

HB248

HOUSE COMMITTEE REPORT

(11)

Date Referred: April 29, 1991

FURTHER REFERRALS:

Date of Committee Action: 5-9-91

The FINANCE Committee considered:

HB 248

HOUSE BILL NO. 248

MEDICAID PAYMENT FOR PSYCHOLOGISTS/OTHERS

"An Act requiring the medical assistance program to cover psychologists' services and clinical social workers' services; and reordering the priorities granted to services covered under the medical assistance program."

RECOMMENDATIONS:

be replaced with CS HB 248 (Fin) the same title a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: FINANCE letter of Intent

ATTACHES NEW FISCAL NOTE(S): _____ (Dept)

APPROVES PREVIOUS: _____ (Dept/Date)

fiscal impact HESS

fiscal note(s) _____

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>[Signature]</i>	X	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>	X	<i>[Signature]</i>	<input checked="" type="checkbox"/>		
<i>[Signature]</i>					
		<i>Mark Boyer</i>	X		
		<i>Mike Yavane</i>		X	
		<i>Eileen P. Maclean</i>		X	
		<i>George Toole JR</i>		X	
		<i>Patricia Barnes</i>		X	

Mike Yavane Eileen P. Maclean
CHAIRMAN'S SIGNATURE



Official Business

Alaska State Legislature

HOUSE OF REPRESENTATIVES

Committee on Finance

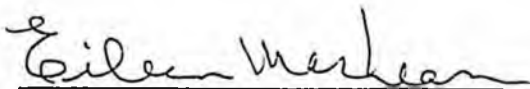
P.O. Box V
State Capitol
Juneau, Alaska 99811

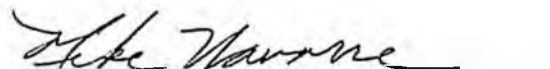
LETTER OF INTENT

CS HB 248

"An Act requiring the medical assistance program to cover psychologists' services and clinical social workers' services; and reordering the priorities granted to services covered under the medical assistance program."

It is the intent of the legislature that the Department of Health and Social Services adopt regulations to be effective no later than January 1, 1992 to fully implement CS HB 248, including both licensed clinical social workers and licensed psychologists as medicaid providers, and that no optional medicaid services be eliminated from the program except with prior legislative approval.


Co-Chair Eileen MacLean
House Finance Committee


Co-Chair Mike Navarre
House Finance Committee

CS FOR HOUSE BILL NO. 248 (FINANCE)
IN THE LEGISLATURE OF THE STATE OF ALASKA
SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:

Referred:

Sponsor(s): REPRESENTATIVES LINCOLN, Gruenberg

A BILL

FOR AN ACT ENTITLED

1 "An Act requiring the medical assistance program to cover psychologists' services and
2 clinical social workers' services; and reordering the priorities granted to services covered
3 under the medical assistance program."

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

5 * Section 1. AS 47.07.030(b) is amended to read:

6 (b) In addition to the mandatory services specified in (a) of this section, the department
7 may offer only the following optional services: case management and nutrition services for
8 pregnant women; personal care services in a recipient's home; emergency hospital services;
9 long-term care noninstitutional services; medical supplies and equipment; clinic services; inpatient
10 psychiatric facility services for individuals age 65 or older and individuals under age 21;
11 psychologists' services; clinical social workers' services; prescribed drugs; physical therapy;
12 occupational therapy; chiropractic services; treatment of speech, hearing, and language disorders;
13 adult dental services; prosthetic devices and eyeglasses; optometrists' services; intermediate care
14 facility services, including intermediate care facility services for the mentally retarded; skilled

1 nursing facility services for individuals under age 21; and reasonable transportation to and from
2 the point of medical care.

3 * Sec. 2. AS 47.07.035 is amended to read:

4 Sec. 47.07.035. PRIORITY OF MEDICAL ASSISTANCE. If the department finds that
5 the cost of medical assistance for all persons eligible under this chapter will exceed the amount
6 allocated in the state budget for that assistance for the fiscal year, the department shall eliminate
7 coverage for optional medical services and optionally eligible groups of individuals in the
8 following order:

9 (1) clinical social workers' services;

10 (2) psychologists' services;

11 (3) chiropractic services;

12 (4) [(2)] adult dental services;

13 (5) [(3)] emergency hospital services;

14 (6) [(4)] treatment of speech, hearing, and language disorders;

15 (7) [(5)] optometrists' services and eyeglasses;

16 (8) [(6)] occupational therapy;

17 (9) [(7)] prosthetic devices;

18 (10) [(8)] medical supplies and equipment;

19 (11) [(9)] clinic services;

20 (12) [(10)] physical therapy;

21 (13) [(11)] personal care services in a recipient's home;

22 (14) [(12)] prescribed drugs;

23 (15) [(13)] long-term care noninstitutional services;

24 (16) [(14)] inpatient psychiatric facility services;

25 (17) [(15)] intermediate care facility services for the mentally retarded;

26 (18) [(16)] intermediate care facility services;

27 (19) [(17)] REPEALED

28 (18)] individuals under age 21 who are not eligible for benefits under the federal
29 aid to families with dependent children program because they are not deprived of one or more
30 of their natural or adoptive parents;

