

MINUTES OF THE MEETING
BUSINESS & INDUSTRY COMMITTEE
MONTANA STATE SENATE

January 18, 1985

The sixth meeting of the Business & Industry Committee was called to order by Chairman Mike Halligan at 10:05 a.m. in Room 410 of the Capitol Building.

ROLL CALL: All committee members were present.

CONSIDERATION OF HOUSE BILL 29: Representative Melvin Williams, District 85, is the sponsor of this bill. This bill moved the contractor residency determination responsibility from the Department of Revenue to the Department of Commerce and amends the various sections of the bill to do this and determines an effective date. It was requested by the Department of Revenue with the approval of the Revenue Oversight Committee. The agency that receives the application for public contractors licenses should also make the residency determination and at the present time there is confusion as to which agency should handle this and this bill would help resolve this confusion.

PROPOSERS: Mr. Jim Madison, Administrator of Miscellaneous Tax Division with the Department of Revenue, stated that it was just an oversight this was not done with last session's bill and they are in support of this bill. (See EXHIBIT 1)

OPPOSERS: There were no opposers to this bill.

The hearing was closed on House Bill 29.

CONSIDERATION OF SENATE BILL 96: Senator Delwyn Gage, Senate District 5, is the sponsor of SB 96. This bill was presented primarily at the request of the oil and gas commissions. He explained with the changes in new technology in oil and gas research there have been changes in how seismic activities are done without the use of explosives and this would give the oil and gas commissions authority over the activities of seismic exploration other than explosives. Previously the oil and gas commission had authority to determine what the holes left behind are to be filled with, bentonite, cement or tailings for example. The other change deals with extending the time period from ten days to 30 days for reporting on seismic activity to the county clerk of recording office.

PROPOSERS: Mr. Darwin Vandegraff, executive director of the Montana Petroleum Association, spoke in support of SB 96.

He felt it was a step forward on behalf of the new technology that is being used now. Dee Rickman, executive secretary of the Board of Oil and Gas urged support of this bill also. (See EXHIBIT 2)

OPPONENTS: There were no opponents to Senate Bill 96.

Questions from the committee were then called for. Senator Christiaens asked about the extension of the time period from ten to thirty days and Senator Gage said he felt this was a more reasonable time period, that sometimes ten days was just not enough time. Senator Fuller questioned why the change in wording from geophysical to seismic. Seismic covers more areas than geophysical did. Senator Neuman was concerned about ground water pollution. Senator Halligan asked Dee Rickman about the position of the board on the three or five year bonding period. The five year time period would allow more time to determine whether or not there were going to be problems with a particular site and to see that problems are corrected. In closing, Senator Gage stated that in talking with people about this five year bonding period they felt this would be a sufficient time period and was better than the three year period.

The hearing was closed on Senate Bill 96.

CONSIDERATION OF SENATE BILL 103: Senator Judy Jacobson, District 36, is the sponsor of this bill. She explained this bill would add the word social worker in two places and it would provide that if a person has health insurance coverage that includes coverage for mental health services that the insured could choose to receive those services from a licensed social worker.

PROPOSERS: Sharon Hanton, National Association of Social Workers, testified this bill would provide for the inclusion of licensed social workers in the Montana Insurance Codes and would allow them to become reimbursable providers of services. She felt licensed social workers are well trained and educated and qualified to help with mental illness treatments and in some rural areas are often more accessible than a psychiatrist or a psychologist and at a cost savings too. She presented the committee with some fact sheets and an explanation of the cost effectiveness of licensed social workers. (See EXHIBIT 3)

Mr. Jim Pomroy, Chairman of the State Board of Social Work Examiners, endorses the support of SB 103. They feel that licensed social workers are very competent and well qualified professionals and they feel they should therefore have the option for being reimbursed for that knowledge and skill. (See EXHIBIT 4) Andree' Deliqdisch, a licensed social worker now in private practice in Great Falls, testified for the bill. She feels clients should be given the option of having the choice of using social workers as a treatment for mental

illness and to be reimbursed for such. She stressed that getting care rapidly is of great importance. (See EXHIBIT 5) Gail Kline, representing the Women's Lobbyist Fund, supports this bill because it offers freedom of choice, is more economical and because social workers give quality service (See EXHIBIT 6)

OPPONENTS: There were no opponents to Senate Bill 103.

Senator Williams asked where the social workers are now employed in the state and Senator Thayer wondered how many there were now presently in the state and was told there were 105, 18 of them in private practice and the rest work for mental health clinics. Senator Halligan asked if our university system is capable of training social workers. Senator Goodover asked if there were other bills in the hopper concerning licensing of more groups into our insurance program. Senator Neuman asked if there were any representatives from the insurance industry present. John Alke, attorney from Montana Physicians Service stated that if you include social workers that it is coverage that the insurance company must provide and must pay for. Gary Blewett, Administrator of Workers' Compensation, stated that in order for social work services to be provided they would have to show a direct relationship between the accident and the services in order to be treated. A discussion of whether or not it was mandated coverage was held. Senator Christiaens explained that in SB 170 last session concerning alcoholic treatment it was a mandated coverage but at the option of the purchases.

Senator Jacobson stated in closing that it is important to add social workers because it is only fair to these professionals. She urged the support of the committee for SB 103.

The hearing was closed on SB 103.

DISPOSITION OF HOUSE BILL 29: Senator Goodover moved that HB 29 BE CONCURRED IN. The motion passed unanimously.

