



January 25, 2013

**MT Legislature—Joint Committee on Health and Human Services  
RE: HB2-DPHHS-Children's Mental Health Bureau Budget**

Representative Ron Ehli, Chairman:

I am here to speak on behalf of the Montana Children's Initiative (MCI); an association of children's mental health providers across the state providing services to children and families. Services include community and in patient services for children and families: Outpatient Therapy, Assessment and Evaluation, Case Management, School Based Mental Health, In-Home Family Services, Therapeutic Foster Care (changing to be called Home Support Services), Wraparound (formerly referred to as PRTF-Waiver and now called Montana I-Home), Community Group Homes, and Psychiatric Residential Treatment Centers. Services are provided in communities across Montana to vulnerable children and families at every level of care. We support communities not only by taking care of their most high risk children, but also employ many staff in a variety of communities impacting the economy in each of these areas.

I also represent my organization, Intermountain, which has been providing care and services to children and families for over 100 years. Services provided currently range from Residential to Outpatient Community Based services. We served over 1000 children and their families in many communities across Montana in 2012. Intermountain also employs over 200 staff in order to provide these services.

You have just heard about the impact of the array of services providers offer in communities across Montana from Direct Care Staff, Board Members, and consumers. A richer array of services makes communities more stable and healthy. The sad story is in most of Montana, especially rural areas, there isn't as rich of an array of services—this is primarily due to how poor provider rates are. It simply isn't feasible for providers to reach these areas. Thus, you hear more and more stories about families driving hundreds of miles to get to basic level outpatient services such as psychiatric or outpatient therapy. You hear stories about how the few community providers and/or educators in rural areas are struggling to find ways to hold families together and support them during crisis. Most often times the result of this patched up system of support is children leaving their community to higher and more costly levels of care. Another result is the child ends up in the corrections system and we end up spending money on them in that system.

You heard about the fiscal impact of what the lack of rate increases is in numbers. Here is the reality of what those numbers look like to a provider such as Intermountain:

- **No Cost of Living Raise.** Intermountain hasn't offered a staff Cost of Living Raise to our employees since 2008. This makes it very difficult to retain staff. For our direct care positions, we are competing with Wal-Mart and Costco. It is much less emotionally demanding and draining to work for these companies for the same amount of money and a better offering of benefits.



- **Reduction in benefits.** For the past 6 years Intermountain has had to increasingly pass the cost of health insurance to our employees. Additionally, we offer a pension program to our staff. This has become more and more difficult to afford. Since FY10, the fees associated with this and Intermountain's contribution match has increased 16%. One of the considerations we continue to weigh each budget year is the agency pension match and if it is affordable from the standpoint of the agency's financial sustainability. We have already decreased the amount of match Intermountain contributes. The match is now so low that the next step would be not offering a match at all. Benefits such as this are critical in our ability to attract, compete for and retain top level direct care staff in an environment where it is already difficult to recruit and retain quality people.
- **Uncontrollable rise in cost to do business.** Since Fiscal Year 2010 our organization has experienced:
  - 8% increase in Payroll Taxes
  - 33% increase in Unemployment Taxes
  - 20% increase in Workman's Compensation Insurance
  - 24% increase in Electricity
  - 26% increase in Natural Gas
  - 35% increase in Telephone Services
  - 14% increase in Water/Sewer
  - 6% increase in Auto Insurance
  - 47% increase General Liability Insurance
  - 6 % increase in Food and Gas for Vehicles

It is incredibly difficult to continue to keep the doors open when dealing with such large increases and no relief in sight for rates.

- **Shift our payer mix to less Medicaid clients and more insurance and private payers.** In many of our services, Intermountain has had to serve less and less Medicaid clients in order to keep our doors open and providing services to the limited amount of Medicaid clients we can afford. This is perhaps the most difficult decision Intermountain has had to make, as our whole reason for operating is to serve this most vulnerable and needy population. But in order to keep providing services to a smaller population of these clients, we have had to make this shift. This results in longer waiting lists for services and longer timeframes for clients to receive their initial appointment. It is not uncommon for Medicaid clients to have to wait 2-3 months to have their first initial appointment. Due to the needs of the Medicaid population we serve, what ends up happening when a provider like Intermountain has to defer and push out appointments for new Medicaid clients, they tend to continue to decompensate to the point that they then need acute care, which is far more costly to the state, than if we could have afforded to serve them in the outpatient community setting in the first place.
- **Reduce or close programs and services.** Intermountain and other providers have seen a reduction of staff, closure of programs or services as we can't make it work with the current rates. Intermountain recently closed our shelter program in Kalispell because the shelter rate is so low that you only receive 50% of what it costs to provide the service and there just isn't anyway to raise enough private dollars to continue to subsidize that rate.

- **Deferring any Information Technology expenses.** Eventually this will not be sustainable. In addition, we have a 2014 deadline where we are mandated to have enhanced electronic technology in place according to HIPAA. It will be impossible for many providers to meet this requirement.
- **Reduce Supervision of Licensed Mental Health Professionals.** Intermountain has had to cut back on administrative and supervision activities of clinicians in order to increase their client caseload and increase production. This is detrimental and myopic to staff development and impacts quality of care.
- **Reduce Public Relations and Marketing.** This in turn decreases our ability to attract Intermountain supporters and impacts fundraising efforts.
- **Ever Increasing Demand to Fundraise.** This is particularly difficult in Montana where we have a much more limited demographic area to address the huge increases in demands to make up for shortfalls in budgets.
- **Cut training and travel.** Doing this impedes staff knowledge of the latest trends and treatment advances and impacts the quality of care we can provide. This is also one of the things that help us retain staff.
- **Difficulty to Meet the Increasing Demands of More and More Regulations.** There are many examples of the continued revision of rules and regulations and increase in demand of providers. It is becoming impossible to meet these demands for training, huge amount of paperwork and documentation, continual demand for services to be provided by licensed professionals who cost more money to employ. Every rule change includes many unfunded mandates.

With the lack of adequate rates coupled with the increase in expenses, we are at a point where there really isn't anymore "give" in the annual budgets. Please at minimum include the rate increases Governor Bullock proposed in his budget and consider taking it further to making providers whole. Doing so will support many needed services in your communities. Your support will also impact the economy of these communities through employment of staff. Your support will make communities healthier, stable, decrease crime, decrease suicide, and decrease child abuse and neglect.

Thank you for your time and dedicated work this session.

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