

# Now More than Ever

A white paper presented by  
Tennessee Coalition for Mental Health and Substance Abuse Services  
January 19, 2011

## Introduction

The demand for behavioral health services has continued to increase while resources continue to decline. In 2009, through TennCare and the Tennessee Department of Mental Health (TDMH) the State of Tennessee served the mental health needs of 194,344 adults and children in community-based and inpatient settings.<sup>1</sup> Over 9,000 adults and children received community-based treatment for substance use disorders funded under the SAPT Block Grant. Following several years of budget reductions, the foundational behavioral health service structure in Tennessee is threatened with collapse and must be preserved from further cuts.

As the economy began to spiral downward in FY 2008/09, services and programs were placed in the non-recurring budget that, for the past twenty years have proven essential to stability and recovery for Tennesseans with mental illness. These critical services must be restored to the base discretionary budget to preserve the infrastructure of the public mental health system.

Given that most economists feel the current recession is temporary, during this time of retrenchment it is wise to prepare for a more prosperous future, including preserving the current public structures that support essential services and supports. As the economy recovers, the following principles will build a stronger state service structure in three major payer systems: TennCare, the private insurance market and the Department of Mental Health.

- Integration of behavioral health and primary care;
- Training and incentives to reverse the workforce shortage; and
- Definition of model benefit sets for the medically fragile population of adults and children with serious psychiatric or substance use disorders.

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The goal of Tennessee's system should be to intervene early, assess accurately, treat effectively and return the child or adult to full community integration, supported by family and friends. With adequate behavioral health services and supports more children and youth will succeed in school, enter the workforce successfully and never require services from the public system as adults. Adults with serious mental illness will recover and re-engage as contributing citizens. Veterans with delayed onset of psychiatric symptoms will access initial services through community mental health agencies, bridge back to the Veterans Administration, and reverse the alarming tide of domestic disturbance, homelessness and suicide.

TDMH has a long history of innovative, collaborative planning to adapt nationally recognized best practices to public-private partnerships. Based on a long-standing culture of transparency and consensus building, TDMH has the expertise to coordinate service system improvement for

<sup>1</sup> Substance Abuse and Mental Health Services Administration, Mental Health Community Services Block Grant, 2009 State Summary Report. <http://www.samhsa.gov/dataoutcomes/urs/2009/Tennessee.pdf>

individuals with mental health and substance use disorders. When effective modern treatment is provided on a timely basis, even individuals with severe mental health or substance use disorders can recover and re-engage in community life, contributing to their family, their workplaces and the common good. The smart money is to harness science into service for this vulnerable population.

The fiscally prudent use of resources is also the most humane. Community based early intervention to treat disease promptly, stabilize housing and engage in rehabilitation will return the individual to recovery. Instruction to self-manage symptoms, strengthen and coordinate natural supporters and develop an early warning plan will prevent or minimize the effect of relapse.

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## The Tennessee Behavioral Health Service System

Statewide, TDMH and the TennCare Bureau currently contract with 22 community mental health agencies, 145 addiction prevention and treatment providers, 29 community hospitals and a variety of advocacy organizations and specialty service providers. Services for adults with Severe and Persistent Mental Illness (SPMI) are primarily community-based to maximize independence and community integration. Specific mental health services modalities are described in Appendix 1, while addiction prevention and treatment services and programs are described in Appendix 2.

Public mental health services are primarily funded through TennCare, the federal Mental Health Block Grant, and with state dollars through the Behavioral Health Safety Net. Services for children and youth are funded through TennCare, CoverKids (SCHIP) and Title IV-E funds to the Department of Children's Services (DCS) and with state dollars. Prevention and treatment of substance use disorders relies mostly on the federal Substance Abuse Block Grant with limited services funded through TennCare. Financial structure is described in greater detail in the next section. Appendix 3 compares the TDMH budgets for FY 09/10 and FY 10/11.

Community mental health services for children and adults include assessment and evaluation, prevention, early intervention, medication management, case management, individual, group and family therapy, support services, rehabilitation, recovery and forensic services, and juvenile court evaluation services. Substance abuse treatment includes an array of residential, community-based and peer support services provided through secular and faith-based organizations. Substance abuse prevention services are provided to children and youth in schools and other community settings. Behavioral health services for children and youth require coordination across a number of child-serving systems such as health, education, child welfare and juvenile justice.

