

# State Notes

## TOPICS OF LEGISLATIVE INTEREST

January/February 2009



### **An Overview of Community Mental Health Services By Matthew Grabowski, Fiscal Analyst**

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Among the array of public health programs overseen by the Michigan Department of Community Health (DCH), perhaps the most perplexing are those charged with the delivery of mental health services. Chapter 2 of the Mental Health Code designates Community Mental Health Services Programs as the primary administrators of the State's public mental health services and establishes the framework for the delivery of vital services by those organizations. According to Section 206 of the Mental Health Code:

*The purpose of a community mental health services program shall be to provide a comprehensive array of mental health services appropriate to conditions of individuals who are located within its geographic service area, regardless of an individual's ability to pay.*

It is from this very general statement of purpose that Community Mental Health Services Programs (CMHSPs) derive their particular role in Michigan's public health apparatus. While this community-based approach to public mental health is now well established, it is often unclear how the CMHSPs are organized, who is served, and how much money is spent on services. What follows is a brief description of the Community Mental Health Services Programs currently operating in the State, with an emphasis upon the populations they serve and the funding streams used to support these programs.

#### **Who are the Community Mental Health Services Programs and Providers?**

Pursuant to the Mental Health Code, CMHSPs may be organized according to one of three basic paradigms: a county community mental health *agency*, a community mental health *organization*, or a community mental health *authority*. A county community mental health (CMH) *agency* is a single-county mental health board that chooses to serve as the local CMHSP. A CMH *organization* represents a contract between two or more counties in which the participants combine their resources to establish a multicounty CMHSP. Finally, a CMH *authority* is a single-county or multicounty CMHSP that is permitted a greater degree of independence and license than those lacking this designation; for example, a community mental health authority may charge additional service fees that would not otherwise be permitted.

Many of Michigan's counties have elected to participate in multicounty CMHSPs; thus, only 46 CMH boards currently administer services in the State's 83 counties. A full listing of these organizations can be found in Appendix A. As one might expect, the State's more populous counties have tended to institute independent CMHSPs and multicounty CMHSPs have been more likely to emerge among rural and less densely populated counties. This pattern is not surprising: Comparatively small counties are most likely to benefit from the pooling of resources and the establishment of a larger service population.

Consolidation efforts notwithstanding, there is a wide variance in the size and scope of the populations served by individual CMHSPs. During fiscal year (FY) 2006-07, the most recent year for which accurate data are available, the Detroit-Wayne County Community Mental Health Agency reported having served just over 57,000 individuals. During the same fiscal year, the



Gogebic CMH Authority served just 561 clients. While both organizations administer a similar range of services, this comparison illustrates that CMHSPs are "on-demand" providers of mental health services. This means that while the CMHSPs are organized around a shared set of principles and duties, the services provided by each individual CMHSP are driven by the particular needs of the communities being served.

For the purpose of Medicaid reimbursement, the 46 CMHSPs have further consolidated to establish 18 Prepaid Inpatient Health Programs (PIHPs). Each PIHP serves as a regional administration for services provided to Medicaid clients by member CMHSPs. These alliances emerged as a result of an agreement between the State and the Centers for Medicare and Medicaid Services dictating that each Medicaid-reimbursable mental health organization include at least 20,000 clients. In some cases, PIHPs and CMHSPs are one and the same; the Detroit-Wayne County CMH Agency and Genesee County CMH Services are examples. Appendix A indicates the PIHP affiliations of each CMHSP currently operating in the State. The PIHPs were created to simplify and streamline Medicaid payments to local mental health providers. The PIHP model does not fundamentally alter the mission or the service obligations of the CMHSPs.

### **What Services are Made Available by the CMHSPs?**

Section 206 of the Mental Health Code dictates that all CMHSPs must provide, at minimum, an array of mental health services that includes the following:

- (a) Crisis stabilization and response including a 24-hour, 7-day per week, crisis emergency service that is prepared to respond to persons experiencing acute emotional, behavioral, or social dysfunctions, and the provision of inpatient or other protective environment for treatment.*
- (b) Identification, assessment, and diagnosis to determine the specific needs of the recipient and to develop an individual plan of services.*
- (c) Planning, linking, coordinating, follow-up, and monitoring to assist the recipient in gaining access to services.*
- (d) Specialized mental health recipient training, treatment, and support, including therapeutic clinical interactions, socialization and adaptive skill and coping skill training, health and rehabilitative services, and pre-vocational and vocational services.*
- (e) Recipient rights services.*
- (f) Mental health advocacy.*
- (g) Prevention activities that serve to inform and educate with the intent of reducing the risk of severe recipient dysfunction.*
- (h) Any other service approved by the department.*



In very general terms, CMHSPs are charged with the assessment and treatment of individuals who suffer from a serious mental illness, a serious emotional disturbance, or a developmental disability. Individuals in need of mental health services are evaluated using a process known as "person-centered planning", which allows each client of a CMHSP to receive an individually tailored course of treatment and supports. In this sense, CMHSPs approximate managed care organizations; they present their clients with treatment options and work to determine the most suitable course of action. Where appropriate, CMHSPs can provide clients with access to necessary physician and hospital services, mental health therapy and counseling, and a variety of other home- and community-based treatment options.

