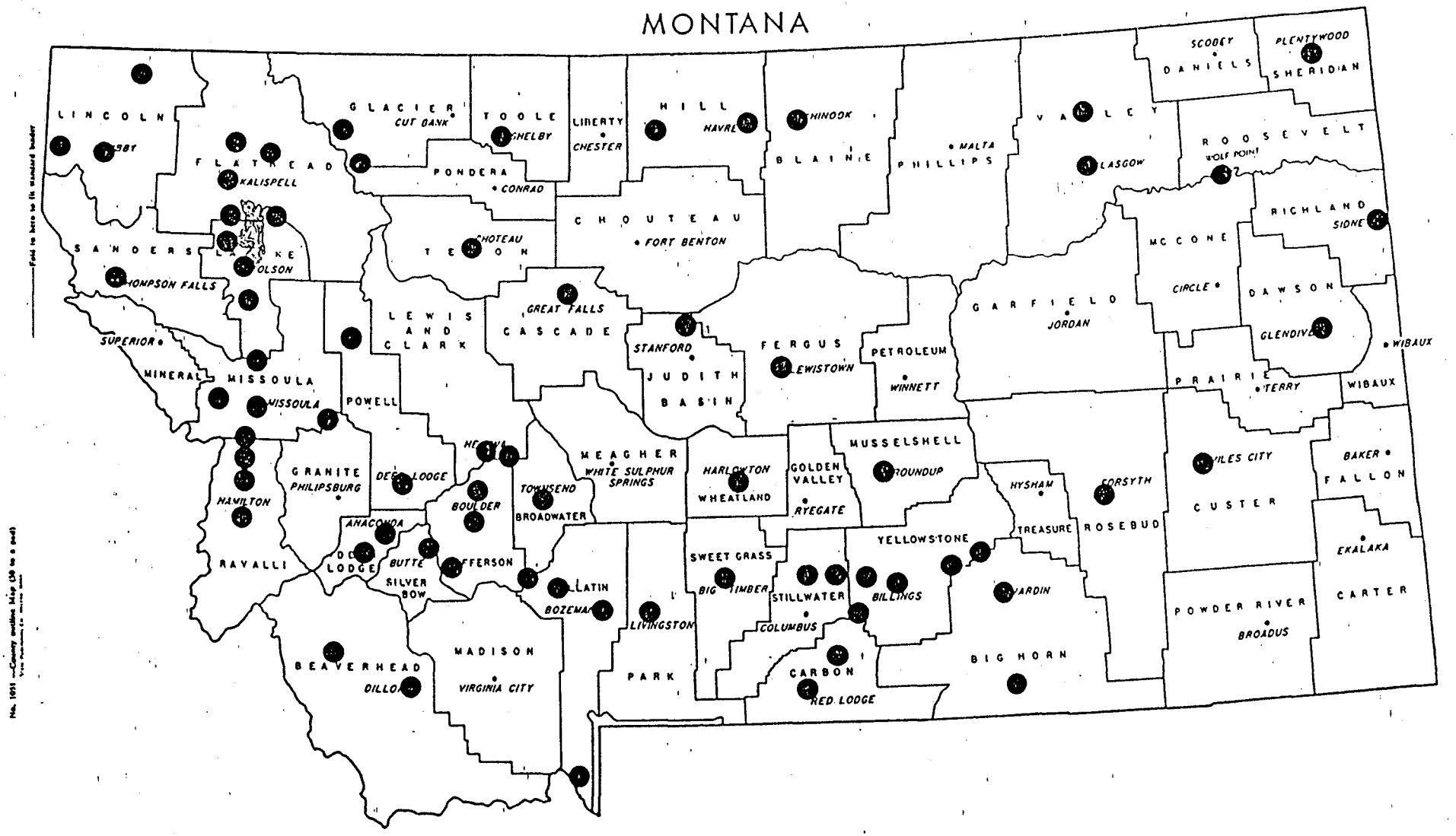

November 18, 1993

Exhibit #3 is a lengthy article taken from the Missoulian newspaper, November 7, 1993 issue. This exhibit is stored at the Historical Society at 225 North Roberts Street, Helena, MT 59620-1201. The phone number is 444-2694.

EXHIBIT 7
DATE 11-18-93
SB INSTITUTIONS, CULTURAL ED + HUMAN SERVICES

MENTAL HEALTH SERVICES, INC.

OFFICES

ADMINISTRATIVE OFFICES
512 Logan
Helena Montana 59601
(406) 442-0310
FAX# (406) 443-7011
1-800-343-3436 - Client Billing

ANACONDA
1 Bank Place, Suite 211
307 E. Park
P.O. Box 978
Anaconda, Montana 59711-0978
(406) 563-3413

BOZEMAN
211 N. Grand
Bozeman, MT 59715
(406) 586-4090
FAX (406) 586-4255

Rocky Mountain Horizons
211 N. Grand
(406) 586-4090

Center Line
211 N. Grand
(406) 585-1833

BUTTE
501 E. Front Street
Butte, Montana 59701
(406) 723-5489
FAX# (406) 782-4020

Gilder House
2460 Kossuth
(406) 723-7104

Silver House
106 W. Broadway Street
(406) 723-4033

DILLON
234 E. Reeder
Dillon, Montana 59725
(406) 683-2200

Beaver House
234 E. Reeder
(406) 683-2200

HELENA
New Horizons
512 Logan
Helena, Montana 59601
(406) 442-0640

Center for Sexual Health
512 Logan
(406) 442-0649

Montana House
422 N. Last Chance Gulch
(406) 443-0794

Transitional House
1101 Missoula Avenue
(406) 443-4922

Connections
438 Last Chance Gulch
(406) 442-0340

Southwest Adolescent Treatment Center
815 Front Street
(406) 442-9902

LIVINGSTON
P.O. Box 119
126 South Second
Livingston, Montana 59047
(406) 222-3332

Mountain House
124 S. Second, P.O. Box 119
(406) 222-8202

STUART KLEIN, MA
EXECUTIVE DIRECTOR

MEMORANDUM

To: Institutions and Human Service Subcommittee

From: Jeff Sturm, MSW, Helena Community Support Program Clinical Director

Date: November 18, 1993

Subject: Proposed Mental Health Budget Cuts

I respectfully submit this memorandum and attached spreadsheet depicting state hospitalization and community based mental health care cost comparison.