In an ideal world, children and adults would be screened for mental illness and substance use disorders as part of routine medical exams. Those with emerging conditions would be diagnosed early, before symptoms severely impair functioning at home, school or work. Evidence-based psychotherapy, medication or psychosocial rehabilitation would stabilize symptoms and enhance ability to succeed at school or on the job. Information and skills training would enable individuals and families to take personal responsibility for resiliency and recovery. On a routine basis, integrated psychiatric and general medical care would monitor and treat commonly co-occurring conditions such as diabetes and hypertension. Supports would be

provided as necessary, to stabilize basic needs. Adults who are not in a position to work in competitive employment would rely on TennCare, but to the greatest possible extent, health care would be covered through private insurance. No longer would young adults with emerging psychiatric disorders devolve into TennCare simply for lack of access to diagnosis and treatment. No longer would it take an average of ten years from first symptoms to accurate diagnosis and effective treatment of mental illness. This approach would dramatically reduce the need for costly crisis care, hospitalization and incarceration. The ideal is possible with coordinated planning and targeted investment of resources.

Public mental health and substance abuse services will always be necessary. Good stewardship of TDMH and TennCare resources can efficiently use state dollars to deliver high quality, effective services to all Tennesseans in need. The public system can be right-sized to serve children and adults with the most disabling psychiatric and substance use disorders and those who are otherwise uninsured. In 2014, as TennCare expands to cover uninsured Tennesseans at or below 133% of the federal poverty level, equitable coverage between TennCare and private plans in the insurance exchange should provide opportunity for all but the most disabled adults with mental illness to return to the workforce. To facilitate continuity of care, the Coalition recommends that insurance networks in the exchange include mental health and addiction service agencies currently under contract with TennCare and the Behavioral Health Safety Net.

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The federal Patient Protection and Affordable Care Act (ACA) and the Mental Health Parity and Addiction Equity Act (MHPEA) have the potential to lay the foundation for a public/private service system as described above. Some ACA provisions are already having a positive impact on mental health and substance abuse services. As of September 23, 2010, the ACA extends dependent health care coverage to age 26 allowing young adults with mental illness to join the workforce without fear of losing medical benefits. Children with pre-existing mental illness may no longer be denied coverage, reducing the number of children needing TennCare. Families will no longer need to enroll children in TennCare just to obtain mental health services thanks to the ACA requirement that insurers not deny children coverage due to pre-existing conditions.

However, the present situation is far from ideal. Due to service system erosion and continued public stigma about mental health and substance use disorders, Tennessee residents often delay accessing mental health treatment until a crisis precipitates the need for costly emergency room care, psychiatric crisis services or hospitalization. Encountering barriers to community behavioral health care, too many troubled youth and adults devolve unnecessarily into the justice system that is not designed to meet treatment needs. The suicide rate in Tennessee rose sharply in 2008 and 2009 after remaining steady for more than two decades.

## Behavioral Health System Financing

In the economic environment of the past three years, it has been incredibly difficult to avoid a serious erosion of the system that makes it possible for Tennesseans to have access to mental health and substance abuse services across the state. The publicly-funded services that have been supported for years through various State agency grants and the TennCare program have been targeted for huge budget reductions in each of the past three years. Although the cuts did not materialize at the almost unthinkable levels initially proposed, there have been significant losses in funding that severely restrict access to community treatment for individuals with mental illnesses and/or substance abuse disorders.

**The Coalition membership believes that it is in the best interest of the State to ensure access to a full continuum of high quality behavioral health services delivered in the least restrictive setting possible.**

With more citizens of the state experiencing financial difficulties, losing their jobs and becoming part of the growing uninsured population, the demand for behavioral health services has increased dramatically. The Coalition membership believes that it is in the best interest of the State to ensure access to a full continuum of high quality behavioral health services delivered in the least restrictive setting possible that have proven to be effective in avoiding higher cost inpatient treatment.

