



# Alaska Psychological Association

Advancing psychology as a science, a profession, and a means of promoting health and welfare

February 14, 2017

Mr. Rick Calcote  
Department of Health & Social Services,  
Division of Behavioral Health  
3601 C Street, Suite 878,  
Anchorage, AK 99503.

Re: NOTICE OF PROPOSED CHANGES ON MEDICAID BEHAVIORAL HEALTH SERVICES PAYMENT RATES

Dear Mr. Calcote:

We know that physical and mental health are fundamentally linked, and that individuals' mental health impacts their overall health in many direct and indirect ways. As the World Health Organization and others have said, "There is no health without mental health."

If we take this statement seriously, the current situation in Alaska with respect to funding for community behavioral health through existing Medicaid rates is cause for grave concern. Stagnant reimbursement rates and increasing demand for services have combined to create a highly stressed system of community-based care that has very little capacity to respond to the current or anticipated needs of the citizens of the state for basic outpatient community mental health services.

As many have noted throughout the discussion over Medicaid rates, there is no mechanism in place for a regular review and revision to the rates that providers earn for their services. While there have been minor adjustments to the rates, the last full rebasing occurred in 1992. In that year, the average price of a new home in Anchorage was \$154,067, average monthly rent for a 2-bedroom apartment was \$675, the cost of food for 1 week for a family of 4 was \$98.41, and the cost a gallon of gasoline was \$1.04. In 2016 the same house would cost \$321,600, the median rent for a 2-bedroom apartment in Anchorage was between \$1160 and \$1299, the cost of feeding a family of 4 was approximately \$122 per week and the average cost of a gallon of gasoline roughly \$2.55. The American Institute for Economic Research calculates the value of \$100 in 1992 dollars as equal to \$171.41 in 2016 dollars.

The point here being that Medicaid rates that were adequate in 1992 simply do not cover the cost of providing services in 2017, and no business can be expected to survive when it cannot cover its costs. To ignore this situation is to place the larger Alaska healthcare system at risk. In a time when the state General Fund is shrinking and funding for necessary services is at risk, we need to maximize our use of federal Medicaid dollars.

A Medicaid rate increase and the establishment in regulations of a regular schedule for rebasing would support the provision of a full continuum of community-based care. The provision of community mental health services is a cost-effective key to preventing the utilization of more expensive high-end services such as emergency department, inpatient psychiatric and other institutional care. It is also a key to promoting the overall health and welfare of the community.

The Board of Directors of the Alaska Psychological Association is supportive of the immediate implementation of the proposed 3% interim rate increase for behavioral health providers, the need for a complete rebasing of the community

behavioral health center rates as soon as possible, and the inclusion in regulation of a routine schedule for rebasing on a cycle no longer than every 4 years. These steps are necessary to help ensure a healthy and sustainable community mental health system that can provide needed psychological services for our citizens.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Sobocinski", written over a horizontal line.

Michael Sobocinski, PhD

President