DISPOSITION OF SENATE BILL 96: Senator Halligan expressed concern about including the clause that gives the department the authority to deal with the bill. (See EXHIBIT 7) Senator Gage moved that Senate Bill 96 be amended to add in the language allowing the department to pass regulations that are consistent with the bill. Senator Kolstad then moved that the bill PASS AS AMENDED. Discussion on just what damages are incurred in seismic exploration. The motion carried with a DO PASS recommendation.

The meeting was adjourned at 11 a.m.


Sen. Mike Halligan, Chairman

DATE JANUARY 18, 1985

SENATE BUSINESS & INDUSTRY

COMMITTEE ON

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Gail Kline	Women's Lobbyial Fund	103	✓	
Jim Madigan	Department of Revenue	HB 27	X	
D. VANDEGRAAF	Montana Petroleum	SB96	✓	
TODD HUDAK	MT. ASS. OF COUNTIES	SB96		
JUDY CARLSON	MT. CA. N.A. Soc. Wks	103	X	
CARROLL JENKINS	NASW	103	X	
Andree Albydard	Priv Practice	103	X	
Bert Ems	NASW	103	X	
Jim Pomroy	Board of Social Work Examiners	103	X	
Edna Bough				
Jenna Bough				
Lee Rickman	Board of Child Care	96	✓	
Dorothy	SD's Social Services	103	✓	
Pat Melby	Mont. Oil + Gas Ass'n	96	✓	
Sharon Henton	National Ass. of Social Workers	103	✓	
Norene Corne	National Ass. of Social Workers	103	✓	
Molly Myers	Mont. Ass. Nurses for Aging	103	✓	
Bonnie Evans	Peace Legislative Com	—		
Gary Blewett	Workers Compensation	103		information
John All	am p s	103		information
Karyn Carr	MT Inc Corp	103		information

NAME Jim Madison BILL NO. HB No 27
ADDRESS Helena DATE Jan 13, 1985
WHOM DO YOU REPRESENT Department of Revenue
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

NAME See Rickman BILL No. SB96
ADDRESS 817 Tower DATE 1-18-85
WHOM DO YOU REPRESENT Board of Oil & Gas
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

QUESTIONS AND ANSWERS REGARDING THE INCLUSION OF
SOCIAL WORKERS IN THE INSURANCE CODES OF MONTANA

1. WHAT DOES THE INCLUSION OF SOCIAL WORKERS BILL PROPOSE?

The bill provides that if a person has health insurance which includes coverage for mental health services, the insured could choose to receive those services from a licensed social worker. These services would be covered by insurance.

2. WHY IS THIS BILL NEEDED?

Recognition of social workers in the State Insurance Codes will provide consumers with the knowledge that licensed social workers are qualified providers of mental health services. It will also activate consistency of coverage and provide guidelines for insurance companies.

3. DOES THIS BILL MANDATE MENTAL HEALTH COVERAGE BY INSURANCE COMPANIES?

No. What it does is provide increased choice of qualified mental health providers to Montanans. Studies show that models of treatment used by qualified social workers are cost effective. It would decrease the burden of service on the existing subsidized state system. It would reduce existing waiting lists within the mental health system by allowing referral to private licensed social workers.

4. WHAT ARE THE ADVANTAGES OF THIS BILL TO CITIZENS OF MONTANA?

Many Montanans live in areas giving them limited access to mental health practitioners. There are more licensed social workers throughout the State of Montana who are available for providing mental health services. This will offer freedom to select the licensed practitioner of their choice.

5. DO LICENSED SOCIAL WORKERS IN OTHERS STATES GET REIMBURSEMENTS FROM INSURANCE COMPANIES FOR MENTAL HEALTH SERVICES?

Yes. Ten other states now have this legislation: California 1977; Louisiana 1977; Maryland 1977; New York 1978; Utah 1978; Virginia 1979; Oregon 1981; Massachusetts 1982; Oklahoma 1982; and Kansas 1982.

6. WHAT REQUIREMENTS MUST A SOCIAL WORKER MEET TO BE LICENSED IN MONTANA?

Licensed social workers must have a minimum of a master degree in social work, 3,000 hours of practice in psychotherapy and pass a review by the Board of Social Work Examiners as well as a written test.

7. WHAT SAFEGUARDS INSURE QUALITY SERVICES BY LICENSED SOCIAL WORKERS?

The State Board of Social Work Examiners has the power to investigate reported unethical behavior of social workers. If it is proven that a social worker has acted in an unprofessional manner toward a client, his/her license can be revoked.

The Montana Chapter of the National Association of Social Workers through its Committee on Inquiry also has the power to investigate claims made against social workers.

Nationally, a peer review board has been established by the National Association of Social Workers to aid insurance companies in screening various claims. Its purpose is to have an independent body look at various mental health treatment modalities and decide whether appropriate treatment and reimbursement is being provided.

8. WILL THIS BILL INCREASE INSURANCE RATES?

No. This bill asks for social workers to be included in the range of licensed mental health practitioners. It does not mandate or increase insurance benefits.

The CHAMPS study showed a savings of \$250,000 during their one year evaluation period during which they allowed clinical social workers to provide mental health services to the military personnel. These results were so positive that the military authorized the continuation of certified or licensed social workers as CHAMPUS providers.

