

Testimony to the Health and Human Services Budget Sub-Committee

I want to thank the members of the Health and Human Services Budget Sub-Committee for inviting me here today. I would like to use this opportunity to briefly share with you a little bit of background about our organization before I offer comment on Division VI of the bill. Orchard Place was founded over 120 years ago as the Des Moines Children's Home and has been providing services to children and families in this community continuously since then. Last year we provided services to more than 6000 children. Orchard Place is proud to be accredited by The Joint Commission formerly known as the Joint Commission on Accreditation of Health Care Organizations (JCAHO); today we have over 300 employees including 3 Psychiatrists, 6 Psychologists, 2 Nurse Practitioners and 60 mental health counselors and clinicians at the highest levels of professional accreditation. The committee might be interested to know that on any given day Orchard Place provides educational programming to nearly 200 children through a partnership with the Des Moines public schools.

Orchard Place operates the only accredited community mental health center focused solely on treatment of children in the state through our Child Guidance Center. We provide outpatient counseling services, administer the Child Care Resource and Referral of Central Iowa contract, partner with the United Way to place mental health counselors in close to 60 schools in Des Moines, most of which have been targeted by Annie E. Casey, as well as many other mental health and outreach services to the community. We appreciate the work of this committee on this specific piece of legislation as it relates to the ABCD II, renamed 1st Five - Healthy Mental Development program, and Community Empowerment.

Orchard Place also encompasses the PACE Juvenile Center, which provides in-home, community based services to children involved in the juvenile justice system and children who are at risk. No doubt your deliberations in coming weeks will affect these services in the area of juvenile justice funding and the transition from RTSS services to Remedial services.

Orchard Place is perhaps best known for our residential campus, which is a 103 bed Psychiatric Medical Institution for Children (PMIC), which will be the focus of our testimony here today. Our PMIC provides in patient treatment to the most seriously mentally ill children. The average age of children on our campus is 13 and each has had an average of five prior failed placements before they enter care. Children in our care typically stay for approximately 10 months. It can be difficult to think of children so young suffering from such serious illness, but I can provide assurance that the majority of these children demonstrate incredible resilience when connected to appropriate and intensive treatment for their illness.

The 2004 General Assembly passed HF 420, Mental Health Parity legislation which was supported by Orchard Place. That legislation stipulated insurance payment for thirty days of in patient treatment. The next year the 2005 General Assembly passed HF 538, with the support of Orchard Place, which established the Children's Mental Health Waiver and

eliminated the requirement that families relinquish custody of their children in order to access payment for mental health treatment for their seriously ill children. These pieces of legislation are related because the effect of the passage of HF 538 has caused a significant spike in the number of voluntary, non-CINA admissions to our residential campus.

Two years ago the number of voluntary admissions to our residential campus was approximately 6-7% of total admissions. Today voluntary admissions represent nearly 70% of our total admission. With this dramatic increase in voluntary admissions has come a dramatic increase in the number of children and families seeking care who have private insurance.

I don't have to tell the committee that state and federal Medicaid law requires that Medicaid be the payer of last resort for reimbursement of services provided at the PMIC. Many families seeking assistance understand this as well. Children who enter care at our PMIC become eligible for Medicaid as a household of one once they have been in our care for thirty days. Insurance reimbursement for the approximately 40% of children in our care who have private insurance has been inconsistent from some carriers and non-existent from others. Our current insurance reimbursement is approximately 3% of our bed days.

During the 2006 legislative session Orchard Place sought clarification to the Mental Health parity statute that services provided in a Psychiatric Medical Institution for Children meet the level of care to qualify as 'in patient' under that statute and require coverage for the first 30 days of treatment. We were not successful. It is our opinion that services in our facility are covered by the existing law, but there is sufficient disagreement and ambiguity that we are again requesting clarification to the law that is contained in Division VI of this bill.

Orchard Place views this issue as one of fiscal responsibility for the state's Medicaid program, which is currently providing reimbursement when insurance reimbursement has been denied. We are grateful for the policies of the state and federal government which provides this safety net for families of children who suffer from profound mental illness. We also view this as an issue of fundamental fairness to families who work hard, pay their premiums and expect this insurance coverage when seeking treatment for their children.

Included in your handouts is a spreadsheet with our rough estimates of the fiscal impact of this clarification on our facility. We also took our experience and generalized it to all PMICs in the state.

I appreciate the committee's time and willingness to discuss this issue. Thank you.

Brock Wolff
Chief Executive Officer
Orchard Place

INSURANCE COVERAGE FOR INPATIENT DAYS

	Orchard Place	All PMIC's
Avg insurance pmt per day	\$ 300	\$ 300
# of days of coverage	30	30
Pmt per client for 30 days	\$ 9,000	\$ 9,000
Avg number of admissions per year	120	500
Avg number covered by insurance	40%	40%
# of admits covered by insurance per year	48	200
Payment per client for 30 days (per above)	\$ 9,000	\$ 9,000
# of admits covered by insurance per year (per above)	48	200
Total payment by insurance	\$ 432,000	\$ 1,800,000
Total payment by insurance (per above)	\$ 432,000	\$ 1,800,000
Total payment that would have been recd under Medicaid	\$ 231,000	\$ 964,000
Net effect of insurance over Medicaid	\$ 201,000	\$ 836,000

Note 1 - assumed 425 PMIC beds in the state

Note 2 - clients have insurance coverage in roughly 40% of all OP cases

Note 3 - estimate based on FY 2006 data

Note 4 - this assumes with mental health parity that all plans include 30 days of coverage and that none have been used. It also does not take into effect those plans that have have more than 30 days of coverage.

Note 5 - Medicaid daily per diem is \$160.71