31 (20) [(19)] skilled nursing facility services for persons under age 21;

1 (21) [(20)] aged, blind, and disabled individuals who, because they do not meet
2 the income requirements, do not receive supplemental security income under Title XVI
3 of the Social Security Act, but who are eligible, or would be eligible if they were not in
4 a skilled nursing facility or intermediate care facility, to receive an optional state
5 supplementary payment;

6 (22) [(21)] individuals in a hospital, skilled nursing facility, or intermediate care
7 facility whose income while in the facility does not exceed 300 percent of the supplemental
8 security income benefit rate under Title XVI of the Social Security Act, but who, because of
9 income, are not eligible for the optional state supplementary payment;

10 (23) [(22)] individuals under age 21 under supervision of the department, for
11 whom maintenance is being paid in whole or in part from public money and who are in foster
12 homes or private child-care institutions.

13 * Sec. 3. AS 47.07.900 is amended by adding new paragraphs to read:

14 (11) "clinical social workers' services" means clinical social work services
15 provided by a person licensed as a clinical social worker under AS 08.95;

16 (12) "psychologists' services" means services within the practice of psychology
17 provided by a person licensed as a psychologist or psychological associate under AS 08.86.

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. CS HB 248 (Fin)

Revision Date: 5/10/91 Department Affected: Health and Social Services
 Title: An Act requiring the medical assistance program to cover BRU: Medical Assistance - Medicaid
psychologists'.... Component: (1) Non-Facility
Sponsor: Lincoln, Gruenberg (2) Medical Assistance Admin. Claims Processing
 Requestor: _____ COMPONENT SERIAL NO. 0230

Expenditures/Revenues: Thousands of Dollars

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	86.7	140.7	167.2	198.6	235.9	280.2
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS CLAIMS	182.0	664.2	819.6	1,011.4	1,248.1	1,540.2
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	268.7	804.9	986.8	1,210.0	1,484.0	1,820.4

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	0.0	0.0	0.0	0.0	0.0	0.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	123.0	370.5	455.4	559.9	688.4	846.6
FEDERAL FUNDS	145.7	434.4	531.4	650.1	795.6	973.8
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	268.7	804.9	986.8	1,210.0	1,484.0	1,820.4

POSITIONS:

FULL-TIME	0.0	0.0	0.0	0.0	0.0	0.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: none

ANALYSIS: (Attach a separate page if necessary.)

See attached

Prepared By: [Signature] For: Kim Sueda Phone: 465-3355

Division: Medical Assistance Date: 5/1/91

Approved by Commissioner: [Signature]

Agency: Health and Social Services Date: 5/10/91

CS HB 248 (Fin) Analysis

I. Contractual Costs

- a. The Alaska Medical Payments System will require modification to pay psychologists, psychological associates, and licensed social workers as a new service. The contractual costs include such items as the following: provider manuals, training, a new claims form, tables included in the system for psychologists' services for adults and licensed social workers' services, computer programming, computer reports, the addition of collocation codes, and a computer system test. Since Psychologists' services and Licensed Clinical Social Workers' services have already had most of this effort completed as part of the OBRA '89 project of expanding services for children, the only additional work needed to provide for adult services will be 6 new edits for psychologists, and 6 new edits for social workers, at \$1080 per edit (\$6480 each, \$12,960 total). Psychological Associates are an entirely new provider type and will require \$23,914 in contractual costs.

Total one-time FY92 cost = 36.9 (18.5 Fed, 18.4 SGFM)

- b. The Division of Medical Assistance must pay the claims processing contractor \$6.23 for each claim processed. Estimated claims volume for FY92 is 8,000, assuming a January 1, 1992 start date. FY92 processing costs = 49.8. (36.2 Fed, 13.6 SGFM)

II. New Grants/Claims Costs

- a. There is no accurate method for determining the numbers of Medicaid eligibles who will use this new coverage, the numbers of providers who will choose to enroll, and the initial costs per type of service that they will provide. Cost estimates are based on the following assumptions:
 - (1) 50 psychologists will enroll as providers in the first year.
 - (2) Approximately 24 of these new providers are currently providing services indirectly, supervised by and/or billing through a physician or psychiatrist. About one-half of these are billing Medicaid at a rate 15% lower than the rate charged by psychiatrists. Payments to the 12 now billing at the higher rate will be reduced by \$14,400 (15% reduction X 8,000 current average psychiatrist's Medicaid billings per year, X 12 psychologists = \$14,400 Medicaid savings). However, we assume that 37% of the caseload is children, who could receive psychologists' services through Medicaid under EPSDT regardless of SB 156. Therefore, the net savings related to this legislation is \$9,100 (\$14,400 X 63%) for 12 months.
 - (3) Logic suggests that billings from physicians and psychiatrists who supervise the psychologists now providing services to Medicaid eligibles would decrease if these psychologists were to enroll directly. However, experience in other states that have added psychologists' services has varied so much on this point that we cannot safely assume any decrease in current billings.

