



**NORTH CAROLINA CENTER FOR
PUBLIC POLICY RESEARCH INC.**

NEWS RELEASE

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**GOVERNANCE, COVERAGE, WORK FORCE, AND FUNDING:
4 PROBLEMS VEX MENTAL HEALTH REFORM OVER THE YEARS, SAYS POLICY CENTER**

Reports of deaths of mentally ill patients in the state's care have shamed the state's mental health system since the beginnings, says a new report released today by the N.C. Center for Public Policy Research. The Center said the ongoing reports of abuse and neglect are indications that problems remain with four systemic questions that undermine reform efforts again and again: the division of state and local responsibilities, how to define mental illness and which services the government should provide, the availability of a high-quality work force, and adequate funding.

These issues were central to reforms in the 19th and 20th centuries, and they remain crucial today, says the Center in its history of mental health reforms in North Carolina since the 1800s. As legislators consider mental health reforms again this session, the Center says they need to answer the following questions: What is the responsibility of each level of government for the welfare of the mentally ill? Which individuals and disabilities should be included in government-provided mental health care and what services should be paid for by the government? Is there an adequate supply of trained workers who can care for the mentally ill and provide treatment? And, how will the necessary services be paid for? The Center's report says that tension between economics and optimal care continues.

"Going forward, mental health reform will have to be a state priority both in times of financial prosperity and during economic downturns. Reform has to be a sustained effort," says Mebane Rash, the editor of the new report. "It is time for our state to stop being ashamed and start being proud of its mental health system."

History Repeats Itself

During the early 1800s, those with mental illness who could not be cared for at home often were housed in local jails. On March 14, 1803, *The Raleigh Register* reported that a brand new Salisbury jail had burned to the ground because of a faulty fireplace. The cries of Christian Brown, an insane man housed at the jail, alerted four other prisoners of the danger and allowed them to escape. But, Christian Brown burned to death in the fire. More than 200 years later, Steven Sabock choked on his medication, fell and hit his head, and then was left unattended in a chair sitting in his own urine for more than 22 hours before he died at Cherry Hospital in Goldsboro. The adult admissions ward at Cherry was closed, an independent hospital management team was brought in, the hospital was decertified to provide Medicaid and Medicare services, and the director of the hospital later stepped down.

In the mid-1800s, mental health reformers such as Dorothea Dix proposed building state asylums for the insane as a way to move the mentally ill out of local jails and into a system of public mental health hospitals to care for and treat citizens with severe and persistent mental disorders. But the asylum movement fell short on this goal for the same four reasons – unclear division of state and local responsibilities; the failure to define which illnesses were covered and which services the government would provide; lack of a trained work force; and inadequate funding. At that time, local governments were unable to provide services for those who could be treated outside of state asylums, and this led to overcrowding at many state institutions. The work force was strained by staff shortages, high turnover, poor working conditions, and lack of training. Funding was a problem as the state asylums could not collect sufficient patient fees, and they had to deal with delinquent payments from local governments and inadequate state appropriations.

After World War II, mental health reform shifted its focus away from state institutions and toward providing care in community-based settings. There were many reasons for this shift. Effective psychotropic drugs were created. Legal advocates for the mentally ill emerged, and the judiciary became more active in preventing state institutions from being used as warehouses for patients who were not severely ill. The quality and image of the state institutions declined. And, most significantly, the federal government began to show an interest in mental health policymaking and funding.

In 1999, the U.S. Supreme Court issued the *Olmstead* decision, which upheld the right of individuals to mental health treatment in the least restrictive setting possible. In addition, problems such as disparities in services among rural and urban counties, declining federal funds, higher levels of hospitalization, state psychiatric hospitals in disrepair, and a state audit critical of the mental health system all paved the way for mental health reform in the 2001 session of the N.C. General Assembly. The Mental Health System Reform legislation was passed in former Governor Mike Easley’s first year in office, and just one month after the terrorist attacks of September 11, 2001. State budget crunches in 2001-02 and 2002-03 not only hindered the state’s ability to fully fund mental health reform, but mental health program funding was cut in 2003.

Was Privatization of Mental Health Services in 2001 Intended?

The 2001 reforms are known for two major changes in policy – a desire to move patients out of state hospitals and a move to have services provided by private companies. But the Center finds that privatization of clinical services originally was not a central premise of North Carolina’s 2001 reform. The real impetus for reform was separating the *management* of services from the *delivery* of services. In fact, the 2001 Mental Health System Reform Act revised state law to provide that the local management entities (LMEs) could contract with “qualified public or private providers.” LMEs themselves are precluded from providing services without approval of the Secretary of the Department of Health and Human Services, but the law specifically allows LMEs to contract for services with other public providers. Representative Verla Insko (D-Orange), the sponsor of the 2001 bill, says, “It is true we wanted a firewall between the management of services and the delivery of services. . . . But it was only after the legislation passed that private providers and LME staff began to say the goal was to privatize, so that became ‘the truth.’”

