

## 4. Financing

- **Managed care**

**ISSUE:**

In the last decade, managed care has become central to the physical and behavioral health care delivery system in the United States. While there is a great deal of skepticism as to its merits, the key issue for consumers/survivors to resolve is how to intervene within the context of managed care principles — which emphasize cost-cutting and centralized decision-making — to achieve more consumer-responsive mental health services, including more accountability, freedom of choice and consumer control.

**BACKGROUND:**

There is little doubt that one major reason for the introduction of managed care was that it was viewed as a method of reducing inappropriate costs. Unfortunately, the most recent national data over a 10-year period suggest that managed care has not been as successful in this area as anticipated. An even greater concern is the fact that managed care is often misused, reducing or eliminating access to treatment even when it is appropriate and necessary.

However, there remains some support for the concept of managed care in its purest sense — viewed not only as the way to better ration precious health care dollars in both the public and private health care systems, but also as a method of potentially ensuring better consumer satisfaction as well as accountability from the provider community.

Right now, managed care is being introduced in almost all public sector mental health programs throughout the country and it has become a primary force within the private insurance marketplace. It has become apparent that it is difficult to influence this new industry, yet that is the challenge that many consumers face daily. Clearly, input into contracts between the managed care companies and the states is key to successful managed care advocacy.

It is critical that consumers better understand the strengths and weaknesses of managed behavioral health care and that strategies be developed to affect the process in a positive way. Indeed, consumer groups have played and are playing a significant role in shaping the provision of services under managed care in a number of areas around the country. It is hoped and anticipated that this influence can be expanded.

On a national basis, the National Mental Health Association has been providing training in regard to managed care around the country; and in 1996, the Center for Mental Health Services funded a National Consumer, Family and Advocate Leadership Conference on State Mental Health Care Reform and Managed Care.

- **Insurance parity**

**ISSUE:**

The issue of parity in insurance coverage between behavioral health (mental health and substance abuse) services and physical health care in both the public and private sectors is of vital importance, and must be addressed by members of the consumer/survivor community on both the federal and state levels.

**BACKGROUND:**

The last decade of this century will probably be referred to as a period of incremental health care reform efforts in the United States. That is to say, rather than being able to create a new, clear federal approach to the provision of health care insurance, especially for behavioral health care, a decision was made to leave the matter up to the states. It might be said that the 50 states are now experimental laboratories when it comes to providing coverage for mental health and substance abuse services.

One of the key concepts that have evolved during this decade is the concept of parity. In simple form, this is an argument that coverage for mental health and substance abuse treatment should be equal to that of physical health care. Several states, most notably Vermont, have passed legislation that realizes this objective. Other states have

passed modified, often greatly reduced packages, while many others have simply rejected the proposals as inappropriate or untimely.

It should be noted that in the successful Vermont Parity Campaign of 1997, consumers and psychiatric survivors played a significant role in shaping the bill and were certainly a clear voice in support of it. Indeed, this was an important element in the bill's passage.

However, like most health care issues, parity is a complex topic and there does not at this point seem to be a clear consensus within the consumer community about priorities and strategies for achieving appropriate health care reform for mental health and substance abuse services. An additional issue is that there is some concern in the consumer/survivor community that parity may lead to more funding being available for involuntary treatment.

- **Consumer-run alternative services**

(Note: Please also see the Alternatives and Research background papers.)

**ISSUE:**

Over the past three decades, as consumer-run alternative services have grown in number, variety, and sophistication, they have also proven to be extremely effective and cost-effective. However, as managed care organizations take control of public mental health resources around the country, the traditional sources of funding for such services are drying up.

One critical issue is the need to develop strategies for securing funding for these services, not only to help initiate them but to maintain them over a period of years. Another objective is to build on successful models and to help other consumer organizations replicate these programs throughout the country.

**BACKGROUND:**

Consumer-run alternative services throughout the country have for years demonstrated their effectiveness in reducing consumers' dependence on psychiatric hospitals and other costly mental health

treatments. Nevertheless, these services have encountered resistance from some professional groups, not to mention health insurers and managed care companies.

On the positive side, as these services continue to prove their value, many advocates look forward to their increased appeal to managed behavioral health care organizations and hope that MCOs have the imagination to recognize their worth. On the negative side, often the very principles guiding consumer-run services contradict MCO requirements, which may require staff to have specific credentials and may include the need for intakes, assessments, evaluations and diagnoses — the kinds of intrusiveness that peer-run programs were intended to eliminate.

With incredible demands on our public and private behavioral health care systems, there is a growing awareness that new models for effective treatment and intervention must be found. This provides a new focus on the potential of consumer-run alternatives. Consumer organizations must be prepared to negotiate their way into the public and private service systems without compromising core values or beliefs.

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**FACILITATOR:**

Ken Libertoff is director of the Vermont Association for Mental Health, a statewide citizens' organization, where he is a strong consumer and citizen advocate on a variety of social policy behavioral health care issues, including health care reform. In 1994 he spearheaded an effort to pass legislation to help regulate the managed care behavioral health care industry in Vermont. In 1997 he once again led a coalition that successfully fought to pass the nation's most comprehensive mental health and substance abuse parity bill.

**CO-FACILITATOR:**

Brian Cooper, director of consumer advocacy at the National Mental Health Association, provides and promotes a consumer/survivor perspective on vision, message, and program development, and helps the Mental Health Association movement to strengthen the voice of consumers/survivors nationally. He has worked as a suicide hotline volunteer, director of the Manic Depressive and Depressive Association of Boston, a patient advocate in a state psychiatric hospital, and a hu-

man rights advocate for the Department for Rights of Virginians with Disabilities (the state's protection and advocacy system). He is also president of the Northern Virginia Mental Health Consumers Association.