FACT SHEET

COST EFFECTIVENESS OF LICENCED SOCIAL WORK SERVICES

A. Effect on Utilization of Medical Services

1. The meta-analysis of 475 controlled psychotherapy studies included a review of 11 studies to determine the use of psychotherapy on the utilization of general medical services. Results of those studies indicate that the average reduction of utilization of other medical services following psychotherapy was 14%.¹

2. 25 studies were reviewed to determine whether treatment for alcoholism, drug abuse, or mental illness would reduce subsequent general medical care use. Twelve studies found reductions of 5% to 8.5% in medical care utilization by study groups subsequent to a mental health intervention. The 12 studies also showed reduction of 26% - 69% in utilization of medical care by study groups after treatment for alcohol abuse. Thirteen of the 45 studies used some form of comparison groups and 6 of the 13 were health studies. By comparing the six study groups with their control groups, they found the relative reductions of medical utilization were: 68%, 8%, 26%, 36%, 21%, and 66.5%.²

3. Studies at Kaiser-Permanente in San Francisco revealed that high medical users significantly reduced their utilization of medical services following psychotherapy, and that the costs of psychotherapy were offset by the savings in general medical costs.³

4. Comparable outcomes are reported in terms of improved attendance, productivity and reduced medical claims when employers offer employee assistance programs that utilize social workers as therapists.⁴

B. Effects on the Cost of Psychotherapy

1. "The Defense Department's CHAMPUS Program for dependents of military personnel estimates that it saved over \$253,000 between December 1980 and March 1982 through its experimental reimbursement of clinical social workers.

The estimate is based on a comparison of the fees charged by social workers and psychiatrists in 32 states where 8 CHAMPUS insurance carriers have been reimbursing clinical social workers independent of physician supervision or referral. A report on the fee comparison appeared in the October 1982 NEWS.

CHAMPUS'S savings estimate is contained in an interim report on claims activity from October 1981 through March 1982."⁵

2. In 1974, a nationwide study done by the National Institute of Mental Health indicated that the average cost per fifty minute in-patient visit with a psychiatrist was \$32. The same type

visit with a clinical social worker cost \$27. An outpatient visit cost the patient \$35 cf. \$26 respectively.⁶

3. Blue Shield of Colorado indicated that in their experience, reimbursed fees for licensed clinical social workers "seem to approximate fees that are 20% less than the physician community."⁷

Finally, it should be noted that the President's Commission on Mental Health has recognized and endorsed the need for third-party reimbursement towards social workers recognized or licensed by the state.

BIBLIOGRAPHY

1. Mumford, Emily; Herbert J. Schlesinger, and Gene V. Glass. "Effects of Psychological Intervention on Recovery from Surgery and Heart Attacks." American Journal of Public Health, Volume 72, No. 2, February, 1982. P. 141 ff.
2. Jones, op. cit. See also "The Implications of Cost Effective Analysis of Medical Technology: The Efficacy and Cost of Psychotherapy." Washington, D.C.: Congress of the United States, Office of Technology Assessment, 1980.
3. Cummings, Nicholas A. and W.T. Follette. "Brief Psychotherapy and Medical Utilization: An eight Year Follow-up." In H. Dorken, ed., The Professional Psychologist Today: New Developments in Law, Health Insurance and Health Practice. San Francisco: Jossey-Bass, 1975.
4. Schmidt, Sylvia A. Licensed Clinical Social Workers as Providers of Mental and Nervous Disorders Services. National Association of Social Workers, California Chapter, 1976.
5. "CHAMPUS Study Finds Social Work Services Effective in Cutting Costs." NASW NEWS, January, 1983, p. 2 (final report available from OCHAMPUS or NASW)
6. Cited in Schmidt, op. cit. Similar data are reported in the "Annual Survey of Fees" of Psychotherapy Finances.
7. Correspondence of Walter Chan, Senior Actuarial Analyst, to John B. Milnes, MSW, June 3, 1980.

GLS Associates, Inc.

CONSULTANTS TO HEALTH CARE ORGANIZATIONS

C MITCHELL GOLDMAN
RICHARD S. LATUCHIE
SUSAN C. SARGENT

DELAWARE STATE LEGISLATURE

TESTIMONY ON HOUSE BILL 143

BY

SUSAN C. SARGENT, CMC
GLS ASSOCIATES, INC.

May 23, 1983

Good afternoon and thank you for allowing me to present my testimony on House Bill 143, an act to extend payment under private health insurance policies to licensed clinical social workers in Delaware.

My name is Susan C. Sargent. I am a Certified Management Consultant and the President of GLS Associates, Inc., a health care management consulting firm established in 1974.

I was asked by the Delaware Third-Party Payment Coalition to testify today because of my national reputation and experience with regard to private health insurance coverage of mental health benefits. Specifically, I have conducted two national studies and five state-specific studies on the estimated cost and utilization impact of legislatively requiring the inclusion of various mental health benefits and

providers under private health insurance policies. Each state-specific study has been prepared in conjunction with proposed legislation and has been conducted as a research project, not an advocacy project. The results of these studies have been circulated nationally and are regarded to be fair and reasonable estimates of the cost increases per person per year which would result from passage of state legislation.

I am familiar with the provisions of House Bill 143 and the opinions surrounding it, both those in favor and those in opposition. I have been asked by the Delaware Third-Party Payment Coalition to specifically address the cost and utilization concerns, having conducted a short-term study on the experience of other states with similar legislation in place, and on the potential effects in Delaware should the legislation pass.

First, I think it is important to understand the nature of mental health benefits under private health insurance, especially with regard to outpatient mental health benefits, since these will be the primary services rendered by licensed clinical social workers (LCSWs).