### **Budget History: Mental Health and Substance Abuse Services**

The impact of the severe economic downturn over the past two years continues to affect Tennessee. While monthly revenue figures seem to be improving slightly, year-end projections indicate that the State will end the year with as much as a \$1 billion revenue shortfall. The general economic situation coupled with the loss of federal stimulus funds for FY2011/12 will confront the incoming administration with what may be the most difficult financial situation the State has faced since the Great Depression.

The initial budget proposed by Governor Phil Bredesen for the current year, FY2010/11, included cuts to behavioral health services that would have devastated the public sector delivery system. However, the availability of more than \$6 billion dollars of federal stimulus funds to Tennessee over a two-year period freed up state dollars that, along with TennCare and Rainy Day reserve funds, made it possible to avoid the deep cuts to behavioral health programs and services in the current year. As stimulus funding provided through the American Reinvestment and Recovery Act (ARRA) is exhausted, there will be increased pressure on the state budget. Whether future proposals for budget reductions focus on the same programs targeted for cuts last year or different programs, reductions in these services and supports will have a significant adverse impact on the populations that the Tennessee Department of Mental Health is statutorily required to serve.

**Unless \$32 million in non-recurring funds are restored for critical services, a significant portion of the behavioral health continuum will be lost.**

Unless \$32 million in non-recurring funds are restored for critical services, a significant portion of the behavioral health continuum will be lost. The FY2008/09 budget reduced TDMH's beginning base State discretionary funds by \$4,035,200 with no additional non-recurring funds.

For FY2009/10, the cut to base funds equaled \$11,270,000. However, one-time funding in the amount of \$24,770,300 was approved by the General Assembly. For FY 2009/10, TDMH lost an additional \$6,225,400 and non-recurring funds of \$31,889,300 were approved, which included \$18,400,000 to cover indigent care at the Regional Mental Health Institutes (RMHI). See Appendix 3 for detail.

- Of the \$32 million, **\$10,762,100 in non-recurring funds currently supports essential community-based services** to maintain community tenure and prevent expensive hospitalization for the priority population<sup>2</sup>. These services now partially funded with one-time State dollars are as follows:

Alcohol and Drug Abuse Residential Treatment Programs:	\$2,374,000
Mental Health Recovery Services, Peer Support Centers:	\$4,392,000
Behavioral Health Safety Net of Tennessee:	\$ 904,400
Crisis Services, Crisis Stabilization Units:	\$1,311,300
Special Populations, Children and Youth:	\$1,780,100

- **Inpatient services for indigents:** Of the \$35 million in the FY2010/11 budget for inpatient services for indigents at the State's Regional Mental Health Institutes (RMHIs), \$18.4 million is non-recurring. An additional \$1.9 million of non-recurring funding supports indigent inpatient services at three East Tennessee private hospitals.

- **Regional Mental Health Institute (RMHI) Reductions:** The FY 2009/10 budget included the elimination of 345 staff positions (12.4% of total positions) and 146 beds (17.5% of total beds) in the Regional Mental Health Institutes. The budgeted expenses for the five RMHIs for FY2008/09 were approximately \$182 million, while budgeted expenses for the current fiscal year are \$150.4 million, reflecting a \$31.6 million or a 17% budget reduction.

**The TDMH budget was affected to a greater degree than most other departments of state government.**

**While the average FY 2009/10 budget reduction across all State departments was 6.13%, the TDMH budget was cut 11%.**

- **RMHI beds for children and youth eliminated:** The State now operates no psychiatric hospital beds for children and youth, the last 14 of such beds having been closed at Middle Tennessee Mental Health Institute last year to save approximately \$1 million. Children and youth are served in the 29 community hospitals under contract to TennCare.

Even though the members of the Coalition appreciate the fact that Governor Bredesen and the General Assembly acted in a sensitive and responsible manner to preserve access to mental health and substance abuse services during the past two years, the TDMH budget was affected to a greater degree than most other departments of state government. While the average budget reduction across all State departments was 6.13%, the TDMH budget cut was 11%. The system of care for Tennesseans with mental illness and/or substance use disorders remains extremely fragile at best.

<sup>2</sup> The TDMH priority population consists of children with serious emotional disturbances (SED), adults with severe and persistent mental illness (SPMI) and individuals with co-occurring mental illness and substance use disorders.

