



Northeast Iowa Behavioral Health, Inc.
a dba of Northeast Iowa Mental Health Center

Promoting Recovery and Quality of Life

February 13, 2007

Senators Hatch, Johnson, Ragan, Kreiman, and Seymour
Representatives Foege, Smith, Heaton, Gayman, Abdul-Samad, Granzow, Miller, Palmer, and Tomenga
Iowa State House
Des Moines, Iowa

Dear Senators and Representatives:

Please excuse this group letter, but I wanted to address all of you on the Senate and House Health & Human Services Budget Subcommittees.

I realize that you are all aware of the pending crisis in our mental health delivery system. I presume that the solutions that you have been offered are varied and perhaps conflicting. I wanted to add my own observations and suggestions to the mix. I speak only as a community mental health provider and address primarily the needs in that system.

It has been suggested by some that infusing 20 million dollars into the county system or eliminating the cap on tax levies is all that is needed. That may possibly speak to some of the MR/DD concerns, but it does not begin to address the unraveling of the community mental health safety net in our state. In fact, a short term propping up of the county system would not benefit most mental health centers, and would have zero impact on our center. Last year you passed into law, HF 2780, a significant step forward in much needed system transformation. The work is not done and we need companion legislation this session to move this critical process along by building a centralized mental health authority and funding system.

As a result of HF 2780, we now have a very capable Mental Health Director in Dr. Allen Parks. He has the ability and experience to guide and direct us in our system transformation. Dr. Parks has, however, very limited resources and a tiny staff. HF 2780 also provided for the reimbursement of community mental health up to actual cost for Medicaid funded services, but only to the degree that funding is available.

Please direct your response to the address checked below. *Thank you*

- Central Office – 905 Montgomery St., PO Box 349, Decorah, IA 52101, 563/382-3649, Fax 563/382-8183
- Branch Office – 36 S. Frederick Ave., PO Box 113, Oelwein, IA 50662, 319/283-5774, Fax 319/283-5775

Hearing or Speech Impaired 711 or 800 735-2942

www.neimhc.org

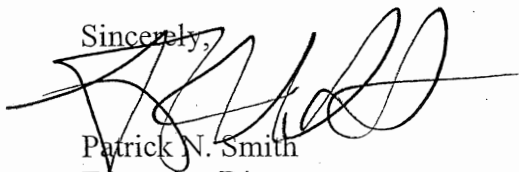
More than 50 years of service to northeast Iowa

I strongly encourage that you assure the funding of community mental health Medicaid reimbursement at full cost through IME and Magellan. I am not sure of the amount required, but my guesstimate is that it is between two and four million dollars. I also urge you to expand the funding of the new mental health department at DHS beyond the initial small startup funding that I believe was \$500,000. These two measures will shore up a crumbling system and begin the transformation that Iowa has needed for quite some time.

It has long been my belief that it is not how much Iowa spends on mental health (we are around 25th nationally), but how those dollars are spent. We need to build a continuum of community based care for MI/MR/DD/BI services to move us away from our costly institutional bias (we are among the highest in the nation). We also need to move from the highly duplicative, hence costly administrative structure of the county based system by establishing a state mental health authority that has the resources and talent to guide us through this necessary process of transformation. I believe this to be the only way to build a system of care that is uniformly competent, effective, efficient, accountable and universal in coverage. We will then have the opportunity to redirect the millions of dollars now being spent in our county based system to a centralized system that can assure the desired results for those we serve.

I stand ready to explain, defend, or expand on these thoughts for each and any of you. Thank you for taking the time to read this. This is really important to the tens of thousands of Iowans who depend on this system for their wellbeing.

Sincerely,

A handwritten signature in black ink, appearing to read 'Patrick N. Smith', written over a horizontal line.

Patrick N. Smith
Executive Director



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Issues Impacting Community Mental Health in Iowa

- Several Community Mental Health Centers (CMHC) have closed since SF69 was passed into law a decade ago. Many if not most closed as a result of losing county support, sometimes based on personalities or conflict of interest, but usually citing cost savings as the rationale.
- Other mental health providers have filled the gap left by these closures, but often without the array of services such as community support services that assures a safety net for the most ill.
- Cost savings have typically not been realized with these other providers when one considers the entire system of care such as inpatient and other institutional based care.
- Community Mental Health Centers provide primarily Medicaid supported services that are funded at about 60% of cost. HF 2780 is supposed to fix this, but the work to find the dollars and set up the procedures remains to be done.
- If Community Mental Health Centers are to survive at reimbursements at and below cost, some form of offset is necessary. Counties traditionally provided this offset, but many counties are no longer providing this and the number is increasing.
- The state supplies about 60% of the money that counties spend on mental health services with the remainder coming from property taxes.
- Of a county's mental health expenditures, typically only 2% to 5% supports Community Mental Health Centers. The remainder funds a duplicative administrative structure (times 99 counties and 79 Central Point of Coordination administrations), and a huge amount for institutional based services primarily in the MR/DD arena. Iowa has been identified as the 48th or 49th most inefficient in this area.
- Because of the diluted county system, Iowa does not access Federal dollars to the degree that other states do. The counties often pay the full ride when, Medicaid services and waivers could bring in two dollars for every dollar spent.
- It is difficult to implement evidence based practices and system transformation with 99 different county management plans.
- Counties are running increasing risk of lawsuits for inequalities in services, failure to fulfill their county management plan, conflicts of interest, improper grievance processes, and violation of gate keeping prohibitions between the authorizing and funding of services.
- Iowa is one of the last states to hold on to the county system in the name of local control.
- A state run system through economy of scale, non-duplication of administrative structure, maximum draw down of Federal dollars, implementation of efficiencies through one state mental health plan, and quality improvement would allow for expanded services ultimately without significantly expanded cost. And most importantly, it would preserve the safety net for the most seriously mentally ill Iowans, insure uniform access to care across the state, and facilitate system improvement.

Patrick N. Smith 2/14/2007

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