Hundreds of thousands of citizens use community-based outpatient clinics as their initial, primary, and often sole source of mental health and substance use disorder treatment.

For nearly a half-century publicly funded, community-based outpatient clinics have served a vital role in providing mental health and substance use disorder treatment to people in communities across Pennsylvania. Outpatient clinics have been the foundation of the public mental health and substance use service delivery system, operating as a safety net for the commonwealth’s most vulnerable populations. Hundreds of thousands of citizens use community-based outpatient clinics as their initial, primary, and often sole source of mental health and substance use disorder treatment. PCPA members have reported a significant increase in demand for outpatient services. Outpatient-based evaluation, diagnosis, and core treatment services are the foundation for a wide range of other critical child, adolescent, and adult behavioral health services.
Today, these vital outpatient clinics face serious challenges that are eroding quality of care and threatening their very existence. These challenges occur at a time when the science tells us that the most clinically- and cost-effective outcomes rely on early assessment, diagnosis, and treatment found in outpatient services. This fact has been evident in the national discourse ranging from reports of the Surgeon General to provisions in recent mental health parity and health insurance reform. It is in the interest of all stakeholders — individuals, family members, service providers, county systems, and state government — to come together to face these challenges and protect Pennsylvania’s mental health and substance use disorder outpatient service delivery system.

A strong body of literature exists to support the value of community integration and the possibility of recovery. People of every age with emotional disturbances, mental illnesses, and substance use disorders can lead fulfilling lives and participate in the greater community. But services and supports must be adequately funded, easily accessible, tailored to meet individual needs, and foster the principles of recovery, resiliency, and self-determination. A trained, competent, and adequately compensated workforce is needed to provide accessible, quality services.

Data suggests that these services and supports can be provided in the community at significant cost savings. Access to a full range of medications, including new medications, has made recovery possible for many people. Outpatient services in conjunction with appropriate medications are critical for many to attain and sustain recovery.

PCPA held an Outpatient Summit to examine the decline of outpatient services in Pennsylvania. The summit addressed current challenges in the Pennsylvania outpatient service system. Members from urban, suburban, and rural communities gathered with representatives of government, managed care organizations (MCOs), and advocates to examine the state of outpatient services and develop a series of recommendations to resolve the crisis. Summit participants identified the need to promote evidence-based practices, enact regulatory reform, create new funding alternatives, and embrace principles and practices of the person-centered home model as the basis for service delivery of outpatient care in Pennsylvania. Furthermore, the summit highlighted these important points:

1. When utilized appropriately, outpatient treatment can save millions of dollars in inpatient and emergency room costs.
2. As the commonwealth closes state hospitals, a strong commitment must be made to the community-based service structure and outpatient services, especially for patients with more severe psychiatric illnesses.
3. Studies have shown that individuals who receive needed mental health and substance use disorder treatment experience significantly reduced physical health problems/costs.
5. The absence of community services and supports results in increased juvenile court placement of youth and incarceration of adults living with mental illnesses and substance use disorders. Incarceration is not the answer; it is ineffective and extremely costly.

Through advocacy, education, and support, the Pennsylvania Community Providers Association (PCPA) represents its members and promotes excellence in the provision of community health and human services. PCPA advances member commitment to improving the quality of life and community well-being for all Pennsylvanians, especially those who are at risk of or face the challenges of mental illnesses, substance use disorders, intellectual, and/or developmental disabilities.

The association represents over 225 organizations that offer services and supports for mental health, intellectual and developmental disabilities, and substance use disorders. Member agencies are in all 67 counties and serve over one million Pennsylvanians each year. PCPA members are the leading providers of community behavioral health services in the Pennsylvania Medical Assistance Program.
Outpatient treatment services should be easily accessible, age appropriate, person-centered, person and family directed, evidence-based, continuous, culturally appropriate, and closely coordinated. To this end, PCPA recommends the following service delivery, regulatory, and financial reforms.

Service Delivery Challenges and Changes Needed

The nation’s behavioral health system is evolving toward a model of care that facilitates each individual’s hope of recovery; prioritizes self-determination; recognizes the connections between mental, physical, and social-emotional wellness; and emphasizes building a meaningful life in the community. Unfortunately, Pennsylvania’s current outpatient service system is not aligned with this emerging paradigm. Outdated funding and regulatory policies result in fragmentation of services and limit the ability of outpatient providers to address the client’s integrated mental health, substance use disorder, physical health, educational and social needs.

- PCPA recommends that both mental health and substance use disorder outpatient clinics in Pennsylvania be placed under the Medicaid Rehabilitation Services Option to allow licensed practitioners to direct treatment in their respective fields and allow services to be delivered with more flexibility in home and community locations in addition to clinics.

