



Ottawa County

Administrator's Office

Alan G. Vanderberg
County Administrator

Keith A. Van Beek
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Date: January 11, 2017

To: Ottawa County Legislative Delegation
Hon. Arlan Meekhof, Senate Majority Leader
Hon. Daniela Garcia, State Representative
Hon. Jim Lilly, State Representative
Hon. Roger Victory, State Representative

CC: Chair DeJong and the Ottawa County Board of Commissioners
Lynne Doyle, Ottawa County Community Mental Health Director

From: Al Vanderberg, County Administrator

Subject: Mental Health Funding Crisis

As you know, Ottawa County Community Mental Health (CMH) finances have suffered tremendously over the past several years as a result of the 2014 change in regionalization and other factors. To clearly demonstrate the devastating financial impact, Ottawa County compiled the enclosed "CMH 3-pager" which is arranged as follows:

The Negative Impact of the 2014 Regionalization Change and Other Factors

These pages contain graphs that illustrate the \$7.6 million funding loss to Ottawa County CMH from Medicaid and the State General Fund that occurred at the same time as an 11% increase in clients served. There is also an explanation for why the funding loss is occurring as well as a "call to action." The "call to action" items are also included below.

CMH Overview

This page contains a flow chart of the CMH structure in Michigan, maps to show the impact of the 2014 regionalization change on Ottawa County CMH and a brief explanation of the CMH Medicaid funding model.

We are asking for your assistance in addressing the following *Call to Action* items:

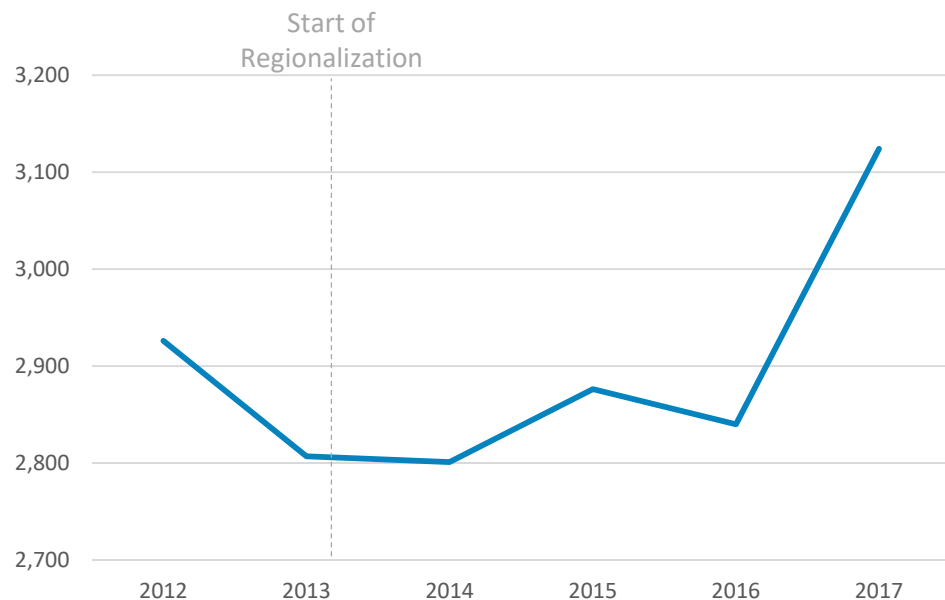
- **Reclassify the HMP and TANF Medicaid enrollees who should be enrolled in DAB. Advocate for the obtainment of FY 2016 and 2017 funding lost due to this enrollment issue.**
- **Increase the HMP PEPM rate to its previous level. The LRE is expected to deplete its ISF after FY 2018, which was the reason behind the initial rate decrease.**
- **Increase State General Fund revenue to equitable levels as recommended by the State workgroup.**

Other Ottawa major concerns with CMH funding such as being last in State General Fund distribution for 15+ years and the DHHS limitation on allowable fund balance carryover in CMH State General Fund accounts and the LRE PIHP can be addressed more effectively if the above call to action items are addressed immediately. It would also move Ottawa CMH and the LRE back into the black financially and end the crisis mode in which important services, critically important for the wellbeing of our most fragile population, are being slashed.

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Ottawa County CMH: The Negative Impact of the 2014 Regionalization Change and Other Factors

Total clients served by Ottawa County CMH has **increased by 11%** since regionalization.