- (4) Approximately 26 psychologists in private practice who are not currently serving Medicaid recipients will enroll. Alaska Psychological Association data indicates these new providers will see an average of 20 patients per week for a total of 30 hours per week, and that they charge \$90 per hour for private sessions. Vacations, holidays, and continuing education reduce their work time to 46 weeks per year.
- (5) We assume that psychologists will not differ from other medical professionals enrolled as Medicaid providers, in that Medicaid patients will, on average, not exceed 15% of their total patient load. We also assume that 37% of their Medicaid billings will be for children, who would be covered by Medicaid under EPSDT regardless; therefore, 63% of the cost of the new caseload would be attributable to HB 248. Cost for the new psychologists' services will be 30 hours per week X 46 weeks X \$90 per hour X 15% X 63% X 26 psychologists = \$305,200.
- (6) The cumulative margin of error in all these assumptions for psychologists' services is such that we do not feel it is necessary to separately cost psychological associates' services. We believe that one, two, or possibly three new providers will initially enroll, and the net costs of so few providers can be covered by the funding requested for psychologists.
- (7) 39 licensed clinical social workers will enroll as providers in the first year (The actual number is likely to be higher, but because many licensed clinical social workers do not practice full time, we have assumed 39 "full-time equivalents" to simplify calculations.)
- (8) Approximately 19 of these new providers are currently providing services indirectly, supervised by and/or billing through a physician or psychiatrist. About one-half of these are billing Medicaid at a rate 20% lower than the rate charged by psychiatrists. Payments to the 10 now billing at the higher rate will be reduced by \$16,000 (20% reduction X 8,000 current average psychiatrist's Medicaid billing per year, X 10 licensed clinical social workers = \$16,000 Medicaid savings for a full year). We assume no coverage of licensed clinical social workers through EPSDT.
- (9) We have assumed that billings from physicians and psychiatrists who supervise the licensed clinical social workers now providing services to Medicaid eligibles will not decrease if licensed clinical social workers were to enroll directly.
- (10) Approximately 20 licensed clinical social workers in private practice who are not currently serving Medicaid recipients will enroll. We assume that these new providers will see an average of 21 patients per week. Industry sources indicate that they will bill, on average, 22 hours per week. We assume that they charge \$85 per hour for private sessions, and that they will work 46 weeks per year.

- (11) We assume that licensed clinical social workers will not differ from other medical professionals enrolled as Medicaid providers, in that Medicaid patients will, on average, not exceed 15% of their total patient load. Cost for the new licensed clinical social workers' services will be 22 hours per week X 46 weeks X \$85 per hour X 15% X 20 licensed clinical social workers = \$258,100.
- (12) Combined new costs for psychologists and licensed clinical social workers = \$563,300 (\$305,200 + \$258,100). Combined savings = \$25,100 (\$9,100 + \$16,000). Net costs = \$538,200 (\$563,300 - \$25,100) for a full year. The time required for data system changes, promulgation of regulations, and provider enrollment activities necessitate a starting date no earlier than January 1, 1992. FY92 benefits will therefore be 50% of a full year:

134.5 SGFM
134.6 FED
 269.1 Total

House Finance reduced the total (grants/claims) benefits cost from 269.1 to 182.0, on the grounds that, after a 1/1/92 start date, normal billing lags will result in lower costs during the first six months than the department had originally estimated.

- (13) Benefits costs for FY93 through FY97 are computed from the department's original FY92 base estimates, adjusted for a full year, and increased annually by 23.4% (4.6% for price increases, 7.0% for increases in the number of eligible recipients, and 11.8% for utilization increases).
- (14) Claims processing costs are billed at \$6.23 per claim. For FY93 through FY97, FY92 costs, adjusted for a full year, are increased by 18.8% annually (7.0% for increases in the number of eligible recipients and 11.8% for utilization increases).

POSITION PAPER

Committee Substitute for House Bill 248 (Finance)

"An Act requiring the medical assistance program to cover psychologists' services and clinical social workers' services; and reordering the priorities granted to services covered under the Medical Assistance program."

This Act would amend AS 47.07.030 (b) to add psychologists' and clinical social workers' services to the services available for needy persons who are eligible for Medicaid, and it would amend AS 47.07.035 to place the new coverages in the priority listing of all optional Medicaid services authorized by the Legislature for Alaska.

I. Psychologists and Psychological Associates

Currently, there are about 115 licensed psychologists in Alaska, all of whom would be eligible to enroll as Medicaid providers were CS HB 248 (Fin) to pass. A substantial number of these psychologists are already providing services to Medicaid recipients, and indirectly receiving Medicaid payments in community mental health clinics, or in physicians' mental health clinics where they are supervised by a physician or psychiatrist who is enrolled.

The Division of Medical Assistance has long believed that this situation is far from ideal, for these reasons:

1. The Division has no evidence that the supervision requirement generally results in more effective, higher-quality care. However, there is a strong conviction, here and in other states' Medicaid agencies, that supervision increases the cost of care and can make it harder for clients to obtain care.

