

Medicaiding-the-System Redux

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BONUS-DOLLAR BLITZ CIRCA 1991

In 1991, New York State implemented a plan to use Medicaid dollars to fund outpatient community-based mental health services. That two-decade-old approach, also known as *Medicaiding-the-system*, is on its way out.

Medicaiding-the-system was a combination of (1) a base Medicaid rate applied for each outpatient mental health visit for Medicaid recipients only and (2) supplemental or bonus dollars paid on top of each base payment to subsidize non-Medicaid recipients. This approach to support community-based agencies was developed to replace *local assistance* or deficit-financing.

Local assistance was a simple and sensible public-private financing partnership. The partners were the State and County governments (through government contracts), mental health consumers (through fee-for-service payments) and the local community (through fund-raising).

Local assistance funding insured that all stakeholders chipped in a fair share to support an essential community-based service. However, New York State decided that if Medicaid could cover these costs, that they could systematically reduce and ultimately eliminate the amount that they chipped in through local assistance contracts.

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If New York State will not support essential community-based mental health services for the most vulnerable members of our communities, who will?

BONUS-DOLLAR BLITZKREIG CIRCA 2010

In recent years, New York State recognized that the Medicaid bankrolled bonus-dollar approach of financing community-based clinics had the inadvertent affect of propping up commercial insurers that were paying substandard rates and limiting access to essential services. Having uncovered that festering wound, they got to work on creating a new financing plan that they refer to as *clinic reform*.

The clinic reform plan will raise the Medicaid-base rate and phase out bonus-dollars over a four-year-period. The Medicaid base-rate will apply only to those individuals that have what is known as straight Medicaid insurance; that is, Medicaid that is not managed by a commercial insurance company. There will be no reliable funding stream to replace the lost bonus dollars except for a finite pool of funds, presumably to cover services for indigent consumers.

In discussions with State officials about the devastating consequences of the clinic reform plan for the **middle class and working poor**, I was told that clinics must re-negotiate rates with commercial insurers. That is nothing new. It is common practice. The State officials advised me that if the commercial insurers do not raise their rates to sufficient levels that will help to cover the cost of services provided, then we should terminate our contracts with them.

Community-based providers routinely re-negotiate rates with the managed-care companies that represent the commercial insurers. However, they rarely agree to rates that will cover the cost of service. As one such managed-care company representative recently told us, "C'mon, we are hurting too." For more information on public and private insurance markets in New York, I refer you to the following website: <http://www.uhfnyc.org/publications/880618>.

If we drop the commercial insurers, as I was advised to do, it means that middle class and working-poor families are out of luck. They will not be able to afford to pay out of pocket to access community-based outpatient mental health services that are structured to meet their families' needs. For example, at North Shore Child and Family Guidance Center, almost 30% of all evaluations in 2009 were emergencies that were seen within

24 to 48 hours. Who will take care of these emergencies? Private practitioners?

Clinic reform is nothing more than a downgraded version of Medicaiding-the-system. With clinic reform, the term community-based mental health center becomes a thing of the past as only a small segment of the local community will be able to access needed services.

APRIL FOOL'S DAY 2010

New York State is throwing in the towel at a time when there is unprecedented need for community-based mental health services. As the complex funding history described above is demystified, more and more families are advocating for a freeze on clinic reform. I urge you to call your local New York State legislators and tell them to extend the projected clinic reform start date of April 1, 2010 and to restore local assistance financing.

Don't accept, "But there is no money!" for an answer. Please listen; the fact is that the cost to place a child or teenager in a psychiatric or juvenile detention center or a young adult in jail is far greater than what it costs to support quality community-based mental health care that will keep them at home.

We all know that familiar refrain, pay now or pay later.