

# Ensuring a financially sound Public Mental Health System for the future

## PROBLEM

*Trying to fix 2020 problems with 1990's solutions*

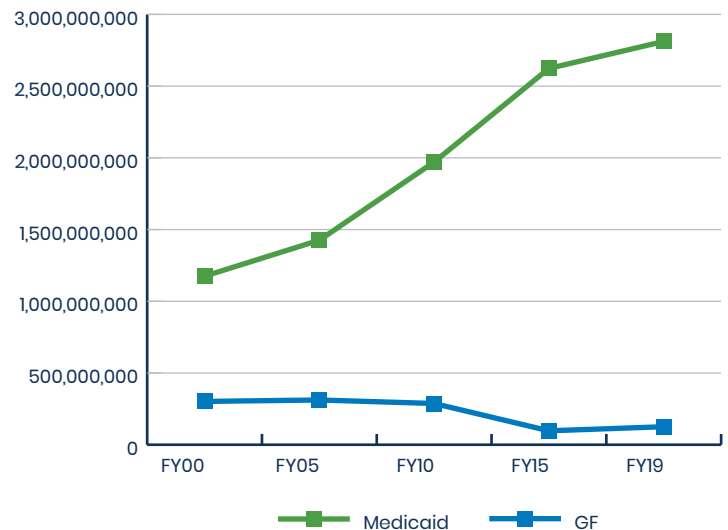
Michigan's PIHP system was developed in 1997 when the state moved the Medicaid behavioral health services into managed care. The financing and risk arrangements that were developed 20+ years ago are still in place today and dictate the financial makeup of the system.

A lot has changed since 1997. Behavioral health care has changed dramatically in the past 20 years.

## What is outdated?

- No built in ability to save or put into reserves for future uses.
- Artificial risk limits cap PIHP reserves at 7.5%, far below industry standards and DO NOT include any ability to replenish reserves.
- Rates do not reflect changes in community demand nor expectations, demand and expectations that have grown dramatically over the last 20 years.
- Local match draw down requirements – state uses \$25 million of local CMH funds to draw down Medicaid funds (established in the 1980's).

## DRAMATIC CONVERSION FROM STATE SYSTEM (GENERAL FUNDS) TO MEDICAID-DOMINATED SYSTEM



## What has changed?

### 1997 – FUNDING

Medicaid funding was

**65%**

State general fund was

**35%**

### 1997 – SERVICES



Adults with serious Mental Illness



People with Developmental / Intellectual Disabilities



Children with Serious Emotional Disturbances (examples: Obsessive-Compulsive Disorder (OCD) or Attention Deficit Hyperactivity Disorder (ADHD))

### 2019 – FUNDING

Medicaid funding is

**95%**

State general fund is

**5%**

### 2019 – SERVICES



Adults with serious Mental Illness  
*(demand continues to grow)*



People with Developmental / Intellectual Disabilities  
*(demand continues to grow)*



Children with Serious Emotional Disturbances (examples: Obsessive-Compulsive Disorder (OCD) or Attention Deficit Hyperactivity Disorder (ADHD))  
*(demand continues to grow)*