Many states, including Alaska, have specified exactly how much and what types of supervision are required, but there is considerable disagreement over whether such rules do in fact result in any measurable improvement in the care provided. Federal Medicaid rules allow for any type of M.D. to be a supervisor, so it is frequently the case that a general practitioner, who may or may not have any formal training in psychology, is being paid to consult with and guide a certified mental health professional. This may be helpful in cases in which a person's mental problems are caused by or accompanied by physical problems, but in many cases, this arrangement only results in an unnecessary cost to the taxpayer.

2. Not only does the Division pay physicians for supervisory duties that may or may not enhance the quality of care, the "screening" effect in clinical settings which result from the supervision requirement means that Medicaid pays for services that are actually provided by any licensed person the supervisor deems appropriate. This means that Medicaid pays the rate appropriate for a psychiatrist/M.D., but the patient often gets services from someone whose credentials would justify a lower rate.

The Federal Omnibus Reconciliation Act of 1989 (OBRA '89) mandated that states offer Medicaid-eligible children (under 21 years of age) any Medicaid-approvable service that they are found to need, even if a state has not previously chosen to offer that service. Since AS 47.07.030 requires us to offer all federally-mandated services, it is our present intent to add psychologists' services for children under 21 by regulations that will soon be published, on the grounds that children will not have sufficient access to mandatory mental health services without their addition, and sufficient access is a federal mandate.

CS HB 248 (Fin) would therefore have the effect of adding psychologists' services just for adults.

From the provider's point of view, adding psychologists' services for adults to Alaska's Medicaid program would create equity between psychologists who practice independently and those who practice under the supervision of a physician or in a community mental health clinic, and between those who serve children and those who serve adults.

From the Medicaid recipients' point of view, adding psychologists' services would make it easier to obtain care, because it would increase the number of enrolled Alaska providers offering these services. It would also make it easier for them to directly access the person who gives them care, as they would no longer have to pass through a physician's examination process in order to receive therapy.

Unfortunately, CS HB 248 (Fin), by adding new providers to Medicaid, and by therefore making it easier for recipients to obtain the services psychologists are licensed to provide, is very likely to result in more recipients using mental health services, which will in turn increase program costs.

There is both data and informed opinion that indicates that adding a comparatively lower-cost provider group can actually save money, both by providing the same service at a lower cost and by easing access to a type of care which can prevent an illness from worsening to the point of requiring institutionalization, producing family dissolution, etc. However, this is hard to quantify and may be so much a direct function of a locale's or a state's total health care matrix as to not apply to a different location. We are

convinced that Alaska, as many other states' past experiences have indicated, will add costs by adding new providers.

There are only 26 psychological associates in Alaska, nearly all of whom practice in clinic situations. It is doubtful that Medicaid enrollment and reimbursement would be sufficiently appealing to entice any significant number of them into becoming independent providers. We do not anticipate that their inclusion will significantly improve access to services or substantially increase program costs. However, given the scope of their licensure in comparison to the scope of licensure of psychologists and of licensed clinical social workers, we believe it is reasonable and equitable to include them in CS HB 248 (Fin).

II. Licensed Clinical Social Workers

There are approximately 155 licensed clinical social workers in Alaska, with about 78 practicing independently. Most of what we have noted about psychologists applies as well to licensed clinical social workers. However, this provider group, like psychological associates, was not included in the FY91 budget increment for the OBRA '89 expansion of services for children.

The department is currently examining whether their inclusion as a children's services provider group is necessary under federal law. It may well be that community mental health centers (all of which are Medicaid providers') Medicaid-enrolled psychiatrists, and the coming inclusion of psychologists as children's providers in Medicaid together offer sufficient access to basic non-institutional mental health services so that the access requirements of federal law are met without adding other provider groups.

Apart from the obvious fact that the department has no statutory authority under AS 47.07.030 to add provider groups or services which are not federally-mandated, the department does not believe the purpose of the Medicaid program is to provide access of provider groups to Medicaid reimbursement. Rather, the purpose of the Medicaid program is to provide needy Alaskans reasonable access to necessary medical care.

Unlike many other medical services, where an excess of available services can exist without producing negative fiscal effects, mental health outpatient services, if they expand too rapidly, can pose a fiscal risk to the state. Community mental health clinics, which the state is committed to support with state funds, depend in significant measure on Medicaid (50% federal) funding. A rapid shift of Medicaid patients toward other sources of treatment could result in the clinics losing revenue, which would most likely have to be compensated for by an increase in state-only funding.

For this reason, we favor a slower, incremental approach to any expansion of Medicaid mental health services.

Position:

The department supports the Finance Committee's placement of these services at first and second priority in the listing of AS 47.07.035.

Given the rapid growth of Medicaid, we believe it is essential to be sure that each new service Alaska adds is clearly necessary to comply with federal law or to remedy an identified coverage gap which poses a real threat to the health of Medicaid recipients. We also believe that the discussion of adding any service which does not pass either of these tests must include consideration of the comparative importance of other optional services we do not provide.

The department does not oppose the addition to Medicaid of psychologists' services for adults, nor does it oppose the addition of psychological associates' services for both children and adults. We do not oppose the addition, at some future time, of licensed clinical social workers' services, provided that the need for this service is clear after we have some exposure to the effects of OBRA '89 changes and the addition of psychologists proposed by CS HB 248 (Fin).