Call to Action!

- Reclassify the HMP and TANF Medicaid enrollees who should be enrolled in DAB. Advocate for the obtainment of FY 2016 and 2017 funding lost due to this enrollment issue.
- Increase the HMP PEPM rate to its previous level. The LRE is expected to deplete their ISF after FY 2018, which was the reason behind the initial rate decrease.
- Increase State General Fund revenue to equitable levels as recommended by the State workgroup.

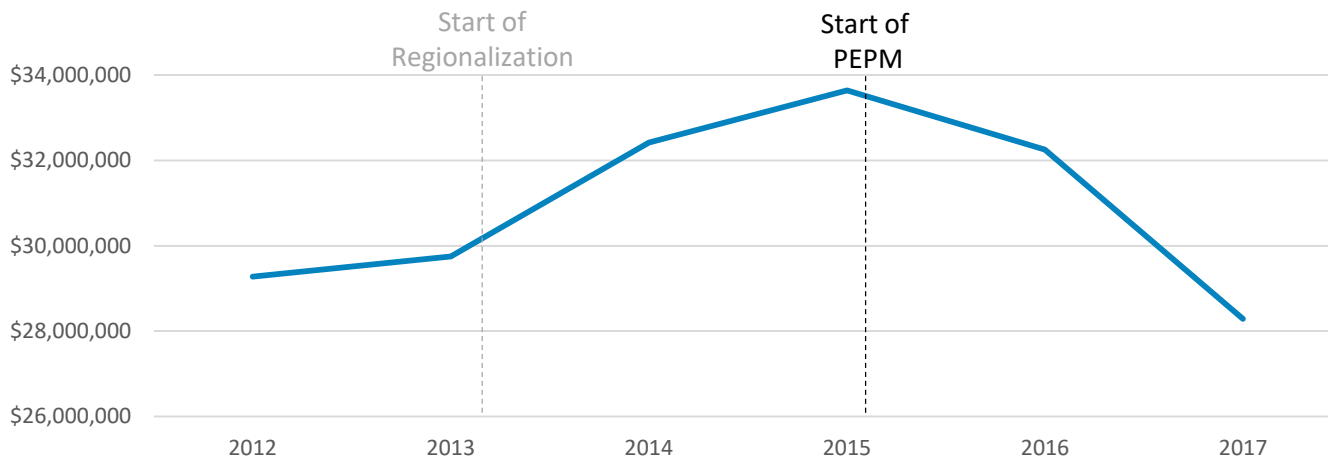
Despite increased client counts,
Ottawa County CMH has experienced a

**\$7.6 million funding loss from
Medicaid and State General Fund**

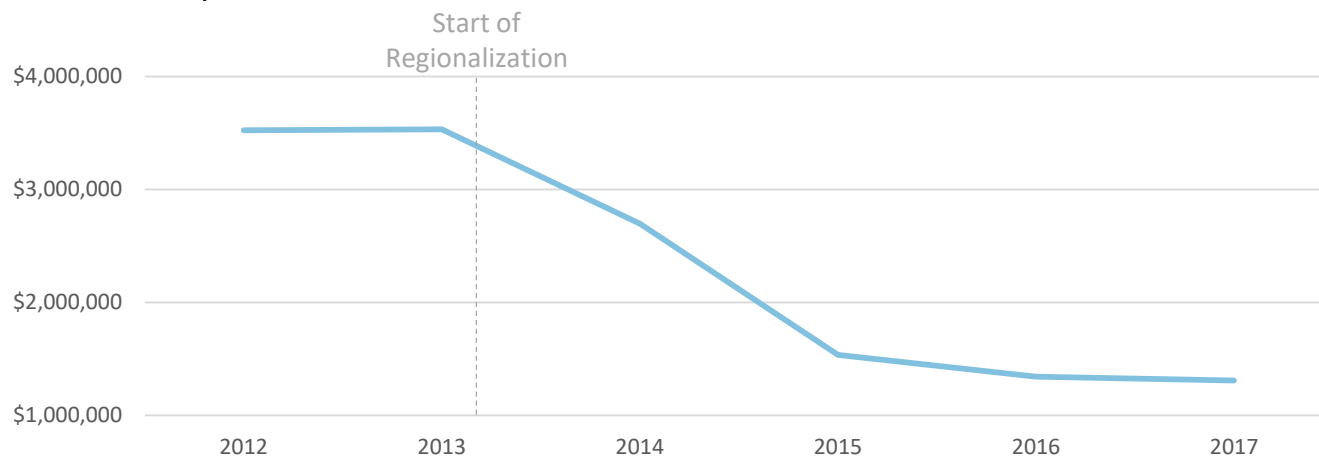
as a result of regionalization and other factors.