The Importance of Leadership

The Center says an important catalyst for past mental health reform has been the emergence of leaders who tackled the topic at all levels of government – federal, state, and local. President John F. Kennedy and his brother Robert F. Kennedy, whose sister Rosemary was developmentally disabled and treated with a lobotomy, worked to promote policies that encouraged community-based care. President Jimmy Carter, whose cousin had mental health problems, worked to reduce the stigma associated with mental illness and increase the availability of services. Ralph Scott, a state Senator in North Carolina in the 1960s, became involved with the issue after a constituent told him the story of his mentally ill granddaughter and her need for services. And, Kenneth Royall, long-time chair of the state Senate Appropriations Committee, visited all of the state psychiatric hospitals to

inform his decisions on appropriations and leadership of the Mental Health Study Commission. Leadership continues to be crucial to successful reforms in the delivery of mental health services.

Mebane Rash, the editor of the Center's report says, "North Carolina is facing a \$3.4 billion shortfall for next year's budget. Unless someone steps forward now and takes the lead on this issue, nothing will happen during this budget crisis. Without a leader on this issue, we will be reforming mental health reform forever."

Governor Beverly Perdue's early policy changes on mental health look promising. After she was elected, Gov. Perdue put together a Transition Team Advisory Group on mental health which identified six priorities to guide the future direction of mental health care: community provision of crisis services, quality of care in state facilities, development of a qualified work force, improving system administration through use of electronic health records, integrating behavioral and mental health care, and initiatives for specific populations such as children. During her campaign for Governor, Perdue pledged to make unannounced, on-site accountability inspections of state agencies across the state. On January 23, 2009, she kept her promise, making her first stop at Cherry Hospital in Goldsboro. And, the Governor has pledged to work with the state Attorney General to increase transparency by making more information public when there is a death at a state facility.

Not surprisingly the state's budget crisis has led to proposed cuts for mental health services. Both the Wright School in Durham, which provides residential services for emotionally and behaviorally disturbed children ages 6 to 12, and the Whitaker School in Butner, which provides the same services to youth ages 13-17, are proposed to be closed on December 31, 2009. Due to the physical condition of the schools, neither program is eligible for federal funding through Medicaid. Fewer than 100 students are served by the two schools, but those students would be transferred back to community settings where the cost of care can be shared with the federal government. Governor Perdue's budget also proposes to eliminate 25 adult beds at Broughton and Cherry Hospitals, though she proposes to increase local inpatient bed capacity by 111 beds and retain a 36-bed unit at Dix Hospital for statewide overflow.

There are other bright spots in the Governor's proposed budget. There is \$325,000 proposed for work force training at state facilities and an expansion of the psychiatric nurse practitioner program. This program provides scholarships to psychiatric nurses who commit to work in underserved areas of the state. Psychiatric nurse practitioners can treat mental illness, manage medication, coordinate community-based services, and work on prevention of mental illness. There is also \$30 million in the budget to shore up programs in the mental health division that historically have been underfunded. And, the Governor's budget did not include a \$25 million reduction in community services, nor did it include further consolidation of the local management entities, both of which had been listed as options for cuts earlier.

Reforming Mental Health Reform

The N.C. Center for Public Policy Research is conducting a three-part study on reforming mental health reform. Today, the Center is releasing the first part documenting the history of mental health reforms in North Carolina. Part two will be an in-depth evaluation of the 2001 reforms. Part three will review mental health systems in other states and provide a roadmap for how our state should move forward on this issue.

The N.C. Center for Public Policy Research is an independent, nonpartisan, nonprofit research organization created in 1977 to evaluate state government programs and to study public policy issues facing North Carolina. The Center is supported in part by a grant from the Z. Smith Reynolds Foundation in Winston-Salem, with additional support from nine other private foundations, 137 corporate contributors, and almost 500 individual and organizational members. This research on mental health reform in North Carolina is funded by grants from the Kate B. Reynolds Charitable Trust of Winston-Salem, the Moses Cone ~ Wesley Long Community Health Foundation of Greensboro, the Annie Penn Community Trust of Reidsville, and the Rex Endowment of Raleigh. The Center publishes a journal called *North Carolina Insight*, a citizens' guide to the

legislature, and in-depth research reports such as a study of governance of the state's public universities. The Center recently has conducted studies of key issues facing community colleges in North Carolina, how to prevent high school dropouts, and ways to reduce domestic violence. Upcoming studies will examine key issues facing the state's aging population and policies on financial aid for students in colleges and universities.

The Center's 146-page study of the history of mental health reform in North Carolina is a special report of the Center's journal, *North Carolina Insight*. It is available to download electronically for \$15. If you join the Center for \$36, you will receive all three parts of the special report on mental health as they are completed, future issues of *Insight*, and the Center's quarterly newsletters. To order or join the Center, call Tammy Bromley at (919) 832-2839, fax (919) 832-2847, or send an email to tbromley@nccppr.org.

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