Community Mental Health Association of Michigan

Analysis of SB 597 and 598 and a concrete set of alternatives to

to advance Michigan’s public mental health system

There is currently a set of bills in the Michigan Senate, SB 597 and 598, that, if passed, would not address some of the most urgent and clear-cut areas of advancement for Michigan’s public system. Instead, these bills would **shatter Michigan’s, nationally recognized public mental health system**, its Community Mental Health (CMH) system, the public Medicaid health plans [in federal terms, Prepaid Inpatient Health Plan (PIHP)], and the system’s network of providers – a system that Michiganders have relied upon, for years, for high quality mental healthcare.

The Harm that Senate Bills 597 and 598 will cause

**1. These bills move from a low overhead to high overhead system.** Under these bills, private health insurance companies would take over the management of the financing of Michigan’s public mental health system. These companies, known as Medicaid Health Plans, have overhead rates, including profits, of 15% ([Senate Fiscal Agency Analysis](https://www.legislature.mi.gov/documents/2021-2022/billanalysis/Senate/pdf/2021-SFA-0597-G.pdf) and [Milliman’s national study data)](https://www.milliman.com/en/insight/medicaid-managed-care-financial-results-for-2020). This overhead rate is **2.5 times higher than the 6.2% overhead rate of the managed care operations of the state’s public CMH system**. This means that only $85 of every $100 dollars sent to these private health insurance companies is used to provide health care, as compared to the $94 of every $100 provided to the CMH system that is used for care. If these bills become law, this difference would mean that **$300 million in funds diverted, annually, from the mental health care of Michiganders to health plan overhead and profits.**

**2. While the bill sponsors claim that these bills foster the integration of mental health care with physical health care; they do not**. Real healthcare integration occurs on the ground, where the client/patient is served and not be depositing all of the state’s Medicaid dollars into the suites of health insurance companies.

Real healthcare integration – where the client is served/treated - is being led by Michigan’s CMH system as is outlined, every year, in the [Integrated Care Study](https://cmham.org/wp-content/uploads/2021/02/New-2020-2021-CHI2-Healthcare-Integration-final.pdf) conducted by CMHA’s Center for Health Care Integration and Innovation. The most recent version of that study found that Michigan’s public mental health system is currently operating over 650 clinical healthcare integration initiatives across Michigan

**3. These bills damage and destroy local partnerships.** Michigan’s CMHs are at the heart of nearly every healthcare, public safety, housing, and human services partnership and coalition in communities across Michigan. These bills would so dramatically damage the funding to the CMH system to weaken or destroy the partnerships that the state’s CMHs have developed with local enforcement agencies, courts, prosecutors, and other organizations (schools, housing and homeless services providers, primary care providers, hospitals, etc.) in communities across the state.

**4. These bills put the Michigan public mental health system in hands of private health insurance companies with a poor track record with mental health services**. For over 20 years, these health insurance companies have managed the office-based psychotherapy and psychiatry benefit for Michigan’s Medicaid enrollees. Throughout that time, Medicaid enrollees in communities across Michigan have reported that they are unable to find psychotherapists and psychiatrists willing or able to serve them, under this privately-managed benefit.

If these private health insurance companies cannot manage this benefit for the least complex mental health needs, they are ill-equipped to manage the far more complex needs of more vulnerable Michiganders, with serious mental illness, substance use disorders, or intellectual/developmental disabilities.

**5. These bills ignore the views expressed by those who would be directly impacted by these changes.** Over the past several years, proposals akin to these bills have been met by strong opposition by those who rely upon the CMH system for care, their families, and community partners. In fact, these bills ignore the comprehensive set of recommendations made by a diverse and large set of stakeholders, during the most recent public dialogue around healthcare integration – as captured in the [Section 298 Workgroup Final Report](https://www.michigan.gov/documents/mdhhs/Final_Report_of_the_298_Facilitation_Workgroup_-_Version_for_Publication_554605_7.pdf). **Chief among these recommendations is that the CMH system should stay publicly managed and governed.** These bills run directly counter to this recommendation and the voices of the Michiganders with the most to gain and lose by changes to this system.