**Devastating TennCare cuts, narrowly averted in FY 2010/11, are once again on the table.** The TennCare program was expected to sustain a total cut of more than \$1 billion to meet its budget target for FY2010/11. The Bureau of TennCare recommended to the Centers for Medicare and Medicaid (CMS) a 7% rate cut to all providers as a means of realizing its assigned budget goals. In addition, the following proposed changes in the limits would have had a significant adverse impact on the overall health and level of care eligible Tennesseans could receive.

- Annual limit of \$10,000 per person for inpatient hospital services, including inpatient psychiatric hospital services;
- Annual limit of fifteen (15) non-emergency visits to outpatient hospitals, per person (pending waiver request would allow a further reduction to eight visits if economic conditions had so dictated);
- Annual limit on health care professional office visits of 15 per person (pending waiver request would have allowed a further reduction to eight visits if economic conditions had so dictated); and,
- Annual limit of lab and X-ray services of 15 occasions per person (an “occasion” is a day) (pending waiver request would have allowed a further reduction to eight occasions if economic conditions had so dictated)

With the combination of \$120 million from the federal Part D claw back and the passage of the “Annual Coverage Assessment Act of 2010” by the General Assembly, much of the planned budget reduction was averted for the current year. The “Annual Coverage Assessment Act of 2010,” a fee hospitals agreed to pay during the current year, was projected to raise \$659 million in state matching funds to offset the budget cuts proposed for the TennCare Program. The plan was approved by the federal Centers for Medicare and Medicaid Services (CMS) days before the waiver amendment changes were to go into effect.

## Recommendations

### **Engage the TDMH Planning and Policy Council and appropriate state departments in strategic planning to position Tennessee for opportunities within the changing health care landscape:**

The field has changed considerably since the previous twenty-year mental health strategic planning process in 1992. TennCare radically shifted the financing of mental health services through managed care and the “decade of the brain” produced an array of evidence based treatments. The ground will shift again between now and 2014 when major provisions of the Affordable Care Act (ACA) expand the population eligible for TennCare and create private insurance exchanges to provide health care coverage through individual and small group markets. Stakeholder involvement is essential to successful development and implementation of the plan. Deliverables, timelines and cross system considerations should be incorporated into the plan similar to the 2010 report from the Council on Children’s Mental Health.

**Engage the TDMH Planning and Policy Council and appropriate state departments in strategic planning to position Tennessee for opportunities within the changing health care landscape.**

**Preserve TennCare benefits and rates at current levels:** TennCare continues as the largest source of funding for mental health services in Tennessee. Keeping TennCare whole is critical to preserve the service infrastructure. The Coalition recommends that the State explore all existing options to avoid the proposed rate reduction for providers or limits on services currently in place.

**Restore community-based services to the base discretionary budget (\$10,762,100):**

Services that have long supported recovery and resiliency for Tennessee residents with serious mental illness were allocated non-recurring dollars in the FY 2011 budget and will terminate on June 30, 2011 unless funds are restored. These common sense services keep families together and significantly reduce the incidence of hospitalization, crisis services or justice system involvement. If a \$20 million dollar federal grant is allocated to the Med in Memphis, TDMH funds presently used for that purpose can be applied to these programs in the short term. See Appendix 3. Among the services slated for closure are Tennessee's 46 Peer Support Centers. A 2009 survey of 972 adults with severe and persistent mental illness (SPMI) demonstrated that as a result of their participation at the Peer Support Center, 92.2% were less likely to go to a psychiatric hospital.

**Keeping TennCare whole is critical to preserve the service infrastructure.**

**Preserve the Behavioral Health Safety Net for adults with serious and persistent mental illness (SPMI) (\$22,000,000):** The Safety Net utilizes recurring state dollars to provide basic behavioral health services to adults with SPMI to preserve stability and community tenure. Services provided through the BHSN are described in Appendix 1.

**Preserve the crisis service continuum:** Often the gateway into mental health treatment, the crisis response continuum includes statewide toll-free crisis counseling, walk-in centers, crisis stabilization units and mobile crisis teams. Timely intervention preserves safety for the individual, family and community, helps individuals restore full capacity, reduces hospitalization, and diverts from justice system involvement. Walk-in centers, currently only available in a few communities, are a valuable resource for law enforcement to divert individuals with mental illness apprehended for minor offenses.

