



January 30, 2012

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

Dear Governor O'Malley:

On behalf of our 50 member agencies and the 140,000 children and adults who use Maryland's public mental health system, I write to express our deep disappointment with your FY13 budget request for the Mental Hygiene Administration (MHA). We would very much like to work with you to restore at least some of the substantial cuts to our services via a supplemental budget later in the session.

There are four aspects of the MHA budget request that are of most concern:

- While we are grateful for the increases the budget provides from alcohol tax revenues, increases for mental health total only \$3 million (plus another \$3 million for the .88% community provider inflationary adjustment, which one could argue should be part of the base budget per SB633/HB1034 of 2010). This is offset by **\$30 million in "cost containment"** actions that will reduce access to vital community based services for some of Maryland's most vulnerable citizens.
- Once again the **budget is underfunded with respect to expected enrollment – it's a deficit budget**. Community mental health funding for Medicaid-eligible Marylanders increases only .6%, far less than enrollment growth. MHA enrollment always rises with Medicaid enrollment. Total Medicaid enrollment (counting MCHP, new adults and PAC) is budgeted to grow by 6.3% but MHA's budgeted Medicaid enrollment growth is only 1.5% – 2,091 when it should be about 8,000 based on historic penetration rates but still higher than the .6% increase. This will exacerbate an existing deficit that the Department of Legislative Services (DLS) estimates to be \$20 million for FY11 and FY12.
- The overall community mental health services budget goes down by .6%. This is due in part to a crushing **\$5million cut in community service dollars for non-Medicaid-eligible recipients**. Enrollment for such recipients is cut by 9,197 from 20,437 to 11,240, according to the DLS *DHMH FY 2013 Budget Overview*. Most of these individuals have severe illnesses and disabilities and need the same kind of intensive supports to maintain community tenure as Medicaid-eligible individuals. Their only alternative will be costlier emergency rooms and inpatient beds.
- **Community providers will receive an inflationary adjustment of less than 1%**. We are forever grateful to you for signing SB633/HB1034 in 2010 that requires an annual inflationary adjustment in community service rates. DHMH and DBM calculated that adjustment to be **.88%** for FY13. We presume this is because the state employee increase to which we are tied goes up 2% but not until January 2013. However, we note that our developmental disabilities colleagues, whose rates are subject to the same formula, are budgeted for a 2% increase – you do have the discretion to go beyond the formula. We also see that the budget provides a 1.5% increase for community

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providers delivering health care waiver services. Please note that *community mental health reimbursement rates have been adjusted for inflation in only 3 of the past 16 years.*

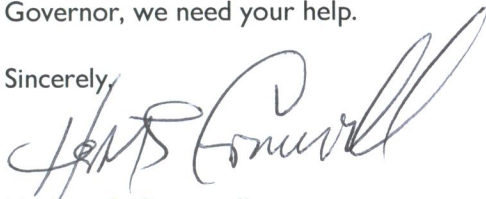
We know we have to do more with less – but we already are and have been for years. According to MHA's last quarterly data report, *the average cost per person served by the PMHS decreased nearly 10% between FY 2009 and 2011 – the FY11 average per person cost is lower than it was in FY2003.*

The provider community, primarily mission-driven nonprofits, is disheartened. We know that times continue to be tough and we are quite aware of the structural budget deficit, but the deficit has been addressed year after year with damaging cuts to mental health services, and it is happening again. From our perspective, cuts to mental health are far out of proportion to those affecting other components of public health and even farther out of proportion to state priorities such as public education.

CBH is conducting a survey of its members about services reduced or eliminated and jobs lost because of relentless budget retrenchment. Since July 2010 alone, 19 CBH agencies who've reported so far say that **671 children and adults have lost services, 141 staff have been let go and 24 job vacancies have been left unfilled.** Programs terminated include 4 therapeutic group homes for adolescents, 1 school-based treatment program, 2 intensive outpatient programs, and an entire Western Maryland service site, among many others. One agency said "our case management program is almost gone." Another said "we've had to cut the number of kids we can serve in 7 of our school-based mental health programs." The following sums it up: "It's been 3 years since staff have had a salary increase. We've increased employee share of health insurance. We can't invest in anything."

Governor, we need your help.

Sincerely,



Herbert S. Cromwell
Executive Director

Cc: The Honorable T. Eloise Foster, Secretary, Dept. of Budget and Management
The Honorable Joshua Sharfstein M.D., Secretary, Dept. of Health & Mental Hygiene
The Honorable Cathy Raggio, Secretary, Department of Disabilities
The Honorable Edward Kasemeyer, Chair, Senate Budget & Taxation Committee
The Honorable Thomas M. Middleton, Chair, Senate Finance Committee
The Honorable James N. Robey, Chair, Senate B&T Health Subcommittee
The Honorable Delores Kelley, Senate Finance Committee
The Honorable Norman H. Conway, Chair, House Appropriations Committee
The Honorable Peter Hammen, Chair, House HGO Committee
The Honorable Mary-Dulany James, Chair, House Appropriations Health Subcom
The Honorable James Hubbard, Chair, House HGO Public Health Subcommittee
Renata J. Henry, Deputy Secretary for Behavioral Health & Disabilities, DHMH
Simon Powell, Dept. of Legislative Services
Brian Hepburn, M.D., Director, MHA
CBH Member Agencies and Mental Health Constituencies