Recommended by:

Kimberly B. Busch
For: _____
Kimberly B. Busch
Acting Director
Div. of Medical Assistance

Date:

5/10/91

Approved by:

Theodore A. Mala, MD, MPH

Theodore A. Mala, MD, MPH
Commissioner

Date:

5/10/91

ALASKA
PSYCHOLOGICAL
ASSOCIATION

3211 Providence Drive, Anchorage, Alaska 99508 (907) 786-1711

POSITION PAPER

Issue: Alaskan Psychologists, although licensed by the State of Alaska, are omitted from the statutes which determine the type of care allowed by and covered under the Medicaid program.

Position: The Alaska Psychological Association is proposing changes in the current statutes to allow Medicaid patients to receive psychological services with consumer choice regarding the licensed provider of the service.

Current statutes create a situation which:

- 1) Discriminates against the needy and those in remote locations;
- 2) Is more costly to the Medicaid system;
- 3) Limits the quality of care available to all Alaskans;
- 4) Results in a restraint of trade.

The proposed changes would correct this situation and allow psychologists to receive compensation for services provided to Medicaid patients. Currently, a number of psychologists provide needed care to Medicaid patients without compensation, or they are forced to resort to the courts in legal action against agencies of the State of Alaska to receive compensation. It is currently the practice of the Alaska Attorney General's office to settle such suits out of court when possible. Many psychologists feel that reasonable changes in the statutes by the legislature are the only

APA Position Paper.

recourse left to them, short of joining the growing number of costly and time-consuming suits. They have elected to pursue these changes through their professional Association.

The Federal Medicaid program allows the various states to determine eligibility and types of care covered by the program.

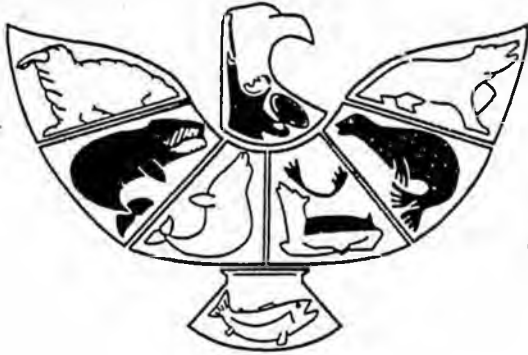
A variety of other professional health services are provided for under Alaska statutes pertaining to Medicaid. These include optometrists, physical therapists, nurse midwives, physicians and others.

A growing number of states, currently about half, provide for Medicaid recipients to receive independent psychological services.

People covered by private insurance and even employees of the State of Alaska covered by Alaska's employee health care plans are able to receive the services of an independent psychologist.

However, Alaskans who are Medicaid recipients may not choose freely between equally qualified providers. They are also denied equal access to treatment by care providers offering non-drug approaches.

The Alaska Psychological Association hereby requests your support of Senate Bill ¹⁵⁶~~21~~, which allows Medicaid recipients access to psychological services.



Alaska Native Health Board

1345 Rudakof Circle, Suite 206
Anchorage, Alaska 99508

Phone: (907) 337-0028
FAX: (907) 333-2001

March 27, 1991

The Honorable Arliss Sturgulewski, Chair
Committee on Health, Education, & Social Services
The Alaska Senate
P.O.Box V
Juneau, AK 99811

RE: Senate Bill 156

Dear Senator Sturgulewski:

At its March 5-7, 1991 meeting, the Alaska Native Health Board (ANHB) passed a motion in support of SB 156. ANHB is made up of the twelve regional Native health providers. The members are constantly faced with the impacts of mental health problems that demand professional services. SB 156 will add licensed clinical social workers and licensed psychologists as approved medicaid providers. This change will gradually improve access to community based mental health services and, as importantly, allow clients to choose a mental health provider who can best meet their needs.

Since the bill does not expand mental health coverage, its fiscal impact will be minimal. Outpatient mental health services are a critical component of preventing expensive crisis situations and decreasing avoidable hospitalizations. In addition, cost management opportunities are improved by direct enrollment of these providers since the Division of Medical Assistance can regulate utilization and payment levels.

In rural Alaska we are almost exclusively reliant on licensed psychologists and licensed clinical social workers. It is very hard to recruit and retain psychiatrists who command very high salaries.

We hope this bill will receive early and favorable consideration by the Senate HESS committee and the full body.

Sincerely,

Anne M. Walker
Executive Director



Fairbanks Counseling and Adoption

753 Gaffney Road
P.O. Box 71544
Fairbanks, Alaska 99707
(907) 456-4729

April 23, 1991

Dear Health, Education and Social Services Committee Members,

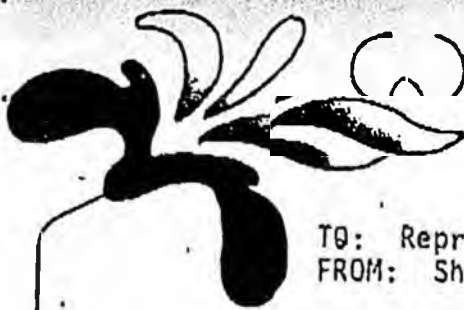
The clinical staff at Fairbanks Counseling and Adoption supports HB 248 which would increase the options and services for children. We believe this bill will help to improve the quality of life and allow for healthier functioning which all of society will benefit from.