**6. These bills eliminate the strong local control and governance of the current system -** a system tied to local elected officials answerable to local community members, and replaces that local community-responsive control with a system controlled by private insurance companies

Strengths of public mental health system put at risk by these bills

**As noted above, SB 597 and 598 would destroy Michigan’s public mental health system - a system that has demonstrated, over decades, high performance in nearly every dimension of quality**. This high level of performance is described in the report, by the Center for Healthcare Integration and Innovation (CHI2), “[A Tradition of Excellence and Innovation”](https://cmham.org/wp-content/uploads/2020/05/CHI2-tradition-of-excellence-and-innovation-May-2020-updated.pdf)  that found that Michigan’s public mental health system excelled in a number of key dimensions:

* The CMH system has **pioneered nearly every mental health innovation, evidence-based and promising practice that has taken place in Michigan** – innovations and clinical practices not available to persons with private/commercial health insurance.
* The public system uses an **advanced payment system,** rather than an antiquated fee-for-services system, to that provide Medicaid funds through the public PIHPs to the state’s Community Mental Health (CMH) centers. This **capitated funding model** supports:, a focus on the improved quality of life for the persons served, the use of traditional and non-traditional evidence-based an promising practices, and a whole community perspective by the CMHs rather than simply a high volume of services, as the antiquated fee-for-service system promotes.
* **Meeting or exceeding state-established performance standards, for decades**, around timeliness of access, speed of crisis intervention, follow-up from inpatient care, and low inpatient readmission rates.
* **Providing one of the nation’s most comprehensive array of community-based services resulting a dramatic increase in access to care for Michiganders**. The impact of this transition from state psychiatric hospitals to community-based care is impressive. This transition allows **Michigan’s CMH system to serve 34 times more Michiganders**, than would be served if those same dollars were used to provide long term inpatient care in the state’s psychiatric hospitals and developmental disability centers.
* **High rankings nationally** with Mental Health America reporting that Michigan is **15th in the country** relative to the access to mental health care for all ages, and **6th in the country** for access to care by adults.
* **Proven ability to control costs over decades**: Through the use of person-centered planning and comprehensive care management, Michigan’s CMH system has kept cost increases to Michigan taxpayers far lower than the Medicaid cost increases seen across the country. This cost control has resulted in a **savings of over $5 billion dollars to the state**, from 1997 through 2015, with those savings climbing to over $12 billion when extrapolated through 2024.
* **Low managed care overhead**: The managed care overhead of the public mental health system is 6.2% (Medicaid Behavioral Health Rate Certification, Milliman, FY 2018, 2019, and 2020). This **overhead cost is less than one-half of the overhead rate of the private Medicaid managed care plans, which averages 15%.** ([Senate Fiscal Agency Analysis](https://www.legislature.mi.gov/documents/2021-2022/billanalysis/Senate/pdf/2021-SFA-0597-G.pdf) and [Milliman’s national study data)](https://www.milliman.com/en/insight/medicaid-managed-care-financial-results-for-2020). If private health plans managed Michigan’s Medicaid behavioral health benefit, the system would have $300 million less spend on mental health services.

Within Our Reach: Concrete approaches to building a world class public mental health system in Michigan

Rather than pursuing another proposal to move public mental health tax dollars to private health insurance companies, under the guise of healthcare integration - with all of the deficits inherent in such a proposal as outlined above – we, as Michiganders, should focus our energies on taking concrete steps in the areas where the continual advancement of Michigan’s public mental health system is needed and doable. Those steps are outlined below.

