

Rate and Rule Reform is Required to Build Treatment Capacity in the Mental Health Sector

PROBLEM

- ❖ Despite the Affordable Care Act, community mental health providers are unable to expand capacity to reach new individuals because **below-cost** Medicaid reimbursement rates and **outdated** mental health rules **prevent** growth.
- ❖ Inadequate rates and capacity have resulted in inappropriate, expensive settings for thousands:
 - ✓ **Lawsuits.** Illinois is subject to two consent decrees because of a lack of access to the right mental health treatment services in the community (*i.e.*, a lack of treatment capacity).
 - ✓ **Multiple Preventable Hospitalizations.** The average cost of one psychiatric hospitalization is \$6,000 – multiple hospitalizations are common without continuous treatment, leading to higher cost: \$30,000/year for five psychiatric hospitalizations compared to a cost of \$8,000-10,000 for a full year of mental health treatment.
 - ✓ **Justice System.** 20% of inmates in Illinois' correctional system have a mental health condition and are often convicted of survival crimes due to untreated mental illness and homelessness. The annual cost of a prison stay is \$37,102.
 - ✓ **Homelessness.** 1/3 of Illinois' 14,000-plus homeless population is homeless due to an untreated mental illness.
- ❖ Updated provisions to Rule 132 would allow for:
 - Flexibility, growth and innovation of mental health services;
 - Incentivizing quality care;
 - Increased collaboration in providing services and supports;
 - Modernizing billing practices; and
 - Alignment with managed care requirements.

Building Mental Health Treatment Capacity Makes Fiscal Sense

SOLUTION

- ❖ **Rate reform** that covers the actual cost of services is the *only way to build treatment capacity*.
- ❖ **Rule reform** is critical to move the sector to outcomes-driven care. Archaic rules are duplicative, prevent innovation and efficiency, and discourage treatment of the most costly individuals.

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