

Testimony of Robert Spencer
Health and Human Services Committee
June 16, 2010

Mr. Chairman and members of the Health and Human Services Committee. My name is Robert Spencer and I am the chief of operations for Center for Solutions, a 24 bed residential-based drug and alcohol addiction treatment facility located in Cando. I appear today to support a system of voucher use and provider choice for patients seeking mental health and substance abuse services.

There is no doubt that the Department of Human Services has a very large role to play in the delivery of mental health and addiction services in North Dakota. Some argue that the Department exists to satisfy an unmet demand for mental health services – provide a safety net, if you will. Others argue that in many cases government sponsored services displace those services private providers would otherwise deliver. I fall into the latter. It often appears (to me) that the Department of Human Services is like an “old dog guarding a meatless bone.” It chews on concepts like availability and affordability, but remains hungry. While laying there with one paw on the bone, it also guards the food dish to make sure no one else gets near. In the meantime, things like innovation, opportunity, and unmet healthcare needs are ignored. Unlike private organizations who only prosper if they continue to provide value, the State Dog gets fed regardless of its aggressiveness; I believe that it is often more concerned about guarding his own bone than guarding the farm.

This Committee's challenge is to give the State Dog some direction. I hope your message is to drop the old bone. The state dog may have done a fine job of guarding the farm over the years, but it is a different world today. After all, we now have electronic surveillance systems with lots of electronic options. Maybe we no longer need an old dog on the farm.

One of the options I believe will help bring value to the tax payers of North Dakota is a “voucher system” or a “payment follows the patient” system. I believe a voucher system will create an environment of competition by allowing the consumer greater choice. None of us likes to be told what to do...especially as we access the healthcare system. It has been shown that patients are much more likely to be successful when they participate in their healthcare decisions as opposed to having those decisions made by the system. What we have in North Dakota when it comes to accessing the Human Service Centers is something similar to the Canadian healthcare system. You stand in line and wait for service, and then you take what the government healthcare system is prepared to provide. That may be the most efficient from a providers perspective, and may be the most cost effective from the governments perspective, but has not

been proven to be a system that provides the best outcomes for patients, and isn't a system most of us would readily subscribe to.

A voucher system will provide better access to mental health services. Many North Dakota residents seeking treatment for substance abuse currently receive treatment from one of the State's Regional Human Service Centers. The state system isn't always a patient's first choice for service, but instead the only option made available to them. Those patients utilizing the state system typically have no insurance coverage, or are underinsured. In other words, it is the state system or nothing. While the state system does help create a safety net of services, it also creates a class system between those that can afford quality treatment and those whose only option is to use one of the Regional Human Service Centers.

A "payment follows the patient system" will help provide a system of private providers that will allow our legislators the means to evaluate and determine the value consumers place on the state system. Consumers do business where they perceive they receive the greatest value. When accessing mental health services, factors like confidence, trust, the patient/therapist relationship, rapport and timely access to service are all factors that influence the consumer's decision. It will be of great interest to this committee to learn where consumers choose to access their mental health service when they are given the ability to make that decision on their own.

The demand for addiction and mental health services has been increasing. Under the current system, the only way for the State to accommodate the increased demand for services is to grow the size of state government – hire more state employees. A March 8, 2010 article in the USA Today reported the typical government worker is compensated 20 percent more than a private-sector worker in the same occupation. So, if we don't change our delivery system, not only will we increase the size of state government to accommodate the need for additional services, we will do it with the highest cost labor.

Growing the size of mental health programs and state government is easy. The hard part is reversing the trend. Once expanded, government agencies and programs seldom shrink in size...inertia takes over and programs continue to grow to satisfy the insatiable demand the system itself has helped create.

As an employer who competes with State government for mental health workers, I can assure you it is very difficult. Salaries are one factor – private practices can compete. However, when it comes to fringe benefits – the benefits you receive even if you don't work – we find it difficult to compete. Items such as annual vacation. Annual sick leave. Other paid time off. Disability benefits. Retirement plans.

Healthcare benefits. To say that the State has a very rich benefit package would be an understatement. Those benefits all add to the cost of treatment without having any impact on the outcome.

Arguably, the greatest value a voucher payment system would provide is to bring competition into play. Economists universally state that competition within a market is healthy for everyone: for consumers, for business, and for the economy. Competition focuses everyone's attention on the value of the product or service provided – the program (or agency) doesn't determine its value; consumers in the marketplace do that for them. There is no better indicator of value than success in a free and open marketplace. There are natural monopolies, or industries that see themselves and the service they provide as natural monopolies, but chemical dependency treatment, and mental health services in general, are not among them.

Mr. Chairman and members of the Health and Human Services Committee. I encourage your support and consideration of a voucher system that will provide greater consumer choice and broader access to mental health and substance abuse treatment services in North Dakota.

That concludes my written testimony today, but I am prepared to respond to questions.
Thank you.