

Testimony to Health Care Hearing – Partnership4Coverage
New Yorker Hotel, New York City
November 2, 2007

November 2, 2007

To: Richard Daines MD, Commissioner, New York State Department of Health
and Eric Dinallo, Superintendent, New York State Insurance Department

Re: Universal Health Care

As President of the New York State Psychological Association (NYSPA), a nonprofit professional association representing over 3000 psychologists throughout the state, I am pleased to affirm that NYSPA supports the concept of universal health care coverage for all our citizens.

NYSPA as an organization is also concerned about those individuals who currently have health insurance but are unable to access the services of psychologists. Last winter I established the Crisis in Private Practice (CPP) Task Force to investigate this situation and to make recommendations to our council of representatives.

Dr. Marianne Jackson, a member of the CPP Task Force and Co-chair of the Health Care Committee, will be testifying here today. She will describe the work of these two committees so you may become better aware of the issues facing consumers and psychologists today.

Thank you for conducting these hearings on these critical issues and for taking the time to listen to our concerns.

Very truly yours,



Dianne Polowczyk, Ph.D., President
New York State Psychological Association

To: Richard Daines MD, Commissioner, New York State Dept of Health
Eric Dinallo, Superintendent, New York State Insurance Department

From: Marianne Jackson PhD, New York State Psychological Association

Thank you for the opportunity to speak today. I am a clinical psychologist in private practice in Brooklyn, former president of the New York State Psychological Association (NYSPA), co-chair of NYSPA's Committee on Health Care, and member of NYSPA's Task force on the Crisis in Private Practice. I am going to talk about the provision of health care in New York State from the point of view of psychologists in private practice.

We are very hopeful that the Governor's forward looking approach to health care will result in important improvements that will lead us to universal health coverage. We realize that part of this effort will include finding ways to reduce the cost of health care and we want to emphasize that the services that psychologists offer can be a significant force in reducing the cost of overall medical care. Many patients presenting at primary care physicians offices are suffering from some form of emotional complaint. Easy access to mental health treatment, and integration of physical and mental health treatment has been shown to reduce medical costs. Mental health treatment promotes prevention, educates patients in good health practices and adherence to medical treatment, and provides support for patients going through medical treatment and recovering from it. Proper funding for mental health treatment, including addiction services, is a good way to reduce runaway costs and inefficient medical services.

Psychology is very much a health care profession, and we psychologists are deeply concerned about the lack of coverage of New Yorkers as it impacts on people with mental illness, emotional stress, and life problems. In January, 2006 the NYSPA Council, representing over 3,000 members throughout New York State passed the following resolution that read in part:

- The New York State Psychological Association, as an organization of health care professionals, affirms its support for the principle that health care is a human right.
- NYSPA will take steps to advance the cause of universal access to affordable, quality health care and mental health parity, both nationally and in New York State.

I am speaking for the many NYSPA members, who provide essential mental health services working in private practice. The Task Force on the Crisis in Private Practice that NYSPA President, Dianne Polowczyk, established this year addresses the problems of these psychologists, problems that have become increasingly burdensome under the current insurance system and have resulted in New Yorkers having decreased access to quality mental health treatment.

For psychologists in private practice, who treat patients with insurance (and most do) our ability to serve our patients and the public good has been severely compromised by policies of managed care insurance companies, which have made our work extremely difficult and have adversely affected our patients as well as those who desperately need our services but cannot afford them. While the uninsured suffer greatly from lack of access to mental health treatment those who have health insurance also struggle for access to mental health care. Some examples:

- People who because of changing job situations, lose their insurance or have to change to new insurance, which may not cover their current practitioner.
- Many people are unable to use their insurance because they cannot afford the copays and deductibles. Others cannot afford the premium for insurance.
- Many people have insurance contracts that offer a bare minimum of visits for mental health services. For some this is 20 visits a year, which is quite inadequate for the treatment that they require.
- Many with insurance face difficulty finding an appropriate clinician and getting an appointment because of panels that do not cover their areas or have spotty coverage, so called "phantom panels". These gaps are often caused by psychologists resigning from panels that offer a low reimbursement.

