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Mr. Gerald Little
Governor's Office for Emergency Relief and Recovery
NH Department of Business and Economic Affairs
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Dear Mr. Little:

Thank you for the time today, April 27th to speak to the Legislative Advisory Committee. As requested by the Committee, below is the record of the discussion I reviewed with the group. Highlighted numbers reflect the discussion in more detail as requested by Representative Wallner.

> *Good afternoon, thank you for the opportunity to spend a few minutes with this legislative advisory board to provide important information regarding the relief and recovery efforts amid this crisis. My name is Roland Lamy – I am the Executive Director of the NH Community Behavioral Health Association representing the state's 10 designated community mental health centers.*
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> *Before I begin, I think It's important to note that my brief discussion with you will discuss specifics of the 10 Community Mental Health Centers and their needs during this crisis. That said, I think we can all say there is a growing need for mental health services support and independent practice providers and substance use providers should also be considered in our recovery efforts, the information I am about to present is not intended to minimize the need in those areas however the data that I collected is directly from the 10 CMHCs and their administrative leadership.*
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> *As many of you may know, each of our 10 Community Mental Health Centers are primarily funded by state and federal Medicaid revenue. On average around 80% of a Centers revenue is Medicaid funding, some lower some higher. At the onset of Medicaid Managed Care, we created and negotiated a unique, first in the nation, alternative payment model that provides a per member per month revenue stream prospectively to each Center by all 3 MCOs. The model is complicated so I won't go deep into it, however this alternate payment model has caveats, including having to meet certain production levels in the delivery of services to ensure community needs are met – The fact is this is really hard to do amid this pandemic. I am happy to say that through collaboration with*

the 3 MCOs, DHHS, and the Governor's office we have been able to get relief from those productivity standards until the end of this fiscal year so that we may maintain a consistent per member per month revenue stream that was negotiated prior to the pandemic. This revenue stream accounts for approximately 75% of Community Mental Health Centers ***Medicaid*** *revenue stream. While we think we may need additional relief on this model as the state returns to some normal routine in the months to come, right now this aspect of our funding is working.*

The remaining problem for Community Mental Health Centers comes in two broad areas. First, the inability to see patients in "normal state" has shown a dramatic decline in fee for services revenue in areas like Medicare, the remainder of Medicaid spend not in an alternative payment model and other lines like Commercial revenue and self-pay revenue. The second area impacting CMHCs is the "cost equation" – the things they have had to invest in, so that they can continue to deliver value in our communities and provide important services to those with mental health needs.

Starting with the revenue shortfall, last week I worked with the Chief Financial Officers of the 10 Community Mental Health Centers to aggregate its fee for service revenue impact – our analysis excluded the revenue we have from our alternative payment model that I just described. What we did was track our weekly revenue dating back to January 1st, and what you see in the first full month (Mid-March to Mid-April) since the emergency order is a system wide decline of a little over $2.9 million, basically a $3m reduction in revenue across 10 Centers. These declines are NET of one-time Medicare stimulus money of $338,787 across the system. So, about a $3m per month drop in revenue primarily from Medicaid and Commercial spending reductions making up 72% of this number. If we assume "re-opening in the next few months "it will still take Centers time to get up to a normal working environment, so we estimate 6 months of reduced spending or $18m in lost revenue.

On the cost side of this pandemic, Community mental Health Centers have made investments in new technology, stood up necessary telehealth capacity and moved and adapted to care for its more fragile population at an amazing rate- truly this system should be recognized for its ability to adapt during this crisis. But that hasn't come without significant costs. While many of our costs are "one-time" costs like technology, there are many ongoing costs that will also play out over the next 6 months at a minimum and tie to our loss of revenue in some ways. Ongoing costs of Personal Protective Equipment (PPE) are likely to be with us for some time for example. We have spent just under $1m in technology and PPE costs over this most recent span of time since the emergency order. Additionally, our CMHCs have begun to look at additional needs in our communities, particularly those with our children and the impacts of remote learning across our school system. We have begun to frame out new programmatic opportunities that can support this, but they will require additional investments of several million dollars. Perhaps our most disturbing issue on the cost side of this discussion, is that which deals with our workforce. As many of you know over the past

several years, Our Association has reported on our workforce related concerns and measured those on a monthly basis in a detailed report that we share with DHHS. To respond to increasing needs and workforce shortages we continue to invest in our people and teams across all credentials of clinical support for mental health. Since March of 2019 we increased our system capacity by 118 positions, predominately in clinical areas. As Centers make these investments in workforce, you subsequently expect increases in revenue to support the position. This is true in a normal run rate outside the pandemic. Additionally, Centers have applied to the payroll protection program, however only 3 Centers were approved in the first round. It should also be noted that the payroll protection program excludes one of our Centers – Northern Human Services a combined MH and DD agency that employs more than the 500-employee threshold. The payroll protection program "may" offer some relief for all but Northern Human Services, but it doesn't address more ***recent*** *growth in workforce. The Payroll protection aggregates payroll costs over the past 12 months, so it will not address recent workforce improvements, like in our system that has added 23 positions since January 1st. The pandemic and emergency order arrived in March, and yet we still have ongoing costs for these individuals while traditional revenue to offset these added resources declines. What we do not want to do is go backwards and lose key personnel during this pandemic that we have worked so hard to acquire to improve access, reinforce key programs like mobile crisis or Assertive Community Treatment programs that are part of our community mental health agreement. While credential of provider varies in costs, if you assume an average cost of this added workforce including EMR licenses and a full array of benefits and salary, we estimate about $200k per position - $4.6 m per year or $2.3m in added costs for 6 months. All totaled, increases in technology, PPE, new program development and added workforce costs the system will incur at a minimum $6.3m - $8m of added costs for the next 6 months. This excludes payroll protection for Northern Human Services.*

So, as this advisory body reviews the needs across our state. Please consider this presentation, the 10 member Centers of the Community behavioral health association will see a loss of revenue of approximately $18m over the next 6 months at the same time they experience added costs of about $6.3 m- $8m over that same time period. In the next 6 months, our system of care serving NHs vulnerable citizens with severe mental health needs will need approximately $24,300,000 - $26,000.000 combining lost revenue and increased costs in order to continue to deliver on its promise to provide exceptional care for those with mental health needs.

I am happy to answer any questions, or provide any detailed backup to this discussion, I know this Is sometimes hard to do over the phone, but I appreciate the opportunity to speak with you today. Thank you.

The above was all part of the discussion held today via conference call. I can provide backup data to support the above estimates if any member would like a more detailed review of the analysis. Thank you in advance for your consideration.

Sincerely,

Roland P. Lamy

Roland P. Lamy
Executive Director

CC: Jay Couture, President NH Community Behavioral Health Association