**A. Build on Michigan’s existing high performing public mental health system** – The performance of this system is highlighted earlier in this paper and is described in the report, by the Center for Healthcare Integration and Innovation (CHI2), “[A Tradition of Excellence and Innovation”](https://cmham.org/wp-content/uploads/2020/05/CHI2-tradition-of-excellence-and-innovation-May-2020-updated.pdf)

**B. Improve access to comprehensive set of mental health services** **to all community members** - services now only available to Medicaid enrollees

* Support the implementation of Michigan's Certified Community Behavioral Health Centers **(CCBHC**) in the initial pilot sites and then scale up statewide. This CCBHC designation for the state’s Community Mental Health (CMH) centers and their provider network partners, brings federal dollars to Michigan to expand, to all Michiganders, access to the broad array of mental health services and supports currently available to Michiganders enrolled in Medicaid
* **Restore the state General Fund dollars** that were cut, in 2015, from the CMH funding reserved to serve persons not enrolled in Medicaid. This cut was dramatic, eliminating 60% of the funding for the services that state’s CMH system formerly provided to Michiganders without Medicaid.
* Support and expand payment for the **first episode psychosis (FEP)** treatment approach - already piloted in Michigan communities – to all Michiganders experiencing their first psychotic episode, most often before the age of 30.

**C. Improve access to inpatient psychiatric care and residential alternatives to hospitalization**

* + Support the creation and expansion of short- to moderate-term **Psychiatric Residential Treatment Facilities (PRTF)**
  + Financially support **inpatient psychiatric hospitals and wards** in covering the costs of physical plant and staffing changes and training to better meet the needs of children, adolescents, and adults with complex mental health needs

**D. Improve access to and coordination of crisis services**

* + Support creation and expansion of **Crisis Stabilization Units (CSU)** designed to provide a comprehensive set of services and supports to persons experiencing mental health crises
  + Support and fully implement **Michigan Crisis and Access Line (MiCAL)** designed to link the proven system of local crisis lines operated by Michigan’s CMH system
  + Support implementation, in Michigan, of the **988 mental health crisis line system** - recently approved by the Federal Communications Commission as a line, akin to 911, but focused on responding to the needs of persons experiencing mental health crises
  + Fully fund the emerging network of **mental health crisis response teams** – designed to partner with law enforcement and first responders at scene of a wide range of crises

**E. Provide whole person care, especially to those with complex needs**

* Support expansion of **Behavioral Health Homes (BHH) and Opioid Health Homes (OHH)** – mental health focused centers that provide intense care management and wide range of mental health, physical health, and human services and supports to persons with complex mental health needs or those with opioid use disorders
* Support the implementation of Michigan's Certified Community Behavioral Health Centers **(CCBHC)** – as described above.
* Fully fund and financially support the expansion of the hundreds of **existing health care integration efforts** led by public mental health system and primary care partners

**F. Address mental/behavioral health workforce shortage**

* Increase funding to the state’s public mental health system to allow for **competitive wages and benefits for direct support professionals** – the persons who provide daily supports in the homes and community activities of persons with complex mental health needs
* Expand federal (National Health Services Corps) and state **loan repayment programs** to attract psychiatrists, social workers, psychologists, and other clinicians to underserved Michigan communities
* **Overhaul the paperwork and administrative-related demands** that are currently borne by the state’s mental/behavioral healthcare workforce to allow more time to be spent in providing care and increase the attractiveness of the work
* Develop and fund a **training and career pathway infrastructure** for Michigan’s direct support professionals

These concrete actions, taken by state policy makers and legislators, would dramatically advance Michigan’s nationally recognized public mental health system and its ability to meet the needs of all Michiganders.

What you can do to halt these harmful legislative proposals and work to advance Michigan’s public mental health system

1. Go to the Advocacy Center>Take Action page of the Community Mental Health Association’s webpage:

<https://cmham.org/advocacy>

2. See:

* The list of organizations who have come out in opposition to these bills (SB 597 & 598); that list continues to grow as Michiganders learn about the damage that these bills will do.
* The resources (video and written materials) about these bills

3. Sign the petition opposing these bills.

4. Sign up for Action Alerts that will notify you when advocacy opportunities arise around these bills and others related to mental health care in Michigan.

5. Let your voice be heard by responding to the requests contained in the Action Alerts sent by CMHA.

6. Urge your organization to join the group of organizations that are opposing these bills by contacting Alan Bolter, CMHA Associate Director, at [abolter@cmham.org](mailto:abolter@cmham.org)