- PCPA strongly supports a recovery-oriented system of care as outlined in A Call for Change: Toward a Recovery-Oriented Mental Health Service System for Adults and Recovery-Oriented System of Care: A Recovery Community Perspective. However, this system must provide a full array of recovery-oriented services and supports, ranging from recovery-focused clinical care through peer support and wellness education. It is not enough to encourage providers to move ahead with recovery-oriented services and supports. They must be adequately funded and supported by payors.

- Certified registered nurse practitioners (CRNPs) and physician assistants (PAs) must be allowed to work within their respective scopes of practice, removing limitations established in program/facility licensure.

- Documentation requirements that demand a psychiatrist signature, when signature of other behavioral health professionals would better serve, must be changed.

- Capability and reimbursement for telepsychiatry, especially for rural areas, must be increased.

- Performance improvement activities must be developed, used, and funded.

An estimated 26.2 percent of Americans ages 18 and older (about one in four adults) are diagnosed with a mental disorder in a given year. In any given year, five-seven percent of adults have a serious mental illness such as schizophrenia or bipolar illness. A similar percentage of children (five-nine percent) have a serious emotional disturbance. More than 16 percent of the population experiences substance abuse or dependence in their lifetimes. Many patients seeking help in the mental health systems have both psychiatric and substance use disorders. Millions of children and adults are disabled by mental illness and/or substance use disorder.

- One behavioral health condition doubles medical expenditures, emergency room visits, and hospital admissions for Medicaid enrollees.

- 49 percent of Medicaid beneficiaries with disabilities have a psychiatric illness.

— Center for Health Care Strategies, Inc.
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Regulatory Challenges and Changes Needed

Current regulations undermine the ability of providers to manage costs effectively and deliver basic, quality outpatient services. Providers are hindered by rules that focus on process, excessive paperwork, redundant and burdensome inspections, inflexible staffing requirements, and rigid policies that do not improve the quality of care, but add time-consuming and costly diversions from the core mission of providing services for individuals. PCPA recommends that a complete review and revision of outdated regulations occur as soon as possible. The regulatory system must be redesigned to align with current, accepted clinical practice. For example the regulations should:

- Expand individual practitioners’ ability to work within their scopes of practice.
- Establish more flexible staffing patterns, eliminating specific staffing ratios.
- Permit services to be delivered in the full range of home and community settings.
- Allow the time of CRNPs, PAs, and telepsychiatry to be included in the total psychiatry time that is required.

Financial Challenges and Changes Needed

In 1998, after significant advocacy and negotiation, PCPA filed litigation against the Department of Public Welfare for an increase in outpatient mental health and drug and alcohol Medical Assistance (MA) rates. At the time the litigation was filed, outpatient reimbursement rates were $26 per hour. In 1999, PCPA settled the litigation for an increase in MA rates to $52 per hour, which is where the fee-for-service rates remain today. While most behavioral health managed care organizations reimburse at a rate higher than that of fee-for-service, the current outpatient services reimbursement rates for MA recipients in Pennsylvania are not sufficient to cover actual costs of providing services.

Systemic financial challenges extend beyond the core dilemma of current reimbursement rates not covering costs of service provision. A number of complex factors influence the financial security of outpatient services. For example, outpatient programs provide significant levels of non-billable activity in order to meet the real-life needs of individuals receiving care. Large deficits in outpatient services threaten agency viability. Providers do not have other funding to support losses, as in the past. Clinics are downsizing and closing, threatening access and limiting consumer choice. Current outpatient rates do not reflect the cost of specialized services for children, adolescents, and medically-compromised individuals or complex evidence-based service models that require extensive training and supervision.

The clinical and regulatory changes identified above will help resolve some of the problems if implemented correctly and quickly. However, major changes must occur in the financial landscape in order to protect much needed outpatient services. A number of factors influence the financial security of outpatient services and must be addressed simultaneously. They include:

- PCPA recommends that the MA/HealthChoices payment rates for outpatient services, particularly rates for services provided by psychiatrists, be increased to cover the true costs of providing care.
- MA/HealthChoices must reimburse for essential, non-billable services such as nursing services, case management/cross system coordination of care, and medication authorizations.
- Providers need help addressing the current workforce shortage — recruitment and retention problems related to low salaries and benefits exist statewide. Increased rates could help raise salaries and benefits, and provide funding for essential training in evidence-based treatment models. Incentives such as loan forgiveness must also be pursued.
- Alternative payment or mixed payment options must be examined.

More than ever Pennsylvania needs a strong community system to serve those in need. The substantive changes in health care reform and enactment of the Wellstone/Domenici Mental Health Parity and Addiction Equity Act will result in large increases in eligible persons seeking needed services. Outpatient treatment is a critical and cost-effective part of the service delivery system and must be protected.