



# 2008 Legislative Mini-Forums

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## Maine's Mental Health Approach in a National Context

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## Overview

- Maine is implementing an Administrative Service Organization to manage its public mental health & related services
- Evolution of managed public mental health
- Administrative Service Organizations (**ASOs**) & Managed Behavioral Health Organizations (**MBHOs**)
- What research has been done on ASOs and MBHOs?
- What should Maine policymakers focus on as the ASO is implemented & developed?

### Take-Home Points

- ASO model is a prudent way to implement managed care in Maine . Most states use this form of managed care.
- ASOs may balance cost control with preserving access to and quality of services.
- Policymakers need to monitor the development and effects of the ASO to help achieve the goals of managed care.

# Evolution of Public Mental Health Managed Care

- Started in early 1990s in response to increasing mental health costs to states
- 1995-2000: Surge in states using Managed Behavioral Health Organizations MBHOs (capitation, risk)
- 2001 –Today: Decrease in states using MBHOs; Increase in states using ASOs
- Drivers of this shift: (1) concern over potential adverse impacts of capitation; (2) ASOs are easier, cost less, to administer

### **Administrative Service Organization (ASO)**

- Uses tools to improve quality and target appropriate utilization
- Fixed fee basis; does not assume medical risk
- Prior Authorizations
- Utilization Management
- Provider Services
- Member Services
- Quality Management

### **Managed Behavioral Health Organization (MBHO)**

- Manages services on a capitated fee basis; assumes medical risk
- Administrative functions similar to ASOs
- Capitation assumed to lead to more efficient (less costly) use of services

### Research on Public Mental Health Managed Care

- Can MBHOs increase efficiency (reduce unnecessary cost) without hurting access and quality?
- Initially, MBHOs controlled costs by decreasing hospitalizations, without decreasing access and quality.
- More difficult to control outpatient costs without impacting access & quality. MBHOs need larger contracts (\$\$\$) to control costs and maintain access & quality.

### Research (continued)

- ASOs offer states a less costly, easier to administer, type of managed care. At least 20 states now have ASOs.
- Can ASOs reduce costs without capitation incentive? (Is economic incentive too weak?)
- Evidence that ASOs can reduce costs, at least for private employers (Goldman et al. 1998)
- Can ASOs reduce costs in public MH, given higher acuity & disability? (Not fully studied)
- Given low margins, can public MH ASOs reduce costs without hurting access and quality?

### Key Issues for Maine Policymakers

- Are there sufficient **standards and oversight** to monitor Maine's ASO? Who establishes the standards for Prior Authorization and Utilization Review? Who monitors them?
- Is the program sufficiently **transparent**?
- Are key **stakeholders and constituents adequately informed** about, and have access to, the program?
- What is the **service use & cost** under the ASO? How does this compare to historical trends?

### Key Issues (continued)

- What **other policies, programs, and initiatives may be affecting** behavioral health use and costs?
- How should the program be assessed? What **individual and system level outcomes** is the program achieving?

## Resources

- National Health Law Program. Administrative Services Organizations. An alternative to mandatory enrollment of individuals with disabilities into managed care. March 2006
- Verdier, J. Barrett, A, and Davis S. Administration of Mental Health Services by Medicaid Agencies. DHHS Pub. No. (SMA) 07-4301. Rockville, MD. Center for Mental Health Services. SAMHSA

### Resources (continued)

- Lambert, D, Gale, J. Bird, D., and Hartley, D. (2003) “Medicaid Managed Behavioral Health In Rural Areas.” *Journal of Rural Health*, 19 (1):22-33. 2003. Working Paper Version:  
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