Over the last ten years, the utilization patterns of mental health services by privately insured populations have been extensively studied and found to be predictable and insurable. Samples of these study findings on the utilization of outpatient mental health services are presented in Exhibit I. The samples have been selected to present (1) recent findings, i.e., since 1974, and (2) findings from studies of populations in a variety of insurance settings, e.g., Blue Cross/Blue Shield, HMO's, CHAMPUS.

As can be seen in Exhibit I, outpatient mental health services are used by 45-50 persons for every 1,000 people insured and result in 5-9 visits per year. On average, studies have shown mental health benefits to have predictable utilization patterns. Even with the most generous health insurance coverage, such as that of the Federal Employees Health Benefit Plan in 1977, the users of outpatient mental health services had fewer than 20 visits per episode. Thus, outpatient mental health services provided by a range of providers, e.g., psychiatrists, psychologists, social workers, mental health centers, have increasingly been covered under private health insurance policies.

In studying the utilization and cost of privately insured outpatient mental health benefits, however, rarely have researchers examined the difference in utilization among providers. Perhaps the most highly regarded of the studies which have focused on provider differences has been the Mental and Nervous Disorder Utilization and Cost Survey (MANDUC Survey), which was a "...statistical aggregation of all outpatient claims in one year..." for persons in Washington, D.C. covered by Blue Cross/Blue Shield under the Federal Employees Health Benefit Plan (FEHBP). In this particular plan, there was a deductible of \$100-\$200, after which the benefits covered 75-80 percent of the usual, customary, and reasonable charges of outpatient mental health services rendered by psychiatrists and psychologists, as well as social workers and psychiatric nurses under physician supervision. The only limitation on the benefit was a maximum lifetime payout of \$50,000.

EXHIBIT I

UTILIZATION RATES OF OUTPATIENT MENTAL HEALTH SERVICES FOR POPULATIONS INSURED FOR OUTPATIENT MENTAL HEALTH SERVICES

	<u>USERS PER 1,000 ENROLLEES</u>	<u>VISITS PER 1,000 ENROLLEES</u>	<u>VISITS PER USER PER YEAR</u>
Blue Cross of Western Pa. ¹ (1974)	11.1	58.9	5.3
CHAMPUS - 10 State Exp. ² (1975)	25.4	353.2	13.9
Columbia Medical Plan ³ (1975)	68.7	404.7	5.9
BC/BS of Michigan ⁴ (1975)	45.6	183.5	5.9
FEHBP-Washington, D.C. ⁵ BC only - 1977	20.4	667.5	19.5
Seattle Prepaid Health Care Project ⁶ (1975)	84.0	432.0	5.2
Washington State Employees ⁷ (1980)			
BC/BS	54.0	577.5	10.0
PGP	89.0	293.3	3.4
IPP	80.0	197.8	2.4
Total	73.0	364.8	5.5
MD-RANGE	45-50	350-355	5-9

PREPARED BY: GLS Associates, Inc., Philadelphia, PA, May 1983.

(Footnotes on next page)

- 1 Jameson, John, M.A.; Shuman, Larry J., Ph.D.; and Young, Wanda W., Sc.D.; "The Effects of Outpatient Psychiatric Utilization on the Costs of Providing Third-Party Coverage," Medical Care, 16:5, May 1978, pp. 383-359.
- 2 Dorken, Herbert, "CHAMPUS Ten-State Claim Experience for Mental Disorder: Fiscal Year 1975," American Psychologist 32, 1977, pp. 697-710.
- 3 Hankin, Janet R., Ph.D.; Steinwachs, Donald M., Ph.D.; and Elkes, Charmian, M.D.; "The Impact on Utilization of a Copayment Increase for Ambulatory Psychiatric Care," Medical Care, 18:807-815, August 1980.
- 4 Liptzin, Benjamin, M.D.; Regier, Darrell A., M.D., M.P.H.; and Goldberg, Irving D., M.P.H.; "Utilization of Health and Mental Health Services in a Large Insured Population," American Journal of Psychiatry, 137:5, pp. 553-558, May 1980.
- 5 Towery, O. B., M.D.; Sharfstein, Steven S., M.D.; and Goldberg, Irving D., M.P.H.; "The Mental and Nervous Disorder Utilization and Cost Survey: An Analysis of Insurance for Mental Disorders," American Journal of Psychiatry, 137:9, p. 1065-1070, September 1980.
- 6 Williams, Stephen J., Sc.D.; Diehr, Paula, Ph.D.; Drucker, William L., MBA; and Richardson, William C., Ph.D., "Mental Health Services: Utilization by Low Income Enrollees in a Prepaid Group Practice Plan and in an Independent Practice Plan," Medical Care, 17:139-151, 1979.
- 7 Diehr, Paula, Ph.D.; Williams, Stephen J., Sc.D.; Martin, Diane P., Ph.D.; and Price, Kurt, M.S.; "Mental Health Services Utilization and Costs in Three Provider Plans," Unpublished paper, University of Washington, Seattle, Washington, August 1982.

