



Department of Human Services
Addictions & Mental Health Division

DATE: November 14, 2007

TO: CMHP Directors
MHO Executive Directors
Stakeholders for Children's System Change Initiative

FROM: Robert E. Nikkel, MSW
Assistant Director

RE: Updated Data on the Distribution of Mental Health
Organization Revenue and Claims among Age Groups

The Addictions and Mental Health Division has been directed by the Legislative Assembly to make significant changes to the children's mental health system. One of the specific directives is to "assure that funding intended and allocated by the legislature for children's mental health is used for that purpose". The attached report for January 1 through March 31, 2007 is being issued to help interested parties become familiar with some of the issues and data format related to this issue. This report is an update from a previous report.

The report has two parts. The first part demonstrates the percent share of capitation payments among age groups made to MHOs and the percent share of usual and customary charges for encounter services among those age groups provided by the MHOs and their subcontractors. *This could be thought of as a comparison of the revenue generated by children and the value of the services delivered directly to children.* The capitation and charges are also displayed by the counties contained within the service area of each MHO. The second part creates a ratio within age group of usual and customary charges to capitation for each MHO and the counties contained within their service area. This gives a

picture of how much money was “spent” compared to received. It should be remembered that the actual amount spent on service is not known. MHOs are only required to submit usual and customary charges in their encounters.

Several caveats are necessary. First, the report only contains information about Medicaid services that are reported by encounter codes; therefore, it does not include the costs or value of administration, prevention services, or outreach services. If this information were available by age group, the share of services among age groups would be affected. The state data systems and current financial reports do not currently account for revenue spent on children or adults in this manner. Also, a certain percentage of MHO revenue goes towards services that in this report are not attributed to particular age groups. Second, this data aggregates a relatively short time period—six months. During this short period, spikes in hospital utilization can cause disproportionate amounts of dollars to be spent on particular age groups. Counties with smaller populations are particularly susceptible to this issue. Finally, mental health services delivered to parents that benefit the children are not taken into account for this report unless the encounters were reported for the child under his/her prime number.

The MHO agreement now contains language that requires each MHO to develop a process to assure that funding intended and allocated for children’s mental health is used for that purpose. This report will serve as a baseline to analyze trends in spending over time.

Questions and/or comments concerning the report can be forwarded to Jon C. Collins at 503 945 6429 or jon.c.collins@state.or.us.

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