Testimony on HB 153
Finance Sub-Committee on Health and Human Services
Ohio House of Representatives
April 8, 2011

Chairman Burke, Ranking Member Goyal, and members of the committee, my name is Mark Mecum; I am the Associate Director for Government Relations of the Ohio Association of Child Caring Agencies (OACCA). Thank you for the opportunity to offer testimony on HB 153.

Since 1973, OACCA has been a statewide association of private and public agencies that provide a wide array of services to thousands of children and families across Ohio every day. These services include: caring for children in foster care and preparing them to live independent, healthy adult lives; finding adoptive families for waiting children and supporting these new families so that they can grow and thrive; and helping children recover from mental illnesses, substance abuse or juvenile delinquency.

I am here with representatives of three outstanding community agencies that provide child welfare and behavioral health services to children, youth, and families. Collectively, we have one message for the committee: please maintain vital services for Ohio’s at-risk children, not only because it is the moral and responsible thing to do, but because it is the most cost effective thing to do.

There are two key areas in the proposed state operating budget that we respectfully ask the committee to analyze carefully: child protective services and children’s behavioral health.

Key Area #1: Proposed Funding for Child Protective Services

The Public Children Services Association of Ohio estimates that county children service agencies will receive approximately $60 million less in the FY 12-13 biennium than they did in the previous biennium. The estimate includes the: $5 million cut in the state child protection allocation, $31.5 million loss related to the Tangible Personal Property Tax, $11 million cut to the Local Government Fund, $7 million cost shift in adoption assistance, and the $5 million elimination of the Kinship Permanency Incentive Program. Yesterday, you heard from witnesses about the consequences of making these cuts. Today, we call your attention to one cut in particular: ODJFS line item 600-523. This is the primary state funding source of Ohio’s child protection system. Ohio ranks last among all states in the proportion of state funding for child welfare. The proposed 10% cut ($5 million) not only solidifies Ohio’s last place ranking, but jeopardizes other programs that are housed in the fund, including a vital program that supports foster parent training.
Key Area #2: Proposed Funding for Children’s Behavioral Health

The state Medicaid match for behavioral health services (335-501 in FY 12 and 600-525 in FY 13) are not funded adequately. Over $47 million of state spending for Medicaid behavioral health services is proposed to be cut following the cost containment strategies released by the Office of Health Transformation and the Department of Mental Health (see enclosed). These savings will result disproportionately from cuts to services for children with serious mental illnesses – particularly children who are in foster care. On the following table, you can see that behavioral health Medicaid services are provided to youth in foster care at a tremendously higher rate than other youth on Medicaid.

The proposed cost containment strategies create serious consequences for children and youth, their families, and provider agencies, including:

1. Ohio will continue to be unable to comply with standards of the federal Child and Family Service Review because we do not provide children in foster care with sufficient and consistent access to mental health services as required by Title IV-E of the Social
Security Act. In its last review, the U.S. Department of Health and Human Services has already found Ohio out of compliance in this area and indicated that we are at risk of a multi-million dollar penalty due to non-compliance.

2. Voluntary custody relinquishment of children by their families may increase. When families cannot afford medically necessary care for their children, many relinquish custody to children services in order for their children to receive help. This tragic trend results in increased costs elsewhere in Medicaid and in child welfare.

3. Providers will not be able to serve the highest-need youngsters. The cost containment strategies contain powerful disincentives for serving clients beyond the proposed “service caps”. For example, the Department of Mental Health proposes to maintain the Community Psychiatric Supportive Treatment (CPST) rate for the first hour of service each day. The rate for each subsequent hour will be reduced by 50%. Providers cannot afford to offer this service at 50% of an already heavily discounted rate. So, the amount of service that children will receive will be dictated by Medicaid reimbursement policy, rather than need.

4. Member agencies of our association supplement the cost of care at an estimated average of 20% and have done so for years. This percentage is climbing as the years pass with no Medicaid rate increases. There are no other Medicaid providers (of which we are aware) that have gone for 15 years with no rate increases. Further cuts, as proposed by the administration, may cause staff layoffs, closure of programs or even whole agencies, and the elimination of services to children in our communities. If we lose this capacity, it will be difficult and expensive to replace.

Further, we have concerns with how the administration plans to elevate behavioral health Medicaid from the local level to the state level. The Ohio Association of County Behavioral Health Authorities estimates that, as a result of the restructuring, the proposed budget decreases by 30% the state subsidy to county alcohol, drug addiction, and mental health boards for services to the non-Medicaid population. This reduction impairs the ability of communities to ensure a safety net for the uninsured and underinsured. We urge the committee to re-examine the plan for Medicaid elevation and ensure that these reforms leave counties with adequate resources to serve their community members.

In conclusion, we urge this committee to re-examine the child welfare and mental health portions of the state budget, and the administration’s plans to enact measures to achieve cost savings. Please know that we are very supportive of the efforts by the General Assembly and administration to re-design government. Proposals to modernize, integrate, and improve coordination are both exciting and long overdue. We ask that you pursue these goals with open minds and carefully consider the views of associations, providers, and families.

Thank you for your time. I would be happy to answer any question that you may have.