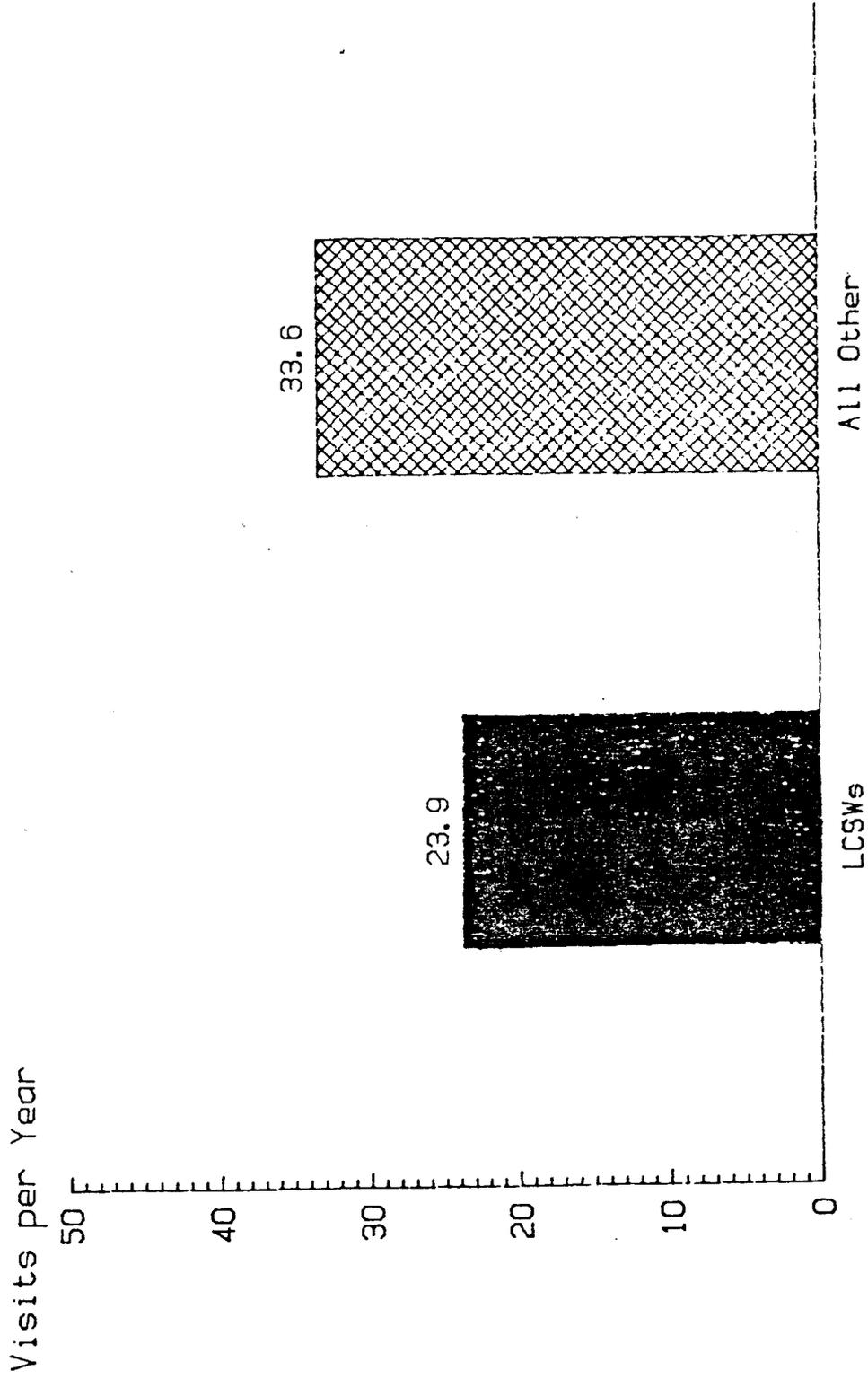
As can be seen in Exhibits II and III, the MANDUC Survey findings revealed major differences in utilization and cost among the providers. Specifically, the survey found that:

- The average number of visits per individual seen by a social worker was 23.9, whereas the average for individuals seen by the other providers was 33.6. Thus, social workers provided fewer visits per individual. Much of this differential is attributable to the difference in patients seen by providers. Psychiatrists often see the more severely or chronically ill patients, whereas LCSWs most often see patients for whom psychotherapy on a short-term basis is appropriate.
- The average amount paid by the insurer per visit was \$30 for social workers as compared to \$41 for all other providers. Thus, on average, the social workers were charging 73 percent of the average charged by all other providers.
- As a result, social workers were providing roughly 12 percent of the services and receiving 9 percent of the revenues.

In sum, while utilization under FEHBP is higher than most insurance plans given the very generous benefits, it can be concluded that social workers saw patients for fewer visits, on average, and charged less per visit, resulting in a lower overall cost per episode of illness, than those providers most often covered under health insurance plans, i.e., psychiatrists and clinical psychologists.

EXHIBIT II

AVERAGE NO. OF OUTPATIENT MENTAL HEALTH VISITS PER USER PER YEAR BY PATIENTS OF LCSWs AND ALL OTHER COVERED PROVIDERS, FEHBP, WASH., D. C., 1977



Type of Covered Provider

PREPARED BY: GLS Associates, Inc., Philadelphia, PA, May 1983.

