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## Mental services face hit

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### Boards say rule to make costs soar; lawsuit filed

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**COLUMBUS** - County officials who care for the mentally retarded say their agencies could be forced to go bankrupt or cut services to thousands of Ohioans if the state requires them to pay private companies millions more in tax dollars for speech therapy, nursing care or other help. Officials filed a lawsuit Monday in Franklin County to try to derail a state rule that would require counties to pay dramatically higher rates for certain services.

"If the rule stands, county boards from around Ohio will face the greatest financial crisis in our history," said Bob Morgan, superintendent of the Delaware County Mental Retardation Board, one of the agencies that sued.

He said the new state rules would force his county to pay a private company \$328,000 for care for an autistic child that had previously cost the county \$45,000. He called the rates outrageous and said they could make it difficult to convince taxpayers to support new levies - further reducing services to people with mental retardation.

The new rules stemmed from a drastic overhaul in the mental retardation system in 2001, when lawmakers voted to redesign the way counties get Medicaid money. Counties agreed to put up \$100 million of local levy dollars in exchange for drawing down \$150 million more in federal matching Medicaid funds to serve 6,000 more people, said Charles Arndt, chief executive officer of the Association of County Boards of Mental Retardation.

But the agreement to take more Medicaid money has entangled county mental retardation boards in a convoluted bureaucracy where they will have less local control over spending. Tom Hayes, director of the Ohio Department of Job and Family Services, said his department warned county officials that when they wanted more matching Medicaid funds, the cash would come with strings attached.

He said counties were told that they couldn't "just take the money and do it the way you've done it for the last 50 years. It doesn't work that way. This is not lots of free money."

Hayes said federal Medicaid rules require that parents be allowed to choose who provides services to their children - either a private company or a county agency. He said the dispute came when counties realized that they would have more competition and would have to pay private companies the same amount they had spent on providing the same services.

He said the department will review the rates, but counties must pay companies fairly to ensure that families have choices. "A lot of county boards don't want to contract with these private vendors. But you can't have it both ways. If you want the Medicaid money, you have to follow the regulations."

The debate over whether tax money is being properly spent in the mental retardation system could be critical to Hamilton and Butler counties, which are discussing how much tax levy money to ask for this November.

An outside review of the Hamilton County Mental Retardation Board's finances released last week found that the agency would be \$66 million short in the next five years if it doesn't ask for a bigger levy. Its current levy raises about \$53 million a year, and the board will meet today to discuss seeking an increase. Of the 5,019 clients the Hamilton County MRDD serves, 2,000 are on Medicaid.

The projected shortfall does not take into account the rules at issue now, but Cheryl Phipps, board superintendent, said she hopes the lawsuit helps officials in the Ohio Department of Job and Family Services "come to their senses."

Arndt, the director of the county boards association, said the new rules would require counties to pay private companies that are new to the field \$504,608 to provide for 260 days of speech or hearing therapy. He said the Ohio Mental Retardation Department had recommended the rate be set at \$145,600 for the same service.

The county association said the rules also would require counties to pay new private companies \$336,144 for 260 days of nursing care - when the mental retardation department recommended paying \$114,400.

Until the end of the year, when the state plans to establish another set of rates, Arndt said private companies that are already caring for the mentally retarded can be paid under 2003 rates - which were \$225,264 for 260 days of speech therapy and \$202,176 for 260 days of nursing care.

However, Barb Edwards, director of the state Medicaid program, disputed the rate amounts cited by Arndt, saying they are "not an accurate reflection of truth."

Edwards said she didn't know what the actual rates were but said they were based on reports given to the state by counties, which told the state those amounts were what it cost to provide those services. She said counties are learning that it "isn't nearly as attractive to pay somebody else" what they have paid themselves.

Edwards said she isn't sure what the new rates will be, but said "everybody ought to be asking the hard accountability questions" and determine fair rates for everyone.

Arndt argues that counties should be allowed to set the rates they pay private companies. He especially takes issue with a part of the rule that says that if the services cost less than taxpayers paid, county agencies must return the money if they provided the services themselves - but private companies can keep any tax money left over.

He said the rules could be devastating to county boards. "The smallest and poorest counties will go bankrupt first," he said. "But this could affect everyone."

The rates under debate pertain to a program called the Community Alternative Funding System, which provides care to about 50,000 people with mental retardation. So far, Arndt said, county boards provide care for about 98 percent of those in the program but pay private companies about \$12 million a year to help about 500 people.

But Arndt predicted that new companies will spring up quickly if the higher rates hold. He said counties pay about \$450 million a year to private companies to care for 10,000 people with mental retardation through other programs.

As officials argue over what should happen next, local county officials hope the issue is resolved soon. Peggy Reising, president of the Warren County Mental Retardation Board, said the county provides most of its own services, but estimated the rules increasing the amount paid to private companies could cost her agency \$500,000 a year or more.

"We're not happy about it," she said. "The state government has cut a lot of our money already. ... When you have the number of cuts we've had from the state and these new rates, it will be tight."

Sharon Woodrow, Clermont County's superintendent, said she doesn't have enough information yet to take a position on the lawsuit. Clermont has 868 active clients, and of those, 123 children and 402 adults are Medicaid-eligible. Clermont gets about \$6.2 million in levy money annually.

The Butler Mental Retardation Board provides services to 1,980 people, about 40 percent of whom are on Medicaid, according to Laurel Lovely, Medicaid compliance coordinator.

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