As for psychologists in private practice we have had extremely difficult working conditions under managed care, a burden for our profession that affects our patients as well. For example:

- Reimbursement rates have been flat for the last twenty years and with rising inflation psychologists in private practice have experienced a serious drop in income. Many insurance companies have reduced their reimbursement to psychologists to rates that we received in the early 1980's – it's not a living wage.
- Many experienced psychologists have left the insurance-covered field and take only fee-for-service patients, resulting in a loss to working people of access to the quality treatment that they could offer.
- Not all insurance plans offer an out-of-network benefit. In those that do patients often cannot afford to use this benefit because the reimbursement is so low as to be the equivalent of no benefit at all.
- There are many areas of the state where the insurance panels have no psychologists, or there are "phantom panels", with practitioners listed who have resigned, moved away or even died. The result is that an employer may be contracting with an insurance company under the mistaken impression that there are enough practitioners to meet the need in their area. Yet their employees cannot find a provider. Even in heavily populated areas patients complain about having to make as many as a dozen phone calls just to get an appointment.
- The sheer complexity of dealing with different managed care companies and different contracts within them makes it an almost impossible system for practitioners to work in. If we take our patients' insurance we have to deal

with regulations, procedures and red tape – which are different for each insurance company and different contracts. Clinicians face the daunting task of mastering these complexities or hiring a billing service to assist them, which reduces the paltry reimbursement further.

- The practice of “managing the benefit”, i.e. creating a level of control over mental health treatment through requiring written reports on symptoms and patient progress before payment is authorized, is a system that was supposed to save health care dollars, but has not done so. Moreover it is an intrusion on the privacy of patients, and gives clinicians a heavy burden of paperwork and phone calls. The “clinical reviews” are an interference with professional autonomy and may be regarded as discouraging clinicians and patients alike from continuing with needed treatment. We feel the process is used by managed care firms to justify reducing their payouts, particularly for long-term therapy.

In the last few years some managed care companies have reduced these reporting requirements, perhaps because they found the micromanagement too expensive to administer. Now most companies simply require a quick check-off list to be sent in by practitioners, thus ending managed care's rationale that they are providing a clinically relevant supervision of the treatment.

It is clear to most of us that these managed care giants are simply a drain on the financial resources of the health care system and provide little or no needed service. Their primary purpose is profit, not serving the public. The protocols that they claim to be following when they "manage the benefit" are considered proprietary and not available for public scrutiny. Thus they are not accountable to the public and have free rein to set fees for practitioners and restrict treatment that patients need.

Private Practitioners working with insurance have no avenues of redress for the insurance companies' scandalously low fee structures. Any efforts on our part to negotiate better working conditions and reimbursement are restricted by antitrust laws - as if our small businesses were a threat to these corporate giants! Because of our experiences with the health insurance industry many psychologists in private practice feel that a simple and efficient system of paying for health care coverage would not only benefit New Yorkers as a whole but would also improve the working conditions of our profession.

But we cannot wait until a more humane and viable health care system is instituted. We need right now to have more monitoring and control by the Spitzer administration of the for-profit insurance sector. In particular we are asking that the Spitzer administration and the New York State legislature work with the Insurance Department and the Department of Health to regulate the practices of the insurance sector to improve efficiency and access to needed mental health treatment. Along these lines we suggest the following:

- Conduct research into the workings of the insurance business in New York, with respect to their premiums, their medical loss ratios (amount of the premium spent on actual treatment), their level of reimbursement of medical providers, and their rate of refusing treatment. Disseminate this information and establish procedures to monitor and regulate the operations of insurance companies.

- Require minimum standards for the number of psychologists, social workers and psychiatrists on insurance panels in each area of the state, and monitor them regularly.
- Require an out-of-network benefit in insurance contracts so that patients can get treatment from any willing provider, and set a limit on the out-of-pocket cost of this to the patient.
- Control levels of out-of-pocket fees, i.e. premiums, copays and deductibles, which are preventing patients from using their insurance for needed care.
- Establish a basic minimum for the medical loss ratio of health insurance companies doing business in New York State.
- Establish guidelines for managed care practices that respect the privacy of patients and the autonomy of clinicians.

Finally, as you know, NYSPA, along with all of the other mental health professions and many community groups, worked hard for the passage of Timothy's Law, which promises to give patients and practitioners some relief from discrimination against mental health treatment. We are grateful to the Governor for supporting its passage and signing the bill. What is needed now is to address the gaping holes in this bill by passing legislation in the coming legislative session to include treatment for addictive disorders.

Now that Timothy's Law is enacted and is being implemented in the insurance industry we strongly request that the Insurance Department and Department of Health monitor this process to make sure it occurs in a timely and equitable manner. We are hearing various stories about how different insurance companies are interpreting the law and we sincerely hope that your administration will bring some kind of order into this process and will keep mental health professionals apprised of what is happening.

Thank you for the opportunity to give this testimony. We look forward to further dialogue on these and other issues.

Marianne Jackson PhD