

Mental-health group faces cuts

Monadnock Family Services projects \$500K shortfall; jobs and programs will be lost

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Caught in a perfect storm of rising health care costs, tightening insurance and Medicaid benefits and a faltering economy, Monadnock Family Services announced major staffing and service cuts Monday.

The organization says it is facing a \$500,000 deficit this fiscal year, and will have to cut pay and benefits for employees and reduce counseling services for people in Monadnock Region communities.

With more people unable to pay rising insurance and Medicaid deductibles, the nonprofit organization, which primarily offers mental-health services, attributes its financial woes to absorbing unpaid fees for services, CEO Kenneth Jue said.

It's a problem seen at varying levels in all of the 10 community mental health centers in the state, according to Jue.

"All of the centers are struggling with the deductible issue," Jue said. "Across the state we're talking millions of dollars and shifting that cost into a community and its provider system."

To rein in shortfalls, in May the Keene-based organization will cut the work week of its 260 employees from 37.5 to 35 hours, translating to an annual pay drop of nearly 7 percent. The organization will also discontinue payments to employee retirement funds at least through June 2009, Jue said.

This reduction in office hours also means nearly a third of the group's 3,330 adult outpatient counseling clients may have to find help elsewhere, Jue said.

The organization already shaved expenses by eliminating eight

positions earlier this year, Jue said.

But it wasn't enough, and Jue predicts that if the restructuring announced Monday doesn't fix the mounting expenses more job cuts may be on the way.

The number and type of cuts would depend on the restructuring process, but could amount to six full-time positions, Jue said, calling this the worst financial crisis the organization has faced.

The last time Monadnock Family Services faced such financial difficulties was 25 years ago, when it had to lay off employees because of deficits, Jue said.

An increase in the number of people covered under a form of Medicaid that includes monthly deductibles as high as \$1,000 is a significant contributor to the organization's bulging expenses, according to Jue.

After efforts by the state in the 1970s and 1980s to scale back the number of people living in state mental hospitals, more people with mental illnesses are working and contributing to Social Security than in previous decades, Jue said.

But if a person is no longer able to work due to mental illness, he or she qualifies for a form of Medicaid that doesn't cover all medical expenses, said Sandra M. Metivier, Medicaid specialist for Monadnock Family Services.

"It's that period of time before they go back to work where we absorb a huge cost for providing those individuals services who have very serious mental illness," Metivier said.

The number of people with Medicaid deductibles treated by the organization grew to 185 last year, from 50 in 2006, Jue said.

When people are unable to pay the deductibles, the organization absorbs those costs, which has taken a bite out of its \$11.5 million budget.

With Medicaid reimbursement rates - set by the state and matched by the federal government - holding steady and health care costs increasing, the organization is spending more to provide services, Jue said.

Medicaid also sets limits for how many visits customers can make for a specific illness, Metivier said. Most adults in the outpatient counseling department are limited to 18 visits, unless they are approved by Medicaid for expanded care.

"In many cases, however, that's not possible," Metivier said. "For a lot of people - for example for a parent who loses a child - the act of being in therapy for 18 visits doesn't cover such a severe loss. So what does that individual do who's getting up and working every day?"

Once a person reaches this limit, Medicaid coverage ends and the client is responsible for paying for further care. If they can't pay, the organization takes a loss, Jue said.

Unmet deductibles from clients with commercial health insurance have added to the burden, costing the organization \$436,000 last year, Jue said.

"Since the 1990s commercial health insurances have been increasing their costs, employers have been cutting back on their share of the costs and passing more and more of that to the employees and their families," Jue said, adding that the higher costs have left some people unable to pay their bills.

This has put the organization in a tough spot.

"We have been reluctant to tell people to stop coming," Jue said. "We've tried to absorb those losses for a number of years now. We've made adjustments in our own benefit levels for our employees so that we could afford to continue to serve people."

A residential treatment facility for people living with mental illnesses run by the organization is another example of a program that costs more to run than it earns, Jue said.

Designed as a transitional facility meant to teach participants independent living skills, the program costs the organization \$123 per day for each of the nine people who live at the center, but Medicaid covers only \$94 per day, according to Metivier.

Jue expects a Medicaid rate increase, to nearly \$100 per day, next January. But even then, the organization will fall short of its daily

expenses, Jue said.

With offices in communities including Keene, Peterborough, Winchester, Walpole and Jaffrey, the organization receives about 60 percent of its funding through a contract with the state Bureau of Behavioral Health. The state pays half of this money, with the other half coming from federal funds, Jue said.

The other 40 percent of the organization's operating budget comes from grants, client fees, donations, contracts with other state agencies and fees to insurance companies, according to Jue.

Jue said the organization's children's department, which has four child psychologists on staff, might be emphasized in the restructuring to help bring extra money.

By increasing the number of clients in this program, which is becoming a rare resource in the country, the organization may be able to make up for some shortfalls, Jue said.

The organization could also be forced to consider cutting some of its contracts, most notably with the Wyman Way Cooperative, which provides maintenance services in two of the organization's buildings, Jue said.

The cooperative is a program that employs people with mental illnesses.

Francis Silvestri, former CEO of Monadnock Family Services, proposed starting the program in Keene after visiting a cooperative in Trieste, Italy.

A Bureau of Behavioral Health grant in 1985 got the program off the ground.

The program is funded by grants, donations and contracts for various services, including those with Monadnock Family Services.

Jue said the organization will be reviewing contracts and may have to eliminate services to one or both of its offices.

"It would be a crippling blow depending upon how much we cut back," he said. "If we cut the maintenance contracts in both buildings, that would have a good chance of putting them under. If we only change it

in one building, they may still be able to function but probably at a reduced level."

Joe said he hopes all programmatic and staffing changes will be in place by July 1, the start of the new fiscal year. Then the full impact of the restructuring will become clearer.

"I think that so many of the communities are used to feeling like they can turn to us," Joe said. "And they still may, but we might have to redirect some of them."