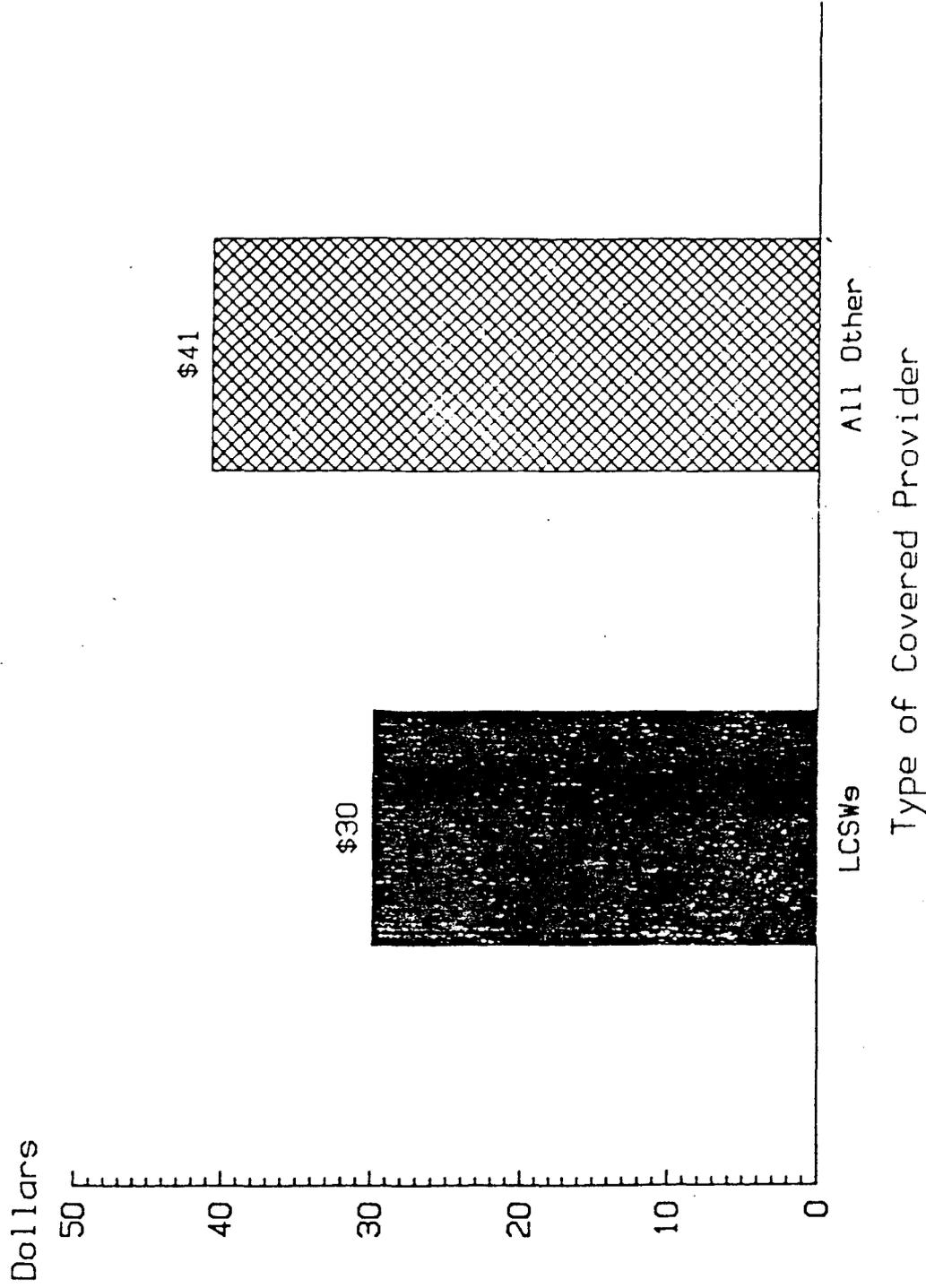
SOURCE: Towery, O.B., M.D.; Sharfstein, Steven, S., M.D.; Goldberg, Irving, D., M.P.H.,

"The Mental and Nervous Disorder Utilization and Cost Survey: An Analysis of

Insurance for Mental Disorders", American Journal of Psychiatry, 1979,

EXHIBIT III

AVERAGE PAYMENT PER OUTPATIENT MENTAL HEALTH VISIT FOR PATIENTS OF LCSWs AND ALL OTHER COVERED PROVIDERS, FEHBP, WASHINGTON, D. C., 1977



PREPARED BY: GLS Associates, Inc., Philadelphia, PA, May 1983.

SOURCE: Towerly, O.B., M.D.; Sharfstein, Steven, S., M.D.; Goldberg, Irving, D., M.P.H., "The Mental and Nervous Disorder Utilization and Cost Survey: An Analysis of Insurance for Mental Disorders", American Journal of Psychiatry, 137:9,

While it is important to note that mental health services generally are insurable and that services provided by social workers to privately insured individuals are less extensive and expensive, the focus must now be placed on the impact that including licensed clinical social workers under private health insurance in Delaware would engender. That is, what changes in utilization and cost could be anticipated in Delaware should the proposed legislation pass?

Focusing first on utilization, there are three possible situations which could result in increased utilization of mental health services in Delaware:

- Clients who are already receiving care from social workers could have more visits;
- More clients could seek mental health services from social workers when the services are paid for by insurance; and
- More LCSWs could enter the mental health system.

I would like to briefly address each of these potential situations. However, in considering these three potential situations it is important to note the following:

H.B. 143 would not increase the scope of benefits nor would it expand coverage to persons not currently insured for outpatient mental health services. The legislation would only increase the range of providers who could be reimbursed for rendering mental health services within the existing visit and/or dollar limitations of policies which already cover outpatient mental health services.

MORE VISITS

In all likelihood, there will be more claims submitted to insurers for mental health services rendered by social workers should the proposed legislation pass. These claims, however, will result primarily from more services being paid for by insurance.

