

# **Fair Market Pricing Inflationary Adjustments to Community Mental Health Agency Rates**

**The Florida Council for  
Community Mental Health**

**[www.fccmh.org](http://www.fccmh.org)**

**January 2007**

# Factors Driving Agency Costs

- ◆ **Staff Compensation Costs**
- ◆ **Escalating Health Care Costs**
- ◆ **Costs Growing Faster Than Revenues**
- ◆ **Transportation Costs – Gas Price Increases**
- ◆ **Wage Hikes**
- ◆ **Liability Insurance Increases**
- ◆ **Staff Health Insurance Premium Costs**
- ◆ **Property Costs**
- ◆ **Property Insurance Premium Increases**
- ◆ **Increased Costs of Drugs**
- ◆ **Increased Cost of Utilities**

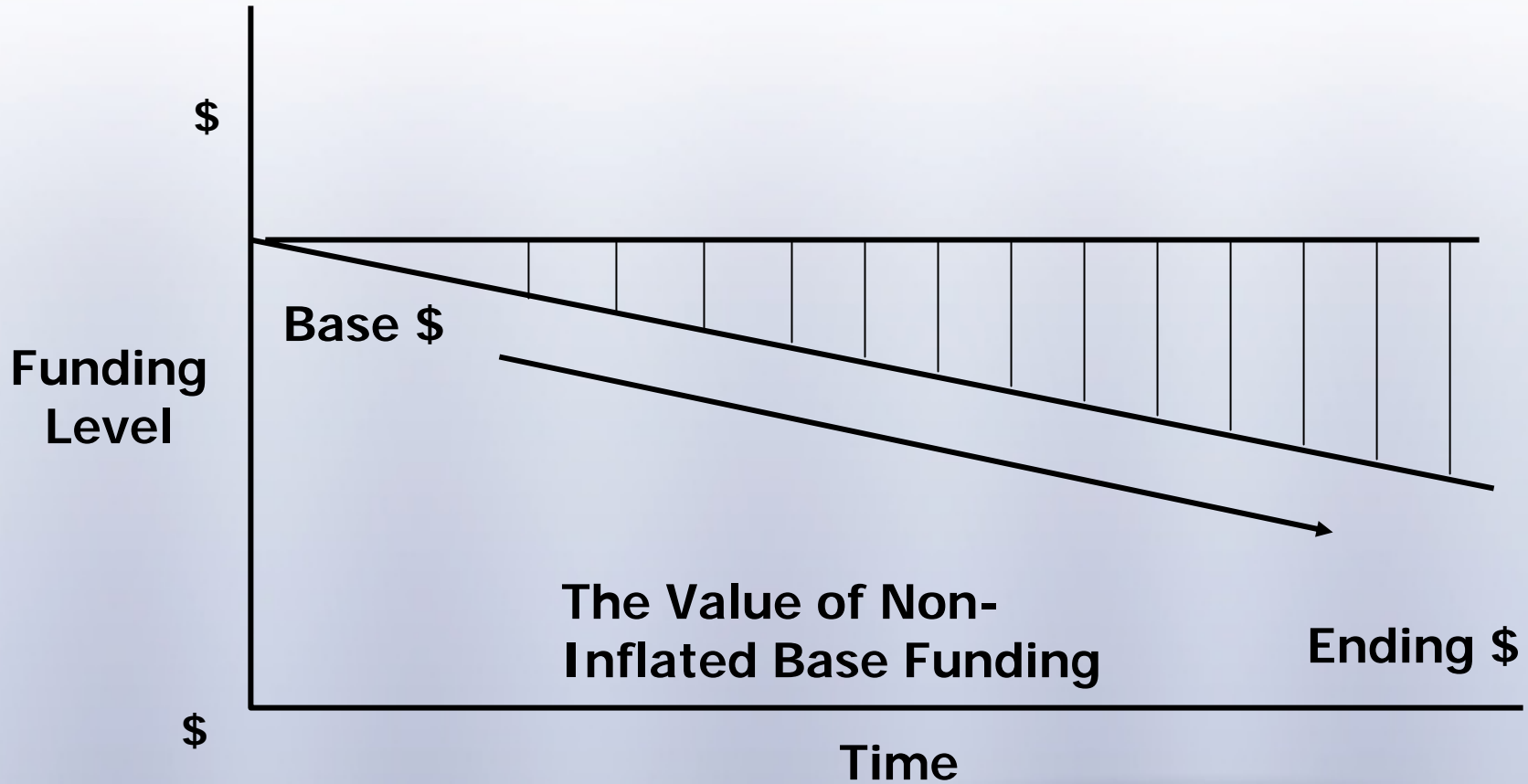
# **Community Mental Health Agencies Facing Skyrocketing Costs**

- ◆ **In the last year, CMHA property insurance premiums have more than doubled, with higher deductibles and less coverage.**
- ◆ **From FY 2002-03 to FY 2006-07, CMHA general and professional liability insurance premiums increased by 93.4%**
- ◆ **While state employee salaries were adjusted for cost of living increases by 3.6% in FY 2005-06 and 3.0% in FY 2006-07, CMHAs received no comparable COLA increases for staff pay increases.**
- ◆ **While state employee per mile travel allowances were increased from \$.29 per mile in 2005 to \$.445 per mile in 2006, CMHAs received no COLA increases to offset fuel cost increases.**
- ◆ **Despite annual double digit increases in the cost of prescribed drugs, CMHAs received no price level adjustments for drug costs in several years.**

# The Erosion of the Mental Health Budget

- ◆ Since 1996-97 the medical CPI has increased 33% but community mental health agencies have received no cost of living adjustments.
- ◆ Despite considerable growth in the state's overall budget in the past decade, the FY 2006-07 DCF adult mental health budget when adjusted for inflation is less than the FY 2001-01 budget.
- ◆ The FY 2006-07 DCF child mental health budget is less than FY 1997-98 appropriations.
- ◆ When adjusted for inflation the FY 2006-07 adult mental health appropriation can only purchase 67% of what the FY 1996-97 appropriation would purchase.
- ◆ The adult annual per capita mental health spending adjusted for inflation has declined from \$14.70 in FY 1996-97 to \$12.79 in FY 2006-07.

# The 'No-COLA' Effect Erosion of Funding



# **10 Good Reasons for Fair Market Pricing**

- 1. Florida ranks 48<sup>th</sup> nationally in per capita mental health spending – AN UNDERFUNDED SYSTEM**
- 2. Lack of inflationary adjustments has reduced system capacity – GROWING UNMET NEED**
- 3. More competitive salaries – STAFF RETENTION/QUALITY**
- 4. Ease pay differentials between state and community agencies – WORKER SALARY PARITY**
- 5. Reduces funding inequity among state-financed health care providers – FAIRNESS IN FUNDING**
- 6. Stop Service Cutbacks/Staff Layoffs**
- 7. Create stable funding solutions**
- 8. Reverse erosion of current mental health system funding – A SYSTEM INVESTMENT**
- 9. Reduce waiting lists – IMPROVED ACCESS TO CARE**
- 10. Maintain CMHA services and hours of operation – KEEP THE DOORS OPEN**

# **An Investment in Mental Health**

**Provide an additional \$40 million in FY  
2007-08 for inflationary adjustments  
and system investments**

# **Funding Stability**

**Authorize regular and predictable  
inflationary adjustments to maintain  
community mental health services**

# Erosion of Funding and CMHA Staffing Trends

**Vacancy Rates**



**Staff Turnover**



**Length of Staff Service**



**Compensation**



**Staff-Caseload Ratios**



**Continuity of Staff-  
Consumer Relationships**