**Pursue a CMS 1915(i) amendment within TennCare to provide services for youth transitioning to the adult service system:** Discontinuity in the Tennessee behavioral health system between the services for children and adults raises significant treatment barriers for individuals age 18 to 25, a critical developmental period when timely intervention can help young people get on with their lives, thus preventing long term disability. The new 1915(i) Medicaid option provides flexibility for home and community based support to a specified segment of the population, is well suited as an instrument to establish service continuity for transitional youth with mental illness and/or substance use disorders.

**Provider networks in the insurance exchange should include mental health and addiction service agencies currently under contract with TennCare and the Behavioral Health Safety Net.** In 2014, as TennCare expands to cover uninsured Tennesseans at or below 133% of the federal poverty level, equitable coverage between TennCare and private plans in the insurance exchange will provide opportunity for all but the most disabled adults with mental illness to return to the workforce without the disincentive currently posed by loss of health care coverage.

**Continue initiatives to overcome stigma.** Disparities in access and willingness to seek mental health service have been largely attributed to stigma.<sup>3</sup> Community education to reduce stigma is a critically important element of any effort to reduce mental health care costs to the state and local communities by ensuring access to care at the earliest stage of the illness process.

## Recommendations for Services to Children and Youth

**Preserve funding for effective, long-standing children’s mental health programs necessary to maintain the service infrastructure.** Restore children’s mental health programs that are effective and necessary for the maintenance of the infrastructure from non-recurring to the base TDMH budget. These services will not be supported after June 30, 2011 unless funds are allocated. The Children’s committee for the TDMH Planning and Policy Council has consistently recommended inclusion of these services in the ongoing array.

- **Give priority to the programs currently funded with non-recurring dollars that provide early intervention and prevention services to children and their families,** the statewide family support program, family psycho-education courses, the transition to adulthood program, the in-home family support programs and the suicide prevention and screening programs. These are vital to both the children’s mental health infrastructure and to the children, youth and families they served.

**Develop coordinated and integrated System of Care consistent with long term goals of the Council on Children’s Mental Health.** It is critical to coordinate services across all child serving departments and agencies in order to have a comprehensive, streamlined system that is both effective in costs and outcomes. Tennessee has demonstrated the value of Systems of Care in improved emotional and behavioral outcomes, improved school performance and decreased involvement in the justice system. See Appendix 5 for details.

### **Develop a statewide plan to build on successes from System of Care pilot projects:**

The state of Tennessee through TDMH, community mental health centers and Tennessee Voices for Children (the state Federation of Families organization) have partnered to successfully obtain five federal System of Care grants from the Substance Abuse and Mental Health Services Administration (SAMHSA). Sites that have received these very competitive grants were Nashville/Davidson County, Maury County, Shelby County, Knox County and most recently a five-county area including Cheatham, Dickson, Montgomery, Robertson and Sumner. These grants provide millions of dollars for each site to help Tennessee develop coordinated systems and provide the foundation for evolving to a statewide system that would facilitate the cost availability of coordinated services to all local communities. The goal of this cost effective approach is to successfully keep children and youth with emotional, behavioral and mental health disorders in their homes, schools and communities. National research over several decades has proven the successful outcomes of such programs for children, families and communities.

**The goal of the System of Care approach is to successfully keep children and youth with behavioral disorders in their homes, schools and communities.**

<sup>3</sup> U.S. Department of Health and Human Services. *Mental Health: A Report of the Surgeon General – Executive Summary*. Page XIX, Rockville, MD: U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration, Center for Mental Health Services, National Institutes of Health, National Institute of Mental Health, 1999.

## Recommendations for Substance Use and Addiction Treatment, Prevention and Recovery Support Services

Unfortunately, the costs of alcohol and drug abuse are often not evident and go uncalculated, resulting in an incomplete understanding of the true impact of substance use disorders on American society. Costs of alcohol and drug abuse are generated in direct ways, such as the cost of medical care for alcohol and drug-related illness or injury, and also in indirect ways such as the loss of productivity due to AOD-related illness or injury.