After careful deliberation and research of consumer community based service utilization, we have determined that significant cost savings are realized when consumers are treated in community settings. The attached graphic clearly indicates that based upon actual utilization, during fiscal year 1993 the state saved $369,632 for just seven consumers. Furthermore, the graphic also illustrates the federal funding ($89,745) lost when these consumers are hospitalized in a state funded institution.

While general fund cost savings are significant, the improved quality of life for these individuals is immeasurable. Consumers moved into the community after hospital stays are given an opportunity to enjoy a normal, productive life.

Please call me with any questions or additional information I can provide. Thank you!

EXT
11-18-
INSTITUTIO
CULTURAL ED.
HUMAN SERVICE

STATE HOSPITAL AND COMMUNITY BASED SERVICE COST COMPARISON

CONSUMER NUMBER	PAYOR SOURCE	AVERAGE** ANNUAL HOSPITAL COST	FY 1993 FEDERAL AND STATE SERVICES	STATE GENERAL FUND	FEDERAL FUNDING	STATE SAVINGS PER YEAR
7000028	SSI	0	$5,208		$5,208	
	DCHS	$61,685.00	$7,197	$7,197	$0	
	MEDICAID	0	$18,990	$5,503	$13,487	
		$61,685.00	$31,395	$12,700	$18,695	79.4%
1000191	SSI		$5,448		$5,448	
	DCHS	$61,685.00	$128	$128		
	MEDICAID		$2,356	$683	$1,674	
		$61,685.00	$7,933	$811	$7,122	87.1%
3001029	SSI		$5,448		$5,448	
	DCHS	$61,685.00	$1,368			
	MEDICAID		$19,537	$5,662	$13,876	
		$61,685.00	$26,353	$5,662	$19,324	57.3%
0201109*	SSI		$5,448		$5,448	
	DCHS	$61,685.00	$7,032	$7,032		
	MEDICAID		$0	$0	$0	
		$61,685.00	$12,480	$7,032	$5,448	79.8%
0332511*	SSI		$5,208		$5,208	
	DCHS	$61,685.00	$3,688	$3,688		
	MEDICAID		$16,330	$4,732	$11,598	
		$61,685.00	$25,227	$8,420	$16,806	59.1%
1000100	SSI		$5,448		$5,448	
	DCHS	$61,685.00	$3,735	$3,735		
	MEDICAID		$16,130	$4,674	$11,455	
		$61,685.00	$25,313	$8,409	$16,903	59.0%
1000086	SSI		$5,448		$5,448	
	DCHS	$61,685.00	$19,129	$19,129		
	MEDICAID		$0	$0	$0	
		$61,685.00	$24,577	$19,129	$5,448	60.2%
TOTAL		$431,795.00	$153,277.18	$62,163.39	$89,745.44	
SAVINGS/YEAR		$0.00	$278,518	$369,632		

* CONSUMER MEDICAID ELIGIBLE UNDER THE STATES MEDICALLY NEEDY PROGRAM

** AVERAGE ANNUAL HOSPITAL COST BASED UPON $169.00 PER DAY

INSTITUTIONS & CULTURAL EDUCATION SUBCOMMITTEE

HOUSE OF REPRESENTATIVES
VISITOR REGISTER

Institutions/Human Services SUBCOMMITTEE DATE 11-18-93

DEPARTMENT(S) _____ DIVISION _____

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NAME	REPRESENTING	
Jeff Sturm	Helena Community Support Services	
Dan Anderson	Mental Health Services	
Bill Evans	Private Providers Coalition	
Ry Sorensen	ED Committee	
Harley Warner	Mont. Assoc. of Churches	
Sandra Nelson	Big Sky AMES	
Cliff Murphy	Mental Health Assoc.	
Dr. Thomas J. Cashin	Montana Committee SpED Children	
Ann Black PhD	MT Mental Health Providers Coalition	
Dave Sands	Mt Women Lobby	
John Shontz	NASW	
Wayne Lewis	MSJ	
Sharon Hoff	MT Catholic Conf	
mary w		
Bill Myhre	Helena Comm. Mental Health Support Services	
Kris Marsh	Helena Comm. Mental Health	
Leslie Tuman	MONTANA HOUSE	
Dawn Peterson	Low Income Coalition	

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES
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Institutions/Human Services SUBCOMMITTEE DATE 11/18/93

DEPARTMENT(S) _____ DIVISION _____

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NAME	REPRESENTING	
RICHARD DEVAULT	MENTAL HEALTH INC	
Alan Fauhl	mental Health Svs.	
CRIS LAUGHARO	HELENA MENTAL HEALTH SVS.	
Michael JARES	Helena Community Support Services	
Barbara Mueske	Butte Community Support Services	
Stacy Riley	MT Federation	
Sandra Mitchell	MON AMI	
Judy Erickson	Members Montana House	
Ron Colwell	West Mont	
Wesley R. Alcorn	Montana Alliance for the Mentally Ill	
Marty Onishuk	Mon AMI " " " "	
DR. O. Hehn	MT Clinical Mental Health Counselors	

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