Sincerely,

Janna Eyer Stough, LCSW
Family Treatment Coordinator



A United Way Member Agency



WIC-CA

TO: Representative Georgianna Lincoln
FROM: Sherry Byers, Child Therapist

DATE: April 22, 1991

This letter is in support of the passage of House Bill 248 which would allow for medicaid payment for psychological services and clinical social work services.

Since the start of the '90-'91 school year we have had a waiting list of children seeking therapy services. Because of program financial limitations we are able to see only a limited number of individuals. Attempts have been repeatedly made to refer children to other agencies in the community, yet they always have a waiting list. Approximately 50% of those on the waiting list are medicaid recipients. If licensed private practitioners in the community were eligible to provide these services many doors would open for these children. All waiting lists would be shortened and some children in need of services would be able to receive psychotherapy.

I believe it's important to note that the majority of licensed agency staff currently serving children in our community are clinical social workers. Certainly the Medicaid Assistance Program should include services provided by both clinical social workers and psychologists.

I view the passage of this bill as a wonderful opportunity to serve the children in this community and state. Please remember that our children are our future.

 FAX TRANSMITTAL MEMO
 TO: Rep. Georgianna Lincoln
 DEPT: _____ FAX #: 465-2652
 FROM: Sherry Byers PHONE: 452-2293
 CO: WIC-CA FAX #: 452-2613
 Post-It brand fax transmittal memo 7671

NO. OF PAGES



Joel B. Wieman Ph.D.
Licensed Psychologist

1345 W. 9th Suite 200
Anchorage, Alaska 99501
(907) 276-7374

March 5, 1991

Senator Arliss Sturgulewski
Chair of the Senate Health,
Education and Social
Services Committee
PO BOX V STATE SENATE
Juneau, AK 99811

Dear Senator Sturgulewski:

I am writing you concerning SB 156, the Senate bill to include psychologists and socialworkers as independent providers in the Medicaid system. The Alaska Psychological Association is pleased the Senate Health Education and Social Services committee has introduced this needed legislation.

Historically psychologists or social workers wishing to provide service to Medicaid recipients have been required to work for a psychiatrist who holds a Medicaid group billing number. There are several effects of this practice. First, the choice of who the client may receive services from is dictated by who received group billing number when they were issued years ago, not by who is best qualified to provide the service, or who the client prefers to see.

Secondly, the cost of medicaid services is increased due to the necessity of requiring psychiatric supervision. In the private sector, to my knowledge, there are no insurance companies that require that a psychologist be supervised by a psychiatrist in order to provide services. Though a few companies require that social workers be supervised by either a psychologist of a psychiatrist, this is changing and social workers are generally treated as a valuable and independent group that are directly reimbursed by many insurance companies. Psychologists are included as independent providers under the federal Medicare regulations as well, and on a state level are now covered as independent providers of children services under the Early Prevention, Diagnostic, and Treatment (EPSDT) program as mandated by federal Medicaid regulations. To require that a psychologist of social worker

be supervised by a psychiatrist in order to provide Medicaid services not only waists state dollars, but the time of the professionals involved as well.

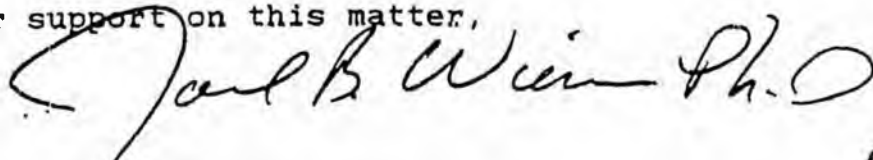
The issue of cost is one that has become increasingly more important as the economy changes in Alaska. With the federal mandate that psychologists and social workers be included in the EPSDT children's services, the additional costs of including provider status of adult services should be minimal. Many of the adult recipients of mental health services funded by Medicaid are the chronically mentally ill. These people are most often treated in either hospitals, day treatment facilities or other programs associated with community mental health centers, and are already receiving medicaid services from those agencies and in most cases would not be treated by independent practitioners. After having read the new regulations, my understanding is that services to adults that are related to family problems or that have a direct effect on children are to a great extent covered under the EPSDT program.

The majority of those who would be treated by independent psychologists or social workers would include low income individuals needing mental health services that will aid them in rejoining the work force, those injured on the job who need psychological evaluations to assist in new job placements, and individuals with head injuries or chronic neurological disease needing neuropsychological evaluations. In addition, others with mental disorders that impair their ability to function would be eligible to receive services.

The goal of most mental health work is to enable clients to become functioning human beings. This includes the ability to work, and provide for one's self. It is my belief that good mental health services serve to hold down the over all cost of caring for low income individuals, and that mental health services reduce the number of those receiving other governmental monies.

