

November 14, 2011

The Honorable Martin O'Malley
 State House
 100 State Circle
 Annapolis, MD 21401-1925

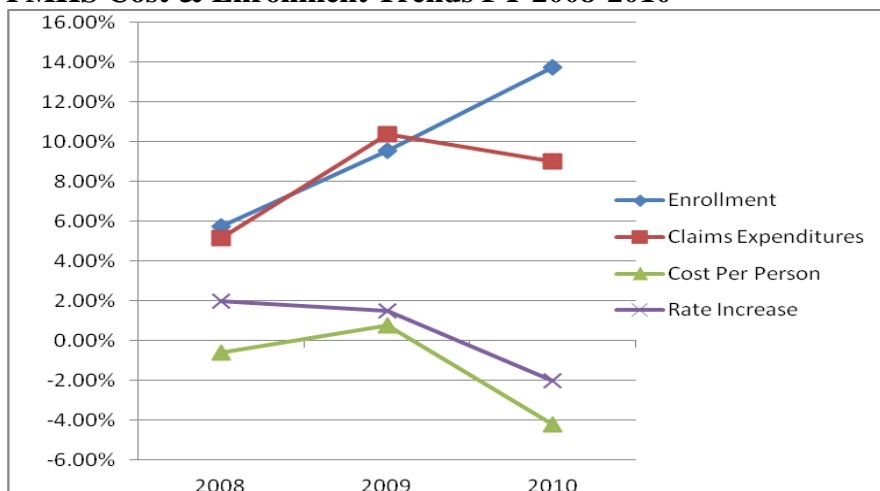
Dear Governor O'Malley:

The 2012 Session of the Maryland General Assembly is right around the corner and with it comes what is sure to be a vigorous debate on the State's Fiscal Year 2013 budget. The Mental Health Association of Maryland appreciates your leadership and support for the public mental health system (PMHS) since 2007, and we look forward to continuing our collaboration on behalf of the 1 in 5 Marylanders who live with mental illness. Thanks especially for including a deficiency appropriation in your supplemental budget earlier this year to cover the Mental Hygiene Administration's FY 2010 enrollment-induced carryover deficit. Our work, however, is not done.

We urge you to resist any additional cuts to mental health services in FY 2013, provide another deficiency appropriation to cover MHA deficits tied to enrollment increases, and use new alcohol tax revenue to increase and enhance mental health services in Maryland.

The PMHS continues to struggle to meet the rising need for services. It is being reported yet again that the MHA FY11-12 budget includes an estimated \$43 million fee-for-services shortfall that is directly related to an explosion in enrollment. As evidenced by the chart below, there is a relatively equivalent rising trend in PMHS enrollment growth and community services claims. Although per capita spending has fluctuated slightly over the years, it is noteworthy that the average annual cost per person in FY 2004 is nearly identical to the cost in FY 2010. Add to that the fact that community mental health provider rate increases have been slim to none and it becomes glaringly obvious that services for this vulnerable population have been cut to the bone. **Additional PMHS cuts in FY 2013 will decimate community mental health services for children and adults and increase unmet needs.**

PMHS Cost & Enrollment Trends FY 2008-2010



	2008	%	2009	%	2010	%
Enrollment	97,951	5.75%	107,325	9.57%	122,079	13.75%
Claims Expenditures	\$519,532,331	5.16%	\$573,444,581	10.38%	\$624,982,360	8.99%
Cost Per Person	\$5,303	-0.58%	\$5,343	0.75%	\$5,119	-4.19%
Rate Increase		2.00%		1.50%		-2.00%

Data Sources: PMHS Quarterly Data Report through June 2011; Department of Budget and Management

From what we can tell, this is in stark contrast to Medicaid spending trends for Managed Care Organizations (MCOs), which have seen dramatic rate increases over the years. For example, between FY06 and FY12, community mental health providers saw their rates go up by 3.2 percent. MCOs saw rate increases totaling 33.1 percent during the same period. A separate graph below attempts to chart the same MCO trends as those analyzed from the PMHS. Unfortunately, this data is sporadic and incomplete. This is not for a lack of effort.