A soon to be released study from the TDMH<sup>4</sup> estimating costs for a broad range of consequences of alcohol and drug use found that the total cost of alcohol and drug abuse in Tennessee in 2008 was nearly \$4.8 billion, translating to \$767 for each man, woman and child.

**The total 2008 cost of alcohol and drug abuse in Tennessee was nearly \$4.8 billion, translating to \$767 for each man, woman and child.**

**Restore community-based services to the recurring budget:** Fund the State's portion of the full continuum of care for A&D service with recurring dollars.

**Continue the current cooperative agreement between the Division of Alcohol and Drug Abuse Services (DADAS) and the Bureau of Probation and Parole (BOPP):**

This program provides services via community A&D services contractors to this high/risk, high/need population.

**Identify a recurring funding stream and fund Recovery Support Services programs to offset loss of the federal Access to Recovery Grant (ATR).** ATR was a highly successful and needed adjunct to the continuum of care for A&D services. The loss of this grant in 2010 leaves a significant gap in the service continuum.

**Preserve State Match for the Substance Abuse Prevention and Treatment Block Grant (SAPT)**

SAPT Block Grant and Matching State Funding

1. FY 2009-2010 SAPT Block Grant \$29 M
2. State Matching Funds \$14 M (includes ADAT)
3. The SAPT Block Grant is Tennessee's A&D safety net. Almost half of all clients have an annual income of less than \$2,000 when they enter treatment.
4. Beginning in FY 07 and FY 08, funding for A&D services has been reduced:
  - SAPT Block Grant 5.7 % (Treatment)  
21% (Prevention)
  - Access to Recovery 19%
  - ADAT 29%

**Preserve state funding for A&D Residential Services:** TDMHDD spends about \$13M/year on A&D Residential Services, serving approximately 2500 people a year /year on A&D Residential Services, serving approximately 2500 people a year

<sup>4</sup> Tennessee Department of Mental Health, Division of Alcohol and Drug Abuse Services (In press)

## Conclusion

Adults, children and youth with serious mental illness or substance use disorders, always among the most vulnerable, have been particularly hard-hit by the recession. Now, more than ever, behavioral health services are critical to treat mental illness and substance use disorders. The sluggish economy continues to stretch capacity within the public behavioral health system as demand for behavioral health services increases while community-based and in-patient programs struggle under funding limitations.

Devastating TennCare cuts, narrowly averted in FY 2010/11 with one time moneys, are once again on the table, necessitating consideration of all available options including those referenced above. Without additional revenue, service limits and rate reductions will dilute behavioral health treatment to the point of ineffectiveness and rate cuts will cause many community mental health agencies and other providers of care to face the real possibility of closing their doors.

Preservation of public mental health and substance abuse services from further cuts is absolutely critical. Inpatient bed and staff reductions were not adequately offset with community based services, placing Tennesseans at increased risk of psychiatric crisis, hospitalization, criminalization, homelessness or suicide. With the economic downturn, community services that, for the past twenty years, have proven essential to recovery for children and adults with the most severe disorders were placed in the non-recurring budget. They must be reinstated, preferably in the TDMH base discretionary budget, to avoid closure at the end of the fiscal year.

**The Coalition membership strongly believes that the recession is temporary and prosperity will return.**

**The Tennessee behavioral health community has a long history of collaboration and innovation to maximize the value of public investment.**

The Coalition membership strongly believes that the recession is temporary and prosperity will return. The Tennessee behavioral health community has a long history of collaboration and innovation to maximize the value of public investment. Crisis stabilization units, children's System of Care pilot projects and peer support centers are among the many innovative programs that have garnered national recognition. The Council on Children's Mental Health (CCMH) has developed a long-term, cross system plan based on extensive stakeholder input and expert advice. In addition to preserving the behavioral health service system, the Coalition recommends building on the CCMH example with a strategic planning initiative to incorporate stakeholder input and engage experts to recommend service system improvement and cross system integration strategies to position the State for opportunities emerging with the changing health care landscape. Now, more than ever, we must continue to provide hope for all Tennesseans recovering from seriously disabling behavioral health conditions.