Hopefully this has clarified the some of the questions you may have had concerning this matter. I would be delighted to discuss this with you in person or over the phone. I will be out of town for the next week, but should be back in my office by March 13.

Thank you for your support on this matter,



Joel B. Wieman Ph.D
Legislative Coordinator
Alaska Psychological Association

March 15, 1991

I support Senate Bill 156 which allows for medicaid reimbursement to include psychologists and clinical social workers.

I have researched what happens when licensed clinical social workers are reimbursed by insurance companies for provision of mental health services. I have found that when this occurs, there is no proof of any increases in utilization or cost of services and that there is no decrease in the quality of services provided.

The following includes some of the information I located regarding this issue:

A 1982 Champus study reports a cost avoidance of \$457,071.00 after allowing reimbursement to licensed clinical social workers.

A 1986 FEHB study out of the U. S. Office of Personnel Management reported no increase in cost or utilization of services when Licensed clinical social workers are reimbursed.

A 1989 survey of twenty insurance companies report no cost or utilization increases when licensed clinical social workers were reimbursed.

A NIMH study of Massachusetts Blue Shield for 1980, 1981 and 1982, shows no overall cost or utilization increases when clinical social workers were reimbursed.

Data from 1982 and 1983 for Mass. Blue Shield shows no increase in utilization after including clinical social workers in reimbursement.

A study of Mass. Blue Shield for 1987 showed no increase in mental health reimbursements after including clinical social workers as providers.

An American Airlines spokesperson in 1990 stated that there was no increased cost when clinical social workers were included as providers and added that utilization did not increase either.

AT&T found no increase in cost when including clinical social workers as providers.

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Some factors which seem to contribute to lack of increase in cost and utilization of services when clinical social workers are included as providers include the following: The American Journal of Psychiatry in 1980 states a study which shows a cost differential of \$12 or 28% between psychiatrists' and social workers' fees. That study indicates that the treatment course for social workers clients is shorter in term. Mutual of Omaha confirmed that clinical social workers' fees are lower than those of psychiatrists. In Maryland, where clinical social workers have been included as providers for over ten years, the fees of clinical social workers remain 33% ~~lower~~ than those of psychiatrists. The American Psychological Association reports that clinical social workers consistently charge less than psychiatrists.

In general, mental health coverage is seen to lead to cost avoidance in overall medical care.

The California Psychological Health Plan reports 20-24% reduction in utilization of surgical, hospital and medical treatment when mental health services are provided.

Group Health reports that users of mental health services reduce non-mental health benefits by 30.7% and lab/Xray services by 29.8%.

In Oregon, a study after a state mandate requiring provision of mental health services showed a savings in cost for the public,

A 1983 study in the Journal of Psychiatry indicated significant reduction in use of medical services, primarily inpatient, when individuals over 65 were provided mental health services. According to IBM, one-half of the patients seen in their medical department had complaints that were emotional or psychiatric in nature.

Twelve studies in 1987 showed that mental health services treatment cut medical costs 26-69% and reduced sick days by 38-42%.

I will now address the quality of care issue when non-medical personnel are included as providers.

A 1985 survey of 7 treatment outcome studies reports therapeutic behavior and outcome of therapy equivalent among the three major mental health providers, clinical social workers, psychologists and psychiatrist.

(These studies include ones in Illinois, Canada and at the Veterans Administration.)

Studies indicate that there are more similarities than differences between services provided by the three disciplines and this needs to be considered when considering consumer choice.

Champus states that no quality of care problems arose when including clinical social workers as providers.

In Maryland, the Attorney General upheld the right of clinical social workers to diagnose. (A study out of NIMH indicated that the three main provider groups are equivalent as diagnosticians.)

This concludes my statement regarding my support of Senate Bill 156. .

Yvonne Micheli

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ALASKA STATE LEGISLATURE

Representative Georgianna Lincoln

HESS Committee, Co-Chair
Resources Committee, Vice-Chair

Budget Subcommittees
Health and Social Services
Revenue

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MEMORANDUM

TO: Representative Mike Navarre, Co-Chair
House Finance Committee

FROM: Representative Georgianna Lincoln *geo*

DATE: April 26, 1991

RE: House Bill 246 - Medicaid Payment for Psychologists/Others

I would appreciate your scheduling of HB 248 in the House Finance Committee.

This bill will add psychologists and clinical social workers as approved medicaid providers. Adding these providers will expand access to mental health services, especially in communities where there are virtually no private psychiatric clinics and the community mental health programs all have long waiting lists. Many community mental health centers cannot see any children or new adult clients unless there is an emergency like a suicide attempt. Outpatient mental health services offered by licensed psychologists and clinical social workers have been demonstrated to be of similar quality to those supervised by physicians and to cost no more. Expanded outpatient services often help prevent far more expensive psychiatric hospitalizations.

Many private and public insurance programs, including medicare, CHAMPUS, and the federal employees insurance, cover these providers as independent providers. They have determined in studies that there was no cost increase when these providers were added and that the quality of services remained at least as good.