That is:

- Privately insured clients who currently must pay out-of-pocket for mental health services delivered by LCSWs will now have insurance coverage for LCSWs. Visits which were previously paid for by the client, will now be submitted to insurers. As a result, there will be more claims for visits, but no actual increase in utilization; rather, it will be purely a matter of payment transfer.
- Privately insured patients whose coverage will pay for LCSW visits if the legislation passes, may indeed have more visits than when they were paying out-of-pocket. This may be due to reduced financial barriers for patients, i.e., patients in need of continuing care who previously could not afford to pay out-of-pocket for services will now be able to stay in care. It should be noted, however, that LCSWs, similar to other licensed mental health providers in Delaware, have quality review procedures established. Also, it should be remembered from the MANDUC Survey mentioned above, that LCSWs deliver fewer visits per person per episode than do most of the other mental health professions when all are covered by private health insurance.

In sum, the vast majority of increased insurance claims for mental health services will not be due to an increase in the utilization of services, but rather a transfer in the payment mechanism.

MORE CLIENTS

In assessing the potential impact of the proposed legislation on the number of people using mental health services, it is important, at the outset, to distinguish between more clients and more claimants.

- Claimants are insured persons who use services and submit claims to insurers for payment of benefits under their policy.
- Clients are persons who receive health services, including, as in this case, outpatient mental health services.

Clients are claimants when they submit claims to their insurer for payment. At the same time, there are clients with insurance coverage who, for one reason or another, do not submit claims.

With this distinction in mind, there are three possible sets of individuals who would be affected by passage of the proposed legislation:

1. Persons with outpatient mental health coverage not currently receiving services who would go to an LCSW if they were covered.

Often, opponents of mental health insurance coverage, regardless of the eligible provider, state that there will be an influx of clients into the mental health system once "somebody else is paying the bills". This has not been documented over time in carefully designed and monitored insurance plans.

In fact, a recent study has shown that the demand for outpatient mental health care changes little, or is inelastic, when insurance coverage is increased.*

2. Clients with outpatient mental health coverage who are currently seeing other mental health providers who would change to LCSWs if they were covered.

Since claims are already being submitted to insurers for outpatient mental health services, these clients will not increase in number, from the insurers perspective, should the legislation pass. However, since clients seeing LCSWs tend to have fewer visits per episode, a decrease in utilization could be anticipated.

3. Clients with outpatient mental health coverage currently receiving services from an LCSW and paying out-of-pocket who would be insured.

From the insurers' perspective, these clients will represent an increase in volume, since a transfer of payments will result in more persons filing claims. However, this will not represent an overall increase in clients, but rather an increase in claimants arising from the expanded coverage. The extent to which the number of claimants would increase in Delaware has been estimated, based on a survey of Delaware LCSWs, and is presented in my findings at the end of this testimony.

* Rafferty, John, Ph.D., and Rafferty, E. Lise, M.A., "Health Insurance and the Utilization of Mental Health Services", report submitted to the National Institute of Mental Health, DHHS, under small grant Number 1 R03 MH 36939-01, 1982.

MORE LCSWs

In my opinion, it is unlikely that Delaware will experience either a major influx of LCSWs from outside the state or a groundswell of applications for licensure from social workers within the state should the legislation pass. While some providers within the state will either open or expand their private practices, utilization data from the Federal Employees Health Benefits Plan (FEHBP) indicates that the demand for mental health services in Delaware is lower than that of the nation as a whole as well as seventeen other states. Further, the benefits paid out per person covered by Blue Cross/Blue Shield under FEHBP in Delaware was lower than that of twenty-one other states (1979).* It should be noted that the supply of providers per 100,000 population in Delaware does not differ significantly from the nation as a whole. Thus, the lower utilization could not be attributed to a smaller supply of manpower. As such, the demand for mental health services by privately insured persons is not likely to spur the private practice market for social workers once legislation passes.

Nor, can an influx of providers from out-of-state be anticipated. Since Maryland and Virginia already require the coverage of social workers, neither the novelty nor the prevalent insurance packages would be sufficiently extraordinary to attract large numbers of providers.

To summarize the potential effect of the proposed legislation on the utilization of mental health services, it can be safely assumed that more claims for services will be submitted primarily as a function of an increase in the number of claimants not clients.

* Krizay, John, M.A., "Federal Employees Experience as a Guide to the Cost of Insuring Psychiatric Services in the Various States", National Institute of Mental Health, DHHS, Rockville, MD, 1982.

UTILIZATION AND COST FINDINGS

With regard to the cost and utilization increases which could be anticipated to accompany the passage of H.B. 143, it is first important to understand how outpatient mental health services rendered by LCSWs in Delaware are currently delivered and financed.

In March 1983, surveys were sent to the 80 licensed clinical social workers and five family service agencies in Delaware. Responses were received from 35 LCSWs, representing a 40 percent return rate, and four of the five agencies.

Within the family service agencies, there were 11.25 full-time equivalent (FTE) LCSWs who saw an average of 14.50 patients per FTE LCSW per week. The majority of these patients were seen for one-hour individual psychotherapy services and, on average, were seen for six visits per episode of illness.

Of those patients seeing LCSWs at the agencies, 40 - 50 percent, on average, had private health insurance coverage for outpatient mental health services; however, virtually none of their policies covered the services of LCSWs. The average charge per hour for the one-hour psychotherapy sessions was reported to be \$40.00.

With regard to the survey of LCSWs in private practice, approximately 50 percent of those responding see patients in private practice. The other half were divided among clinical activities in mental health centers, family service agencies and hospitals, and administrative activities. Most of the respondents with private practices saw patients for 15 hours or less per week. Only 2 of those responding could be said to have full-time private practices.

