April 22, 2020

Jonathan Weinstein
Maryland Department of Health

Dear Mr. Weinstein:

The COVID-19 public health emergency will end in the coming months. It will be followed by a second emergency: addressing the economic and emotional aftershocks of the crisis. Every one-percentage point increase in unemployment yields a 3.5 percent increase in opioid addiction.[1] Calls to crisis hotlines have increased 891%, reflecting suppressed demand for mental health services.[2]

Ensuring that Maryland is prepared for its post-COVID emergency requires having a robust array of community behavioral health services available. Unfortunately, Maryland's behavioral health safety net is crumbling – and it will not be available to deploy in a post-COVID world without action today to stabilize the safety net behavioral health system.

We write today to seek your assistance in securing retainer payments for Maryland's behavioral health providers. Costs have increased while patient encounters have declined significantly. Providers lack the financial means to withstand these shocks without additional financial resources.

Maryland Has the 4th Most Vulnerable Behavioral Health System in the Country

Two decades of chronic underfunding have left Maryland with the fourth most fiscally brittle provider network in the country. In a recent survey by the National Council for Behavioral Health, 19% of providers had less than a month of operating expenses on average. ***In Maryland, the rate of providers with less than a month of operating expenses is more than double the national average***. A full 44.5% of Maryland providers report having less than a month of operating expenses, a performance topped only by Mississippi and two other states.

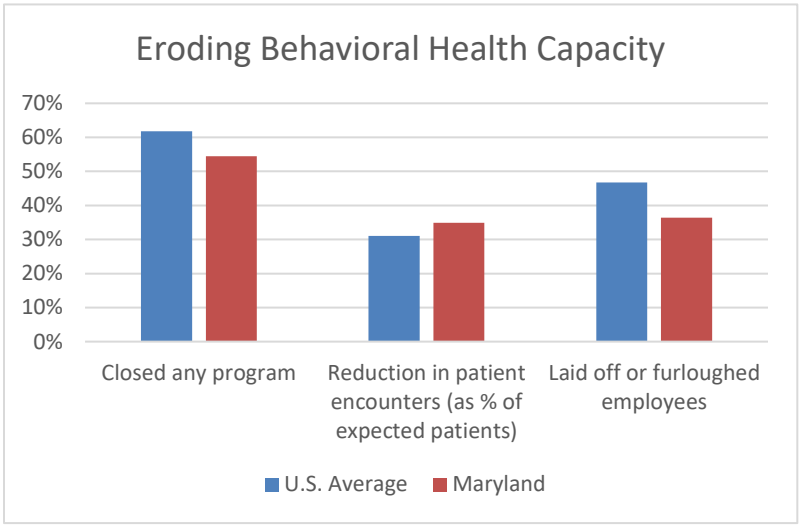
While Optum's estimated payments have allowed predictable income to providers at this time, increased expenditures have decreased providers' available cash on hand. Our median respondent indicates that they have 17

[1] Hollingsworth et al, National Bureau of Economic Research, "Macroeconomic Conditions and Opioid Abuse" (March 2017)
[2] ABC News, "Calls to US helpline jump 891%, as White House is warned of mental health crisis" (April 7, 2020); *Washington Post*, "Crisis hotlines face growing demand amid quarantine" (March 23, 2020).

days of cash on hand, a decrease of 29% from last year's average of 24 days of cash on hand. Nearly one-third of respondents have less than two weeks of cash on hand.

Erosion in Behavioral Health Capacity

Early responses to the COVID-19 emergency have reduced Maryland's behavioral health capacity. Maryland providers have closed programs (55%), laid off or furloughed staff (36%), and are reporting a reduction in patient encounters by over a third (35%).



CBH's member survey indicates a variety of reasons driving a reduction in encounters, including:

- The overwhelming reason cited for reduced encounters is simply reduced consumer availability (86%), due to data plan limitations, and higher rates of no-shows or appointment cancellations.
- A majority of respondents (54%) indicate that reduced encounter duration – - which may result in loss of revenue due to minimum billable time requirements – is one of the challenging aspects of delivering services remotely. Billable time requirements based on in-person encounters do not translate well to encounters delivered through telehealth or telephonic means.
- Reduced staff capacity (37%) and, for residential programs, reduced bed capacity due to converting bedrooms from doubles to singles have also resulted in reduced patient encounters.
- Over half of respondents (51%) have closed a program, such as a day program, due to COVID-19 concerns and social distancing requirements.

While encounters and, ultimately, revenue is declining, providers' costs have increased. The costs associated with implementing staff remote work capabilities, telehealth, securing PPE, delivering meals to clients in their homes, and – increasingly – hazard pay incentives to retain staff in COVID-vulnerable congregate housing settings are substantial.

Estimated payments from the botched ASO transition have insulated providers from any immediate reduction in revenue. However, the estimated payments were based on 2019 activity. The reduction in patient encounters in March and April of this year will ultimately lead to a reconciliation that will significantly reduce provider revenue.

Due to providers' limited existing resources, a reduction in revenue will lead immediately to more layoffs and program closures – and a collapse in behavioral health provider capacity. This should be of

concern to our State since community behavioral health capacity was already identified as a challenge to meeting the federal requirements of the Maryland Health Plan (Total Cost of Care model contract),

MDH has taken steps through Section 1135 and HCBS Appendix K waivers to stabilize providers of long-term care and Home and Community Based Services. We urge the Department to take steps now to ensure the immediate and long-term viability of community behavioral health providers by implementing retainer payments retroactive to the declaration of the COVID state of emergency in Maryland and extending throughout its duration. We have information from other states as well as internal provider data that may prove useful, and stand ready to assist in any way possible.

Sincerely,

Shannon Hall
Executive Director Community Behavioral Health Association of Maryland

cc: Dr. Aliya Jones, Deputy Secretary for Behavioral Health
Alexander Shekhdar