CS HB 248 (HES) moved from House HESS this morning. The CS makes one change to the bill, on page 2, at line 17. The original bill places clinical social workers as number (10) and psychologists as number (11) in priority order changes the placement of these services. The CS moves them to (10) and (11) respectively, below clinic services which includes community mental health clinics.

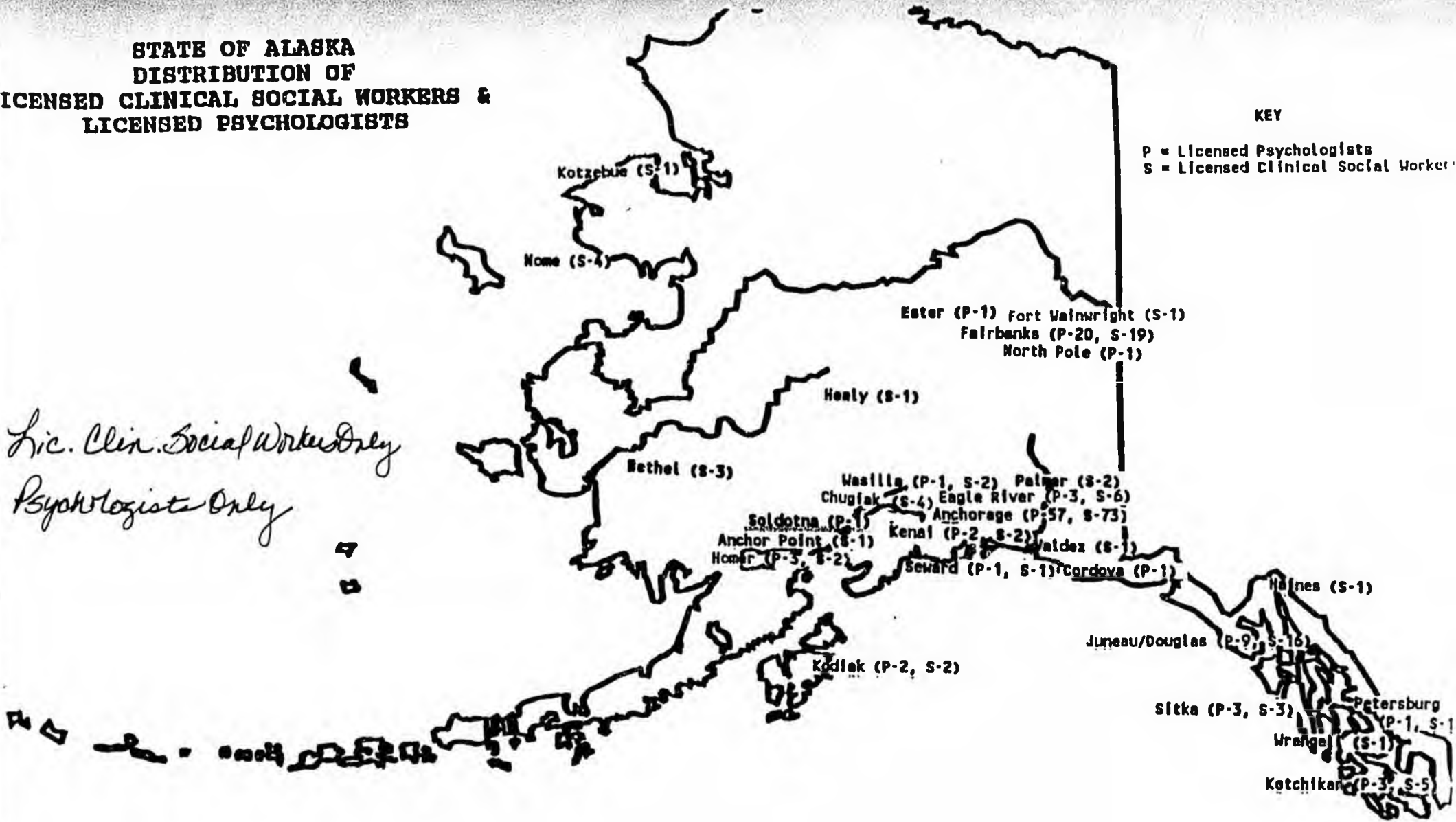
Thank you for your consideration.

**STATE OF ALASKA
DISTRIBUTION OF
LICENSED CLINICAL SOCIAL WORKERS &
LICENSED PSYCHOLOGISTS**

KEY

P = Licensed Psychologists
S = Licensed Clinical Social Workers

Lic. Clin. Social Workers Only
Psychologists Only



TOTALS

STATE OF ALASKA

110 Licensed Psychologists
162 Licensed Clinical Social Workers



OTHER STATES

30 Out-of-State Licensed Psychologists

Information compiled from
State of Alaska
Department of Commerce and Economic Development
Division of Occupational Licensing
Directories of Licensees

Licensed Clinical Social Workers: January, 1991
Licensed Psychologists: October 1990

PLEASE MICROFILM TOP PAGE ONLY

DOCUMENTS WHICH HAVE NOT BEEN
FILMED BUT ARE AVAILABLE IN THE
ORIGINAL FILE INCLUDE:

→ miscellaneous news clippings / reports
re: psychotherapy