While we were able to capture PMHS data back to 2002, we were only able to locate comparable data for the MCOs for 2008 and 2009. During FY 2009, the PMHS saw enrollment increases of 9.57% and claims increases of 10.38%, while MCO enrollment rose by 16.42% and claims by 20.81% during calendar year 2009 (NOTE: MCO fiscal data is available by calendar year only, complicating the ability to do a comparative analysis). PMHS cost per person increased by 0.75% and provider rates increased by 1.5%, while MCO cost per person increased by 2.6% and rates by 4.3%.

MCO Cost & Enrollment Trends CY 2008-2009

	2008	% change	2009	% change
Enrollment	510,024	NA	593,779	16.42%
Claims Expenditures	\$ 1,720,609,657	NA	\$2,078,722,450	20.81%
Cost Per Person	\$ 3,413	NA	\$3,502	2.60%
Rate Increase		4.40%		4.30%

Data Sources: Maryland Medicaid eHealth Statistics (<http://chpdm-ehealth.org/>); HealthChoice Financial Monitoring Reports (2008 and 2009)

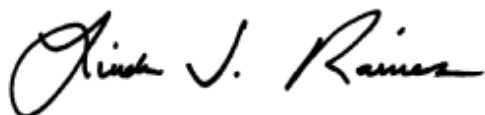
There is a stunning lack of transparency and consistency in the way MCO data is collected and reported in Maryland – MCOs have different reporting requirements for the Department of Health and Mental Hygiene (DHMH) and the Maryland Insurance Administration (MIA); there are different loss ratio calculations based on the information submitted to DHMH and the MIA; some of the information is publicly available but some is not. The extent of these problems is outlined in the MIA *HealthChoice Loss Ratio Benchmark Interim and Final Reports* (November 2009, December 2010). It should not be this difficult for the public to review information and hold accountable a system of taxpayer-funded MCOs. **In addition to our budget requests, we urge you to standardize the way MCO outcome data is collected, and to make public distribution of that data more user-friendly. We suggest that non-aggregate data for each MCO be included in StateStat.**

Thank you for your June 21 letter to the Alcohol Tax Coalition in support of using new alcohol tax revenue for the health areas listed in the original Lorraine Sheehan Act, including mental health services. We have discussed with the Department of Budget and Management (DBM) ways this new money could be used to enhance mental health services in our State. We are aware that the current economic situation may require the new revenue be allocated to tackle budgetary problems within the respective health/disability areas rather than program growth, but we are holding out hope that some urgent and persistent needs may be addressed. **One way or another, please remember those that fought so hard for the alcohol tax when determining how the new revenue will be used.**

We are aware of the difficulties you face as you confront yet another billion dollar structural deficit. As we did last year with the alcohol tax, we look forward to working with you in support of any new revenue-increasing measures you may introduce in 2012 as a way to avoid further cuts to vital mental health services. Additionally, we are doing our part to enhance the patient experience and reduce costs through our active involvement in ongoing healthcare reform and behavioral health integration efforts.

Thanks again for your leadership and support of the public mental health system. Your attention to our concerns has most certainly saved the lives of many vulnerable individuals on the brink of crisis and is making life worth living for countless others who are able to access the care they desperately need. We are confident you will continue to fight for those most at risk. Please do not hesitate to contact us for assistance as needed.

Sincerely,

A handwritten signature in black ink that reads "Linda J. Raines". The signature is written in a cursive, flowing style.

Linda Raines
Executive Director

cc: Senator Edward J. Kasemeyer, Chair
Senator Thomas (Mac) Middleton, Chair
Senator James N. Robey
Delegate Norman H. Conway, Chair
Delegate Peter A. Hammen, Chair
Delegate Mary-Dulany James
Joshua M. Sharfstein, M.D., Secretary
Renata J. Henry, Deputy Secretary
Charles J. Milligan, Jr., Deputy Secretary
Brian Hepburn, Executive Director