

Ensuring a financially sound Public Mental Health System for the future

PROBLEM

Trying to fix 2020 problems with 1990's solutions

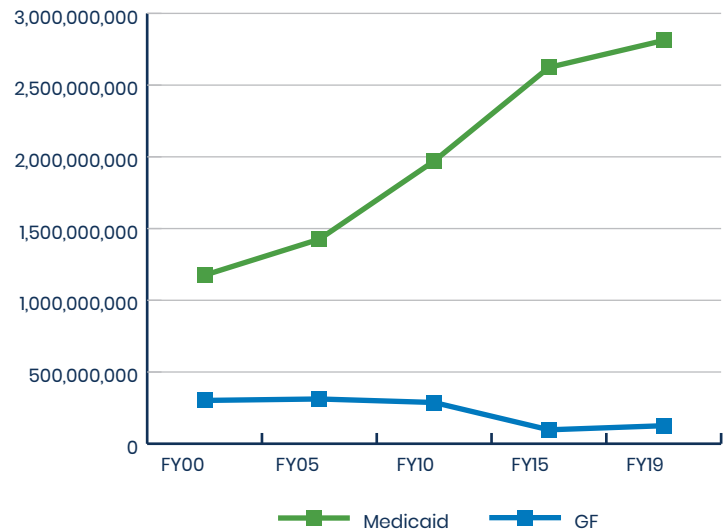
Michigan's PIHP system was developed in 1997 when the state moved the Medicaid behavioral health services into managed care. The financing and risk arrangements that were developed 20+ years ago are still in place today and dictate the financial makeup of the system.

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What is outdated?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

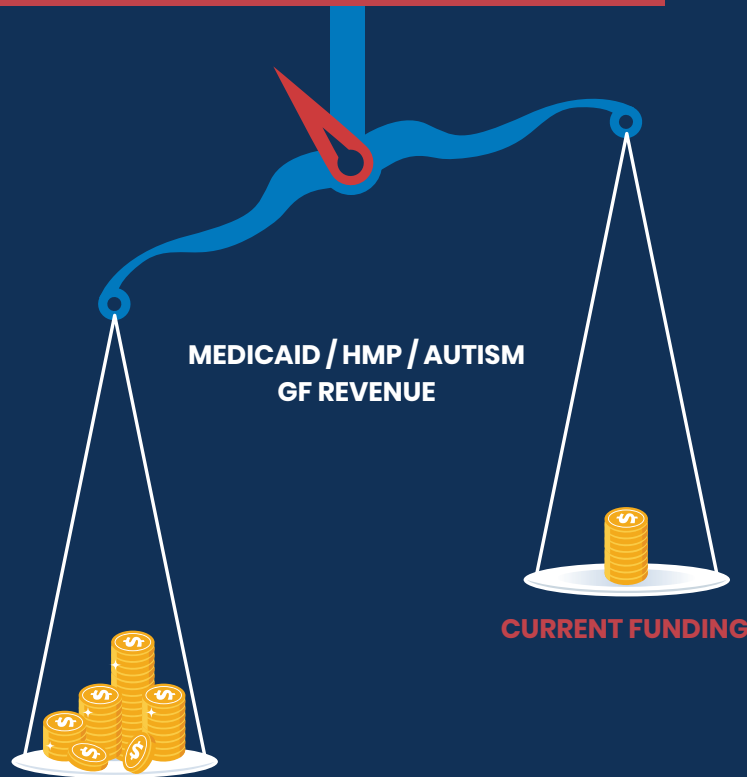


Community Mental Health Association of Michigan

www.cmham.org

PROBLEM

Demands for services are outpacing funding



FUNDS NEEDED TO SUPPORT GROWING DEMANDS

ITEMS THAT CONTINUE TO ADD DEMAND

Demand for Services

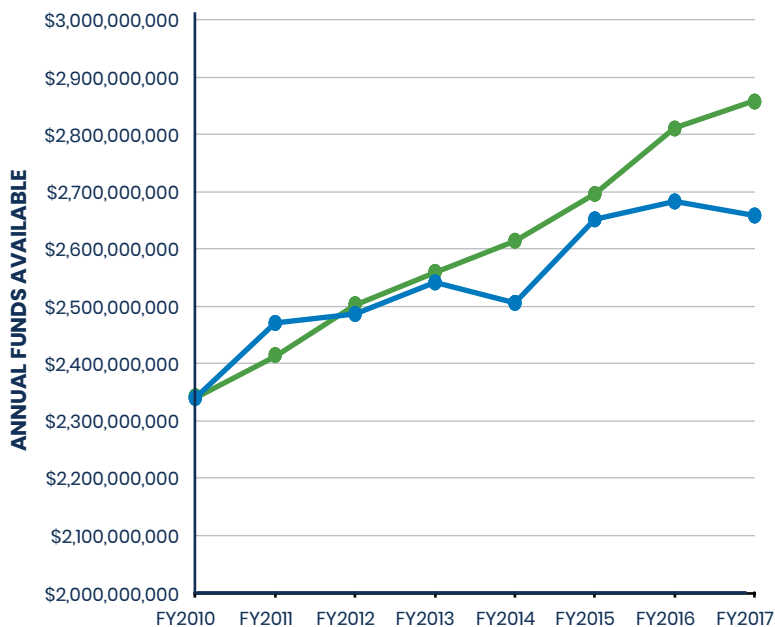
- Opioid Crisis
- Autism Services
- Increased staffing costs due to minimum wage increases
- Expanded Medicaid services
- Federal Rules changes for people living independently
- Jail Diversion Programs
- School safety
- Increased state reporting and assessment requirements
- Unfunded mandates, such as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

State Mandates

Employment Costs(direct care wages/psychiatrist costs)

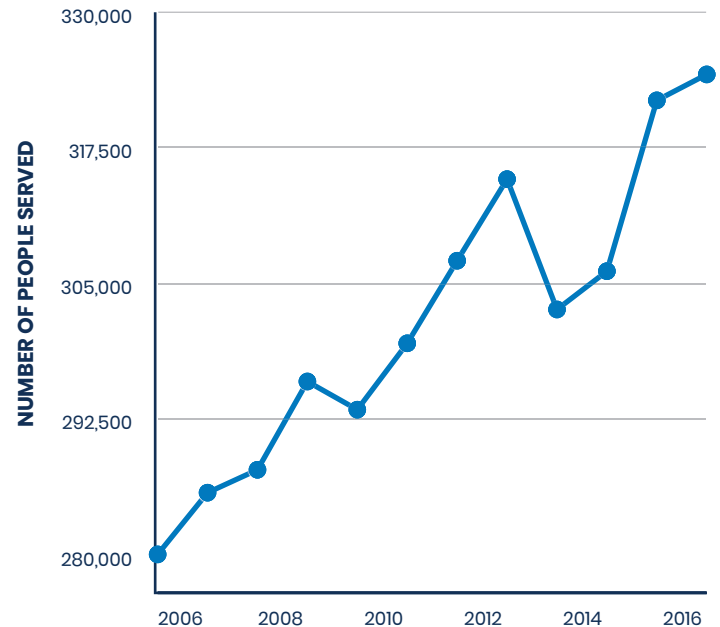
Federal Rules for Living Arrangements

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