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## **WITHOUT MANAGED CARE: WHAT'S NEXT?**

By Michael B. Friedman

The law that authorized special Medicaid managed care plans for people with serious and persistent mental illnesses (SNPs) in New York State expired on July 1, 2000 without being extended by the state legislature. Obviously a lot of people are terrified of managed care (with or without reason) and are relieved that it will not be used to control services for people with serious mental illnesses. But SNPs were the core of NYS's plan to reform its mental health system. So the obvious question is, what's next?

NYS had hoped to use managed care to overcome a number of serious problems with the current mental health system, which are now left unresolved. These problems include:

- Overuse of inpatient hospital services because of the lack of adequate alternatives
- Lack of flexibility and resources to develop and provide the kinds of outpatient and community services that help people with serious mental illnesses stay in the community
- Lack of clarity about who is responsible for people with serious mental illnesses as they move from one kind of service to another or drop out of treatment altogether
- Lack of collaboration among the many providers who serve people with serious mental illnesses at different times in their lives or in different settings.

These failures of the system have very serious consequences for people with serious mental illnesses and their families.

Inpatient services obviously help some people in times of psychiatric crisis, but they also disrupt people's lives in the community, creating a stressful and time-consuming struggle to return after hospitalization. It's clearly better to avoid hospitalization if at all possible.

In addition, lack of clarity about who is responsible to help people with serious mental illnesses in the community results in failures to provide them the outreach, support, and treatment that they need during times of transition and crisis. It is during these times that providers are frequently just not available because it's not their job. Social breakdown in the lives of people with mental illnesses is often a reflection of the failure of the system to give them the help they need.

Given the collapse of SNPs, NYS must now confront these problems without managed care. I believe that that is quite possible. Here's my proposal:

- Even though all people with serious mental illness could benefit from a restructured mental health system, NYS should not try to solve all problems for all people at once.
- Instead it should focus first on the population with the highest need--people with serious, recurrent mental illnesses who reject traditional treatment, experience frequent crises, who are homeless, or who are in jails or prisons.
- Create a list of all such people known to be in specified geographic areas and expand the list over time by requiring hospitals, jails and prisons to report all discharges of people with serious mental illnesses.
- Designate an organization in each of these areas to be responsible for total mental health care for the identified individuals. This organization could be a network of current providers or a new organization.
- This organization should provide integrated case planning and clinical case management using licensed mental health professionals to function much as primary care physicians do.
- This organization should provide or arrange for aggressive outreach services designed to engage this population and to provide treatment and support services in community settings.
- Each geographic area should have an array of treatment, rehabilitation, and support options--including peer run services.
- In order to create greater flexibility, NYS should eliminate separate outpatient licenses for clinics, partial hospitalization, and continuing day treatment and replace them with a comprehensive outpatient license. This will make it possible to provide continuity of care because it will be unnecessary to shift people from one type of program to another every time their needs change. (I support a slightly different approach for children.)
- NYS should rework mental health financing with a mix of management fees, case payments, and fee for service.

I realize that this proposal is vastly oversimplified and would require substantial elaboration. I also realize that it would require some additional funding, at least in the beginning.

However, this year the Governor showed his willingness to provide funding to confront the failure of the mental health system to provide adequate services to the people with serious mental illnesses who have the highest needs. Given the collapse of the SNPs, I would hope that he would provide funding to develop an alternative.

I am more concerned about the fact that my proposal bears a striking resemblance to proposals that emerged in the 1970's in The Unified Services Act and the original Community Support Systems plan. Both of those proposals were defeated by their failure to take into account the diverse interests of the State, local governments, and established providers. Hopefully, however, we have learned the lessons of those failures and can finally develop a true system of care.

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