Ottawa County CMH: The Negative Impact of the 2014 Regionalization Change and Other Factors

Ottawa County CMH **Medicaid funding*** has **declined by \$5.4 Million** since PEPM.



Ottawa County CMH **State General Fund**** dollars have **declined by \$2.2 Million** since HMP was implemented.



Why is this occurring?

- An enrollment issue has people who were previously classified as DAB Medicaid population now being paid at the HMP or TANF rates (both of which are significantly lower than the DAB rate). This resulted in a \$10.8 million total loss to the LRE in FY 2016 and 2017.***
- HMP was created in April 2014, with Ottawa County initially experiencing slow enrollment rates. In addition, the HMP rate was reduced in order to urge PIHPs to deplete their Internal Service Funds (ISF). The LRE ISF is expected to be depleted after FY 2018.
- Beginning in FY 2016, Medicaid funding is distributed by LRE based on PEPM (funding was distributed based on historical amounts prior to FY 2016). The PEPM funding model is being implemented in Ottawa County CMH over 4 years. The PEPM funding model was put on hold in FY 2018 pending approval of a needs-based model.
- State General Fund dollars were cut when HMP was created in April 2014 because HMP funding was expected to fill the gap. This did not occur for Ottawa County CMH.
- Ottawa County CMH receives fewer State General Fund dollars than nearly all other CMHSPs in the State even though it is the eighth most populous county.

* Source: Ottawa County CMH. Does not include funding for autism.

** Source: Ottawa County CMH. Does not include funding from 236 transfers.

***Source: Rehmann. "Prepaid Inpatient Health Plan Revenue Analysis Disabled, Aged, Blind." Fiscal Years 2016-2017.

Community Mental Health: Overview

CMH Structure in Michigan

Michigan Department of Health and Human Services (MDHHS)

Prepaid Inpatient Health Plans (PIHPs)

Community Mental Health Service Programs (CMHSPs)

PIHPs serve as the State's behavioral health system for Medicaid-funded behavioral health specialty services and support. There are currently 10 PIHPs in Michigan.

CMHSPs contract with PIHPs.* There are currently 46 CMHSPs in Michigan.

2014 Regionalization Change: Ottawa County CMH's new PIHP

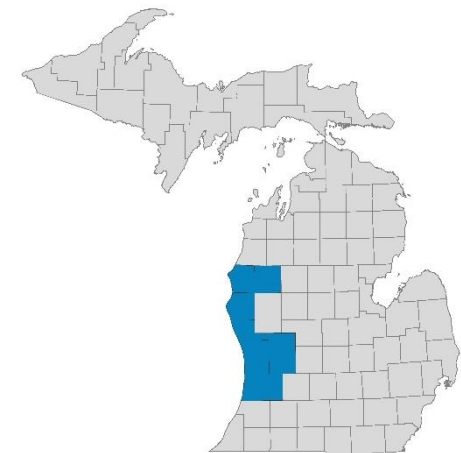
Before 2014 Regionalization Change

- 18 PIHPs in Michigan
- Ottawa and Muskegon counties in **Lakeshore Behavioral Health Alliance**



After 2014 Regionalization Change

- 10 PIHPs in Michigan
- Ottawa and 6 other counties in the **Lakeshore Regional Entity (LRE)**



CMH Medicaid Funding Model in Michigan

Most PIHPs currently distribute Medicaid funding to their CMHSPs based on the number of people enrolled per month (PEPM) in each Medicaid population in a county.

Medicaid Populations

DAB (Disabled, Aged, and Blind)

HMP (Healthy Michigan Plan)

TANF (Temporary Assistance for Needy Families)

Average Funding PEPM**

\$262.39

\$37.30

\$16.68

* There are 3 combined, standalone PIHPs and CMHSPs in Michigan.

** Source: Community Mental Health Association of Michigan. "Impacts on Medicaid revenue for PIHP/CMH System." December 2017.