

Behavioral Health: Developing A Better Understanding

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A COMPREHENSIVE LOOK AT BEHAVIORAL HEALTH FINANCING

There is no great mystery about how public alcohol, drug addiction and mental health systems should operate. An effective mental health system will include a fully-funded comprehensive continuum of care, in which state hospitals for the most severely ill are fully integrated with a spectrum of community based services, such as short-term inpatient facilities, crisis centers, Assertive Community Treatment teams, housing and job placement programs, and jail diversion. The key is a balance between adequate inpatient slots and a robust set of community services that keep people out of inpatient beds. A similar continuum of care is also required for treating addiction ranging from residential services to outpatient services and supports. According to New York's Mental Health Commissioner Mike Hogan, there are three fundamentals that serve as the hallmarks of a healthy system serving people with alcohol, drug addiction and mental health needs: 1) a relatively localized structure – such as counties or community services boards – that can both coordinate and take responsibility for a patient's care; 2) the financing array of state, federal and local funds has to align with that localized system of care; and 3) the funds have to be adequate enough to do the job and be sustainable over time.

Ohio is known nationally for having been a pioneer in creating the hallmarks of a healthy system, which is why in 2006, Ohio was one of only two states that rated a solid B by the National Alliance for Mentally Ill's Grading the States. Today, however, that rating has fallen largely because the continuum of care is not being funded at a time when demand for services is at an all-time high. The consequences are being felt across Ohio, with an average of three Ohioans dying by suicide¹ and four Ohioans dying because of drug-related overdoses every day². The economic impact is also staggering, with the weight of untreated behavioral health falling to emergency rooms, prisons and jails, Medicaid, and lost student and employer productivity.

¹ Ohio Suicide Prevention Foundation; ² Ohio Hospital Association

- The Ohio Business Roundtable estimates that improving the diagnosis of depression could lead to \$350-\$450 million per year in increased productivity for Ohio's employers.
- Avoidable hospitalizations for people with a severe mental illness has been identified by the Governor's Office of Health Transformation as a "Medicaid Hot Spot."
- The total Medicaid cost of an individual with a substance abuse problem who receives treatment is 50% less than for an addicted individual who does not receive treatment. (ODJFS)
- The average national cost of substance abuse treatment is approximately \$1,600. This investment returns \$11,487 benefit to society. (SAMHSA)

"There are things happening in the mental health care system you couldn't imagine happening in the so-called 'health system' – as if the parts of the body are disconnected. I can tell you that there's no parallel thing happening in American cardiology. People are not languishing or being neglected in cardiology wards across America."

Dr. Ken Duckworth, NAMI Medical Director

Overview of Behavioral Health Funding

Funding for Ohio's behavioral health system comes from a mixture of federal, state and local sources. All of these sources are facing unique and unprecedented challenges that are necessary to appreciate in order to get a complete picture of the resources available to piece together a local continuum of care.

Mental Health Funding

Federal:

Medicaid Match – The largest amount of federal support for mental health comes from the federal share of Medicaid match. This year, Ohio is having to adjust to lower levels of federal reimbursement due to the end of enhanced rates through federal stimulus funds. Additionally, for the first time, ODMH is proposing to set limits on the community mental health Medicaid benefit.

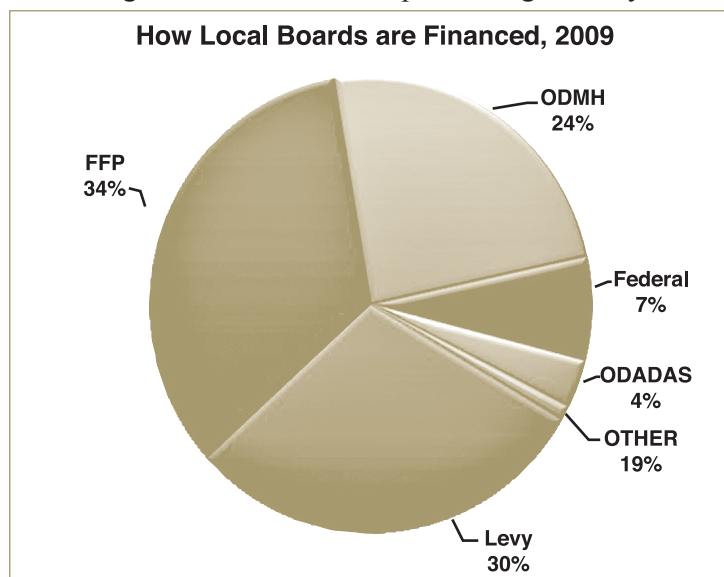
Mental Health Block Grant – Ohio receives \$14 million from the mental health block grant. The future funding level of this block grant is in question for two reasons: 1) The federal formula uses population as a factor and Ohio lost population as compared to other states in the latest census; and 2) Federal budget pressures may lead to reduced funding levels.

State:

For years, the state gave local alcohol, drug addiction and mental health boards an allocation from which to pay for the following: purchasing bed days in state psychiatric hospitals; paying the state's share of Medicaid match; and purchasing community services and supports. Over time, the Medicaid match obligation and the cost of purchasing bed days in the state hospitals continued to rise, while the total amount of state funding declined precipitously. Thus, the funding left to purchase critical and cost effective community services has greatly diminished over time.

Local:

Local property tax levies raise approximately \$340 million to help fund the community system of care. Two factors are jeopardizing this source of local funding: 1) H.B. 153, the biennial budget bill, as introduced proposes to significantly reduce tangible personal property tax reimbursements that help hold local governments harmless from the state's decision to do away with a local tax and replace it with a state tax; and 2) With the difficult economy, property values are declining which negatively impacts property tax collections.



Alcohol & Drug Addiction Funding

Federal:

Medicaid Match – The federal share of Medicaid match provides support for alcohol and drug addiction treatment services. This year, Ohio is having to adjust to lower levels of federal reimbursement due to the end of enhanced rates through federal stimulus funds.

Substance Abuse Prevention & Treatment Block Grant – This block grant is larger than the federal block grant for mental health. The future funding level of this block grant is also in question for the same two reasons as the mental health block grant.

State:

The state has traditionally given local alcohol, drug addiction and mental health boards an allocation from which they pay the state's share of Medicaid match and fund a local system of care. However, Medicaid spending has grown particularly fast for alcohol and drug addiction treatment, while the state funding has declined, leaving little to fund critical and cost effective community services.

Local:

In many areas levies are used to help fund these services, but the decreasing reimbursement for lost tangible personal property tax collections and declining property values pose a significant challenge.