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January 16, 2023

Chairperson Weisz and Members of the Committee,

I am Michael Dulitz, the Opioid Response Coordinator at Grand Forks Public Health. I am providing testimony in **SUPPORT** of HB 1261.

It is well established that behavioral health services are best provided when the right need matches with the right service at the right time. Providing an excess level of service, or an insufficient level of service leads to poor outcomes for an individual. In other words, behavioral health care is best provided as a *continuum* of care – with most services provided on an easily accessible outpatient basis with the availability of more intensive services when circumstances dictate.

Since the deinstitutionalization efforts of the 1960s, the behavioral health *continuum* has had a tremendous gap – services provided to Medicaid recipients aged 21-64 in facilities considered "institutions of mental disease" (IMD) with more than 16 beds. Medicaid restricted payment for services provided in these larger psychiatric and substance use disorder care facilities. This restriction forces those facilities to make difficult *business* decisions about care provided as opposed to *healthcare* decisions. In many cases, facilities must weigh out the cost of providing uncompensated care, the ethics of restricting care, and the need to keep a facility financially viable.

In recent years, Medicaid has started granting waivers under the section 1115 waiver process for this IMD exclusion. As of December 2022, 34 states have approved waivers for substance use disorder services and 10 states have approved waivers for mental health treatment.

One of the requirements of the 1115 waiver process is a requirement for budget neutrality – a challenging problem when considering providing care for hospitalization. In researching states with approved waivers, a common theme in their budget neutrality plans was improving the behavioral health care *continuum*.

To that end, it is important to consider how the Department of Health and Human Services (DHHS) may be able to achieve the needed budget neutrality and what policies may help ease that pursuit. Establishing the necessary authority for DHHS to establish, certify, and reimburse Certified Community Behavioral Health Clinics may be one opportunity to improve the *continuum* of behavioral health care to help chart that path towards budget neutrality.

The pursuit of Medicaid waivers for the IMD exclusion has the potential to provide timely and needed improvements to the behavioral health *continuum*. I would encourage this committee to consider how to leverage this opportunity to build a stronger behavioral health *continuum* in North Dakota.

Respectfully Submitted,

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