



April 5, 2007

The Honorable Congressman Fortney P. Stark  
Chairman  
House Ways and Means Committee, Health Subcommittee  
1102 Longworth HOB  
Washington DC 20515

Dear Chairman Stark:

On behalf of Vericare Management, Inc. and its employees, I am writing to you in support of H.R. 1663, the Medicare Mental Health Modernization Act of 2007. Vericare Management Inc. and its affiliated professional corporations employ 400 mental health professionals – psychologists, licensed clinical social workers, psychiatrists and nurse practitioners. Vericare is contracted with nearly 1000 of the nation's 17,000 nursing homes, providing psychotherapy and pharmacological management services. We are the largest such provider of behavioral healthcare to long-term care facilities, geographically covering eight states. We also provide behavioral health services to approximately ten nursing homes in your district.

In particular, we support elimination of the Outpatient Mental Health Limitation, action which is long overdue. The limitation has significantly impacted efforts to recruit mental health professionals to serve this vital sector. It has resulted in well over 50% of nursing home residents who would benefit from psychotherapy from not receiving treatment. The limitation has also led to over prescribing of psychotropic drugs.

Because of the reimbursement levels for psychotherapy services, our most difficult operational obstacle is hiring an adequate number of mental health professionals to enable us to deliver services. Since it appears that your legislation would also permit licensed clinical social workers to provide treatment for Part A patients, that would be another significant step towards increasing access.

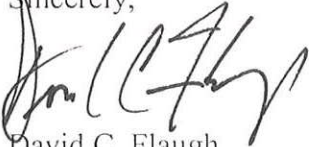
It appears that upwards of 75% of nursing home residents are prescribed some degree of psychotropic drugs, an observation that was more or less confirmed by Dr. Jeffrey Kelman, Chief Medical Director at the Center for Beneficiary Choices for CMS in a recent meeting we had with him. In regards to psychotherapy services, however, Vericare's experience is that about 10% of residents are receiving such services.

The current system has also led to an inadequate understanding of the behavioral health benefit that is available to nursing home residents, and also to a lack of

coordination and understanding of proper care. An interdisciplinary team approach to behavioral health care is required within a nursing home, where psychotherapy and pharmacological management services are combined to provide appropriate treatment to the patient. The interdisciplinary approach that we are developing at Vericare will provide improved quality and lowered cost of behavioral health care, improved socialization and quality of life for residents and a reduction in the use of psychotropic drugs.

Thank you again for your leadership. We are available to you, your staff, or other committee members if you require any information or would like information on the long-term care market as it relates to nursing homes and their residents. Vericare Management, Inc. is in full support of your legislation and looks forward to seeing that H.R. 1663, the Medicare Mental Health Modernization Act of 2007 is enacted into law in the very near future.

Sincerely,

A handwritten signature in black ink, appearing to read "David C. Flaugh". The signature is stylized and cursive, written over the printed name.

David C. Flaugh  
President and CEO