TESTIMONY OF TED DALLAS, PRESIDENT AND COO OF MERAKEY
BEFORE BEHAVIORAL HEALTH COMMISSION
SEPTEMBER 1, 2022

Good afternoon, my name is Ted Dallas and I am the President and COO of Merakey, a human services provider that serves approximately 29,000 individuals across Pennsylvania. Thank you very much for the opportunity to present testimony in front of this Commission.

Merakey operates in 11 states and we provide services that include services to children and adults, including residential and community-based supports for individuals living with behavioral health issues. Prior to starting at Merakey, I served as the Secretary of Human Services for Governor Wolf and Secretary of Human Services for Governor O'Malley in Maryland. I also serve as a board member for RCPA, the largest provider association in Pennsylvania.

First, I would like to commend the Commonwealth for creating this Commission, it is something that is long overdue and something that can potentially transform services for individuals living with behavioral health issues. It is a once in a lifetime opportunity to support millions of Pennsylvanians as they live their lives and I urge you all to be bold and not incremental. With the individuals gathered for this Commission, I am confident that Pennsylvania will make the most of this Commission.

I would respectfully ask that the Commission consider the following three recommendations:

1. **Use the Commission to promote the integration of physical and behavioral health care.**

This could come in the form of grants to providers or organizations to create locations that can provide both physical and behavioral health care services and manage care for the whole person rather than just a part of them. Outcomes at these locations will be better than when care is fractured and it will ultimately cost less to provide that care to the taxpayers.

Consider the following facts:

- According to SAMSHA, approximately 50 percent of Medicaid enrollees have a behavioral health challenge. The costs of individuals with common chronic conditions and a mental illness are 75 percent higher than those without a mental illness. Recent data shows that approximately 70 percent of the people we serve at Merakey self-report having chronic conditions like diabetes and hypertension.
- Similarly, individuals with Serious Mental Illness (SMI) experience higher rates of chronic medical illness and earlier incidence of death. Specifically, individuals with mental illness die up to 25 years earlier, largely due to treatable medical conditions. As many as 68 percent of individuals with a mental illness also report a chronic medical illness such as diabetes that too often are not effectively managed in part because of the individual's mental illness.

I could provide additional statistics but they all point to one common problem -- without close coordination between the physical and behavioral health care system, our outcomes in Pennsylvania will not be as good as they can be and people will

experience a quality of life that is not as good as it can be. The results will also occur at a higher cost to the health care system and ultimately to the taxpayers themselves.

So, how do we address this issue? I would respectfully request that the Commission consider the following:

- Make grants available for providers to make the investments they need to combine physical and behavioral health care. There are significant investments that we all need to make to our infrastructure to develop more physical health capabilities and the ability to connect with the social determinants of health. The one-time money that is potentially available through this Commission could allow the system to make investments that will last a generation and I respectfully urge you to dedicate some of the money to that purpose.
- In addition, we need to be bold and experiment in the ways that allow integration to occur. This means finding a way to have a conversation about Pennsylvania's bifurcated system. While it can sometimes be a touchy subject, it is a true statement that Pennsylvania's system that funds and regulates physical and behavioral health separately is not aging well and creates barriers to integrating care. There is a reason why there is only one other major state in the entire country that does it this way and that most major states have adopted a more modern and integrated approach. To that end, the Commission could dedicate funding that encourages collaboration between the two systems and to encourage a conversation about the future of this approach – sometimes called the behavioral health "carve out" – in Pennsylvania. For example, the Commission could make funding available for managed care organizations and

providers to create innovative pilots that integrate physical and behavioral health. In addition, the Commission could use its authority and standing to start a true debate about ways to better integrate care. All of us in this community, if we truly want the best for the people we serve, must have this conversation free from the traditional roles that we have played. The traditional reaction of defending the status quo or that changing the "carve out" in any way is bad or that the current system has produced better outcomes must be abandoned for a more fact-based approach where we honestly look for a solution that works best for the people of Pennsylvania. This Commission has the ability to be a powerful voice in this debate and I urge you to use this platform to do so. The individuals that we serve deserve it and it may be one of the most significant things we can do to change Pennsylvania for the better.

2. **Embrace the use of value-based payments or value-based care**

The next recommendation I would like to mention is to embrace the use of value-based payments. As many of you know, value-based care is a form of reimbursement that ties payments for care to the quality of care provided and rewards providers for both efficiency and effectiveness. A value-based payment is an alternative for fee-for-service reimbursement, which just pays providers for delivering services regardless of the outcomes they achieve or quality they provide. Switching to more value-based payments will move us to a world where providers a rewarded for actually reducing the levels of depression in those they serve, keeping them out of the ER and the hospital, and ensuring that they stay in services rather than just getting paid for the number of individuals they serve regardless of the outcome.

During the height of the pandemic, the behavioral health system moved to something that was called an “alternative payment arrangement” or an APA that, out of necessity, paid providers a monthly amount equal to one-twelfth of their previous year’s billings. These APAs were a lifeline for providers to be able to continue to provide services when the pandemic made the traditional service models impossible to maintain. Importantly, the creation of APAs allowed providers to be flexible and create new service models that allowed us to get through the stage of the pandemic when face-to-face contact was not safe or possible. The entire system learned how to be flexible, to be more innovative, and to have the flexibility to provide services that are better tailored to the needs of the individuals we serve.

As the pandemic recedes, many providers are being asked to return to traditional fee-for-service models that are more inefficient and ultimately more costly. The Commission should encourage the health care system in Pennsylvania to build off these APAs and to transition to more value-based care and not simply return to less effective traditional fee-for-service models.

For example, the Commission could recommend that a portion of the funding available to the Commission be dedicated to expanding value-based payment arrangements. It could also make funding or grants available to managed care organizations and providers that successfully expand the number executed value-based payment arrangements.

3. **Continue and expand the use of telemedicine**

Lastly, I would recommend that we continue to build on the advances we have made in behavioral health telemedicine that began during the pandemic. The pandemic forced us all to look at the way we provide services differently and move much more quickly than the State had been accustomed to proceeding. I think it is safe to say that behavioral health telemedicine is here to stay and that there are many individuals who receive services that have become accustomed to having it as an option and expect it to continue.

Despite concerns that have been traditionally raised about it, tele-behavorial health has shown high rates of customer satisfaction and the same if not better outcomes than traditional office visits. For example, a survey of providers by RCPA found a 75 percent reduction in canceled appointments and that 96 percent of clinicians found that it improved access. The key I believe is that we must give the individuals we serve a choice the best fits their lives.

I would urge the Commission to recommend that telemedicine (and tele-behavioral health) not only continue but also that providers be reimbursed at the same rate as a traditional office therapy sessions. Allowing the unilateral reduction in the reimbursement for tele-behavioral health would force many providers to stop offering it and reduce choice for the individual. It would also most likely result in reduced therapy sessions and lower efficacy of care.

Thank you again for the opportunity to be here today. I am happy to try and answer any questions that you may have.