

**Testimony on
Drug and Alcohol Programs
Estelle B. Richman, Secretary**

**Senate Public Health and Welfare Committee
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Good morning, Chairmen Erickson and Hughes, members of the committee and staff. I am pleased to be here today to provide testimony on the topic of drug and alcohol programs. I am Estelle Richman, Secretary of the Department of Public Welfare (DPW). Drug and alcohol abuse and addiction impacts the family, the workplace, and society in general. As such, it is important to provide access to an array of quality services and supports to provide the best possible opportunity for an individual's recovery. As you know, multiple state agencies have a role in the delivery of drug and alcohol treatment services but my testimony today will be focused on the DPW-administered funding streams and delivery systems.

Before I begin, I would like to state for the record that the proposal to consolidate the Bureau of Drug and Alcohol Programs in the Department of Health into the Department of Public Welfare has been withdrawn. The initiative itself is still very good public policy for those suffering from addiction, but given the lack of consensus on the issue, we are not going to pursue it at this time.

The DPW, as the single state agency for Medical Assistance, administers drug and alcohol services primarily through the Office of Mental Health and Substance Abuse Services, OMHSAS. OMHSAS is responsible for the program, policy, allocation and oversight of public funds for an array of substance abuse services in the commonwealth including the Behavioral Health Special Initiative, Act 152, the behavioral health Fee-For-Service program and the Behavioral Health HealthChoices program. Within DPW, the Office of Children Youth and Families also funds some drug and alcohol treatment services. In fiscal year 2007-08, DPW provided \$350 million in funding for drug and alcohol services, providing services to over 110,000 individuals. I will now walk you

through the three primary funding streams within DPW that pay for drug and alcohol services.

The first source of funding for drug and alcohol services is the Behavioral Health Services Initiative (or BHSI). The BHSI is a separate appropriation created in response to Act 35 of 1996. Act 35 revised eligibility criteria under the Medical Assistance Program, which led to approximately 18,800 individuals in need of drug and alcohol treatment services losing medical assistance eligibility. BHSI funds are allocated to single county authorities (SCA) and are used to ensure that individuals in need of drug and alcohol treatment who are no longer eligible for medical assistance continue to have this critical lifeline to services.

The second funding source is Act 152 funds. Act 152 was passed in 1988 and provided state funds to support a broader array of substance abuse services to persons eligible for Medical Assistance. Prior to that time, individuals eligible for Medical Assistance in FFS only had access to inpatient detoxification and outpatient treatment services. Act 152 funds are state only dollars and at the time, provided needed funding for additional program options, including non hospital rehabilitation and halfway house services. However, these options are now available in the Behavioral Health HealthChoices Medicaid program, which is the largest source of funding for drug and alcohol services.

The Behavioral Health HealthChoices program began in 1997 in the five southeast counties. The program is now available in all 67 counties. In Pennsylvania, behavioral health services are separately administered and capitated from the physical health benefit. The behavioral health program includes services for persons with mental

health, substance abuse and other behavioral health disorders, including autism. Under a 1915(b) federal waiver authority, counties are provided the right of first opportunity to manage the HealthChoices program. Forty-three counties/joiners accepted the right of first opportunity. Twenty three counties are included in one state contract with Community Care for services in the north central part of the state. The state also holds a direct contract with Value Behavioral Health of PA for services in Greene County. (A handout providing a summary of the BH contractors and map is attached).

With the advent of HealthChoices, services previously paid for with state funds and covered only through Act 152 were available to be covered within the HealthChoices program as cost effective alternatives to other higher levels of care, or supplemental services. These services include non-hospital rehabilitation, non-hospital detox and halfway house services. These supplemental services are not currently in our state Medicaid plan thus can only be funded by showing that they are cost effective alternatives to inpatient detox or other higher levels of care. HealthChoices has enhanced our ability to draw down federal matching funds for persons in federally eligible categories and significantly expand access to these levels of care.

As a result of our increased commitment to and expansion of drug and alcohol treatment services within HealthChoices, DPW is seeking to modify the status of these supplemental services in the Medicaid program to assure continued federal support for these non state plan services. The DPW would submit a state plan amendment using the existing Act 152 dollars as state matching funds. At the advent of HealthChoices, DPW determined that it would be too costly to pursue a state plan amendment as the greater majority of clients remained in the unmanaged FFS system and the services were left

out. At this time, without this change, up to a \$100 million in funding for these programs may be jeopardized.

We are aware that various advocates and stakeholder groups do not want the comprehensive array of drug and alcohol services in the State Plan, as they object to the increasing role of managing health care in the delivery of drug and alcohol services. In the Behavioral Health HealthChoices program we have consistently demonstrated that behavioral health care can be managed to the benefit of the client. In HealthChoices we have increased access to drug and alcohol services, both in the numbers of persons served and the dollars that are spent on drug and alcohol treatment, We have also broadened the array of available service options, all of this within a managed care, capitated environment.

HealthChoices has also provided an opportunity for counties to utilize savings from their program to reinvest into needed services in the community. Reinvestment funds are guided by the HealthChoices contract and federal rules. However, they have provided start-up, one time funding and an opportunity to develop cost effective services for persons seeking behavioral health treatment. Over \$95 million of reinvestment funds have been used for drug and alcohol services. Some of the services and programs developed by counties through reinvestment include mobile addiction services, drug and alcohol intensive case management, enhanced drug and alcohol partial hospitalization and drug and alcohol half-way houses.

Navigating the public drug and alcohol treatment system can be complex and very challenging for those accessing treatment. The DPW continues to invest in drug and alcohol treatment services to increase access and support a person's personal journey of

recovery. Investment in drug and alcohol treatment services is not only critical for the person seeking or receiving treatment, but has also consistently been shown to reduce costs associated with crime, health care and social welfare programs. Indeed, for every dollar invested in substance abuse treatment services, the taxpayer saves \$7 to \$12 in societal costs (including incarceration, healthcare and child welfare).¹

Thank you for providing me the opportunity to provide testimony on this important issue and I would be happy to answer any questions you may have at this time.

¹ National Institute on Drug Abuse (1999). Principles of Drug Addiction Treatment: A Research Based Guide. Washington, DC: National Institutes of Health.
<http://www.drugabuse.gov/PDF/PODAT/PODAT.pdf>