People with Substance Use Disorders  
*opioid epidemic*



Healthy Michigan – Medicaid expansion



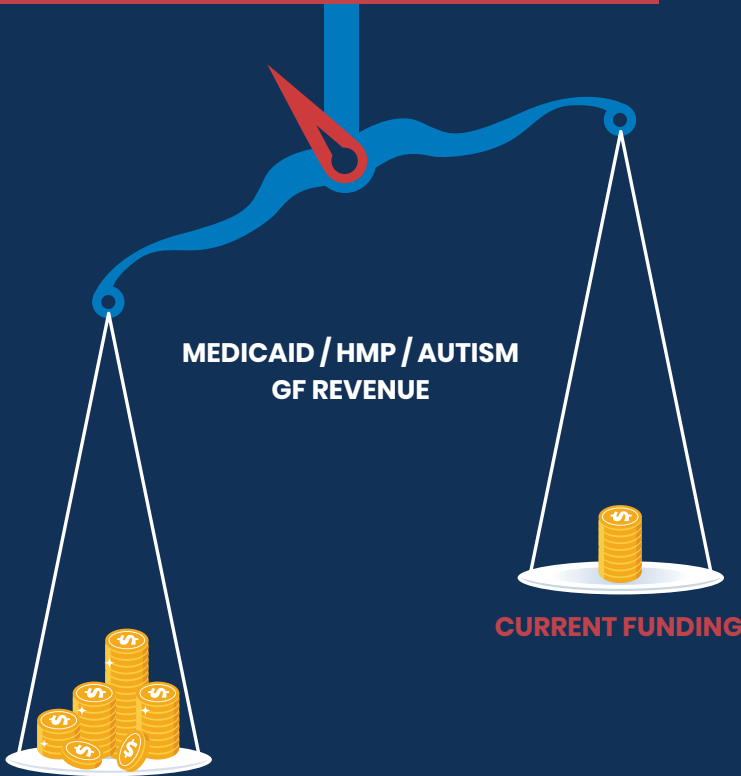
Medicaid Autism



Community Mental Health Association of Michigan

# PROBLEM

*Demands for services are outpacing funding*



**FUNDS NEEDED TO SUPPORT GROWING DEMANDS**

## ITEMS THAT CONTINUE TO ADD DEMAND

### Demand for Services

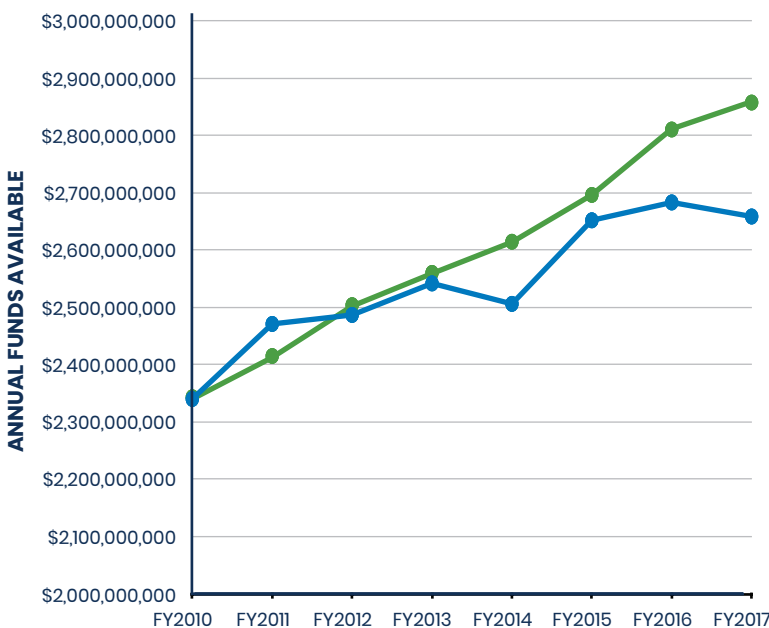
- Opioid Crisis
- Autism Services
- Increased staffing costs due to minimum wage increases
- Expanded Medicaid services
- Federal Rules changes for people living independently
- Jail Diversion Programs
- School safety
- Increased state reporting and assessment requirements
- Unfunded mandates, such as new statutory requirements

### State Mandates

### Employment Costs (direct care wages/psychiatrist costs)

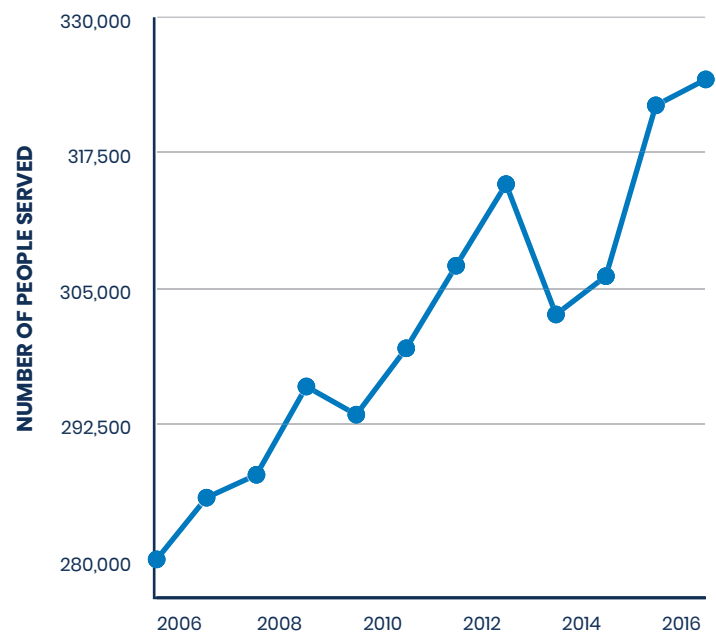
### Federal Rules for Living Arrangements

## COMPARISON OF BEHAVIORAL HEALTH FUNDING TO MEDICAL PRICE INDEX FY2010 TO FY2017



- Total State and Federal Net Funding for Mental Health and Substance Use Disorder Services\*\*
- Applying Medical Price Index to FY2010 Revenue Forward on an Annual basis

## ALL PEOPLE RECEIVING BEHAVIORAL HEALTH SERVICES



- All People Receiving Behavioral Health Services

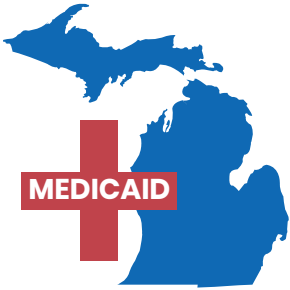
Ensuring a financially sound

# Public Mental Health System

for the future

## SOLUTIONS

*Our public mental health system's funding solutions are 30 years out-of-date. Together, we need to address the ancient funding issues to accommodate new behavioral health care changes, services, and risks.*



### Set Medicaid rates to match demands & costs.

Reflect the actual and projected growth in demand for and the real costs of providing the services.

### Make it so that Medicaid rates include contributions to risk reserves.

The contributions should be at a level sufficient for fiscal soundness of the public mental health system.



### Allow the public mental health system to hold sufficient risk reserves.

Increase the size of Prepaid Inpatient Health Plan (PIHP) risk reserves to a reasonable level and move to a shared CMH and PIHP savings model.



### Remove the local match draw-down obligation, Section 928 in the appropriations boilerplate.

This language earmarks the \$25.2 million local money given to CMH's by their counties to draw down additional Medicaid funds.



### Restore General Fund dollars to the public mental health system.

CMH's need a full year of general fund allocation to be a minimum of \$170 million.



COMPARISON BETWEEN RECOMMENDED INTERNAL SERVICE FUND LEVELS, MINIMAL LEVELS, AND CURRENT LEVELS (FY 2014 - FY 2017)

