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Concord, NH, January 28, 2010: The Community Behavioral Health Association issued the following statement about the release of the Endowment for Health's report titled *The Financial Health of the Community Mental Health Centers*.

The Community Behavioral Health Association would like to first thank the Endowment for Health for supporting this study. Their work in the mental health arena is a critical part of New Hampshire's public health dialogue and their willingness to make mental health a front-burner issue has improved health policy in the state.

Although the Association has not yet had time to fully analyze the report, the findings of the study seem to add to a growing body of evidence that demonstrates that New Hampshire does not have a sustainable mental health structure. The current state of the community-based system is in crisis and stands out as a major public health concern.

In September of 2008, the 10-Year Mental Health Plan, *Addressing the Critical Mental Health Needs of NH's Citizens – A Strategy for Restoration*, was issued by a taskforce made up of community and state officials. At that time, the taskforce was quite bold in their assessment that they system was failing, was in crisis and needed immediate and specific investments. Sadly, little if any of the 10-Year Plan's recommendations or actions were undertaken. In fact, the weakened financial position of the 10 Community Mental Health Centers has lead to cutbacks in programs such as residential treatment, an area where the report stressed a need for increased investment.

The Kane study presented today offers troubling news for the foundational structure of NH's mental health system. At a time when more consumers are seeking care, the Centers are experiencing troubling financial situations. While the report indicates that some of the Centers are in better condition than a couple of years ago, as a whole, the system is not secure.

As a general matter, the findings of the report are quite disturbing. Among the larger concerns for the state and the mental community are the following:

1. While there may have been some improvement in the stability of the Centers over the past 5 years, they remain on the brink and further Medicaid reductions risk moving the Centers' financial position backward.

2. There has been a measurable increase in caseloads reflected in increased patient revenues, but operating margins remain very weak. Despite the climbing numbers of consumers, Medicaid payments are not keeping pace. As a result, the risk of increased Medicaid activity has been shifted to the Centers. While the reasoning for increased caseloads needs additional analysis, the study does indicate that the weaker Centers are those with higher Medicaid percentages.
3. 75% of overall revenues and 85% of patient revenues are Medicaid: This dominating funding source leaves the Centers susceptible to state budget volatility. This overreliance on Medicaid is related to meaningful reductions in General Fund support for the Mental Health Centers in recent years.
4. Because of their weak cash reserves, the Centers will be especially defenseless to any deeper Medicaid cuts in 2010 and beyond.

In the weeks to come, as state officials consider additional rate reductions to the mental health system through Medicaid rate cuts, the immediate and long term health of the community-based system should be considered. As this report indicates, the Centers are extremely vulnerable to this type of revenue reduction as they have virtually no other funding source to turn to.

The work of the Endowment and the Kane groups report does not have to serve as just another reminder of a crumbling mental health system in NH. Rather, it should serve as a call to action, and a guidepost for developing a stronger and more sustainable community mental health structure in the state.