Fifty percent of the LCSWs with private practices work in conjunction with psychiatrists and psychologists. While approximately 75 percent of their clients have health insurance coverage for outpatient mental health services, few of these policies cover the services of licensed clinical social workers; the LCSWs must therefore bill third-party payors through the psychiatrists and psychologists with whom they associate.

For those LCSWs with private practices who are not billing through psychiatrists or psychologists, and for those clients without health insurance coverage for outpatient mental health care, services are billed directly to the client, in many cases on a sliding fee scale.

As such, outpatient mental health services rendered by LCSWs in Delaware are currently financed under insurance policies by two possible mechanisms and at two different rates:

Charge per LCSW per hour when billed through psychiatrist/psychologist to insurer	\$ 46.81
Charge per LCSW per hour when billed directly to insurer	39.63

Thus, there is a \$7.18 differential between LCSWs billing insurers directly and LCSWs billing through physicians or psychologists. These cost differentials will result in significant savings in charges per visit should H.B. 143 pass, since LCSWs will be able to bill directly at the lower rate rather than having to bill through psychiatrists and/or

psychologists. Specifically, by extrapolating the findings of the surveys to the LCSW and family service agency population as a whole, a gross savings of approximately \$130,000 could be anticipated in the first year (1983 dollars).

This savings, however, will be offset by new costs to the insurers associated with new claimants. Again, extrapolating from our survey findings, it could be anticipated that approximately 3,100 new claimants would arise in the first year following passage of the legislation, resulting in approximately \$125,000 in new claims to the insurers.

In sum, it could be anticipated that the cost savings would be more than offset by the anticipated increase in claims volume generated by new claimants, such that there would be no additional costs associated with the passage of H.B. 143.

This is supported by experience in other states where similar legislation has passed. In no case has there been a premium increase requested by insurers attributable to the coverage of licensed clinical social workers. Further, the Civilian Health and Medical Plan for the Uniformed Services (CHAMPUS) has claimed an overall savings of \$250,000 attributable to the coverage of LCSWs.

In sum, while my estimates of the cost savings and expense associated with the passage of H.B. 143 are rough projections, they are conservative and represent a fair and reasonable approach to analyzing the legislation's potential impact.

I would be happy to respond to any questions now. In my absence following today's hearing, questions should be addressed to the Delaware Third-Party Payment Coalition who, as necessary, will contact me for clarifications and/or responses.

Thank you for this opportunity to testify.

NAME James Downey BILL No. 103
ADDRESS Sta Rte Box 129, Clancy DATE 1/18/85
WHOM DO YOU REPRESENT Board of Social Work Examiners
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

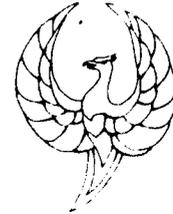
NAME Anikree Delgado BILL No. SB 103
ADDRESS 3016 Central DATE 1/18/85
WHOM DO YOU REPRESENT Private Practice + NASW
SUPPORT OPPOSE AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

WOMEN'S LOBBYIST FUND

Box 1099
Helena, MT 59624
449-7917



January 18, 1985

TESTIMONY IN SUPPORT OF SB 103

Mr. Chairman and members of the Business and Industry Committee:

The Women's Lobbyist Fund (WLF) supports SB 103 and I, Gail Kline, am speaking in favor of this bill for three major reasons: freedom of choice, economics, and that social workers give quality service.

Freedom of Choice: By adding social workers, a largely female profession, to our Montana Code's existing list which is largely composed of male professions, we give clients another choice that insurance will cover.

Economics: A social worker offers a less expensive alternative for those who need it. For example, in Billings, the going rate for a psychiatrist is about \$100 per hour, a psychologist is \$70 to \$85 per hour and a social worker is \$30 to \$50 per hour, with \$68 as "tops". In states where social workers and counselors have been included, insurance rates have not gone up.

Quality Service: Under our state law, social workers are required to hold a doctorate or master's degree in social work, must have 3,000 hours of practice in psychotherapy within the past five years and pass an examination.

SB 103 will aid clients in receiving more choices for excellent mental health services that will be covered by insurance.

The WLF urges you to pass SB 103.

EXHIBIT 6
BUSINESS & INDUSTRY
January 18, 1985

STANDING COMMITTEE REPORT

JANUARY 18

85

19.....

MR. PRESIDENT

BUSINESS & INDUSTRY

We, your committee on.....

having had under consideration..... HOUSE BILL No. 29

third reading copy (blue)
color

MOVING CONTRACTOR RESIDENCY DETERMINATION FROM DEPT. OF REVENUE TO COMMERCE

Respectfully report as follows: That..... HOUSE BILL No. 29

BE CONCURRED IN

~~DO PASS~~

~~XXXXXXXXXX~~
DO NOT PASS

Sen. Mike Hailigan.....

Chairman.

STANDING COMMITTEE REPORT

JANUARY 18

19 35

MR. PRESIDENT

We, your committee on **BUSINESS & INDUSTRY**

having had under consideration..... **SENATE BILL** No. **96**

first reading copy (white)
color

PROVIDE FOR GEOPHYSICAL EXPLORATION BY MEANS OTHER THAN EXPLOSIVES

Respectfully report as follows: That..... **SENATE BILL** No. **96**

be amended as follows:

1. Page 6.

Following: line 15

Insert: "NEW SECTION. Section 6. Extension of authority.

Any existing authority of the board of oil and gas conservation to make rules on the subject of the provisions of this act is extended to the provisions of this act."

AND AS AMENDED

DO PASS

~~DO NOT PASS~~

Sen. Mike Halligan

Chairman.