Annual reports published by the DCH provide an additional indication of the service array offered by the CMHSPs. Section 404 of the annual DCH appropriation act requires that the Department collect and make available detailed information on the services provided by the CMHSPs in each fiscal year. During FY 2006-07, the most frequent diagnoses for individuals treated by the CMHSPs were major depression, bipolar disorder, other psychotic disorders, and mental retardation. The most common services provided by the CMHSPs included outpatient therapy, physician medication reviews, treatment planning sessions, and treatment in psychiatric hospitals. In keeping with the "person-centered planning" philosophy, the CMHSPs report having delivered a broad spectrum of mental health services ranging from outpatient counseling to in-depth institutional treatment.<sup>1</sup>

### **Who is Eligible to Receive These Services?**

On the matter of benefit eligibility, the Mental Health Code provides only a very limited set of guiding principles. Section 208 mandates that:

- (1) *Services provided by a community mental health services program shall be directed to individuals who have a serious mental illness, serious emotional disturbance, or developmental disability...*
  
- (3) *Priority shall be given to the provision of services to individuals with the most severe forms of serious mental illness, serious emotional disturbance, and developmental disability. Priority shall also be given to the provision of services to individuals with a serious mental illness, serious emotional disturbance, or developmental disability in urgent or emergency situations.*

Therefore, CMHSPs are directed to focus their resources on priority populations – those individuals whose conditions are emergent or whose needs are greatest. Since CMHSPs do not use a strict means test, income is not a consideration in the allocation of available resources. Pursuant to Federal law, states have the option of providing necessary mental health services to Medicaid beneficiaries; this allows participating states to receive Federal matching funds for services provided. Accordingly, Medicaid beneficiaries represent the preponderance of the CMHSP clientele. In FY 2006-07, the CMHSPs reported that approximately 56.5% of their client population was Medicaid-eligible.

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<sup>1</sup> Section 404 reports can be viewed at [http://www.michigan.gov/mdch/0,1607,7-132-2946\\_5080-14214--,00.html](http://www.michigan.gov/mdch/0,1607,7-132-2946_5080-14214--,00.html).



The CMHSPs also receive an annual General Fund allocation from the State to provide mental health services to individuals outside the traditional Medicaid population. Unlike Medicaid beneficiaries, however, non-Medicaid clients do not have a legal entitlement to receive services. This non-Medicaid population consists primarily of low-income, uninsured individuals who receive select services as resources allow. For FY 2006-07, 18 of the State's 46 CMHSPs reported having placed non-Medicaid clients on a waiting list for at least one category of treatment at some point during the year. Although the incidence of waiting lists was very limited, it is clear that there is at least some degree of unmet need in certain communities. Additional populations in receipt of CMH services included individuals eligible for Medicare (15.3% of the FY 2006-07 clients) and individuals covered by commercial health insurance (23.9%). These populations are eligible to receive services from CMHSPs by virtue of their ability to pay for services, either directly (through commercial health insurance) or indirectly (through Federal Medicare coverage).

### **How Much is Spent on Mental Health Services?**

Table 1 provides a very basic accounting of recent expenditures by CMH programs in Michigan. The bulk of the State and Federal funding used to support CMHSPs is included in two line items in the DCH budget: the "Medicaid Mental Health Services" line and the "Community Mental Health non-Medicaid Services" line. Consistent with Medicaid's status as an individual entitlement, the State's gross spending under the Medicaid Mental Health Services line has increased by nearly 37.9% since FY 2001-02. Increases in the demand for mental health services, coupled with increases in the costs of those services, have contributed to the growth of spending under this line. Since 2002, Federal law has required states to fund CMHSPs using actuarially sound capitation rates. This practice also has been an impetus for increased appropriations to the Medicaid Mental Health Services line. The growth in General Fund expenditures (about 14.5%) over the same period has not been as large due to increases in the Federal Medical Assistance Percentage (FMAP) applicable to Michigan. Between FY 2001-02 and FY 2008-09, the State benefited from a 3.91 percentage point increase in the FMAP; this means that the Federal government is responsible for a larger share of Michigan's Medicaid costs today than it was eight years ago.

Funding for the Community Mental Health non-Medicaid Services line has remained relatively stable in recent years, hovering between \$301.0 million and \$322.0 million per year. This line is supported exclusively with General Fund dollars, making it more vulnerable to pressures on the State's budget. Because appropriations to the line have been virtually unchanged over the past decade, it is likely that the ability of CMHSPs to finance treatment services for the non-Medicaid population actually has declined over time.

Table 1 includes an adjustment to the expenditures made by the CMHSPs to recognize the CMH Quality Assurance Assessment Program (QAAP) that was first instituted in FY 2004-05. In plain terms, a QAAP is a tax imposed on a group of health care providers by the State. The State can use the revenue from that tax to obtain additional Federal Medicaid funding, which is then passed onto the provider group that paid the tax.<sup>2</sup> An adjustment to the expenditure data is

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<sup>2</sup> For additional information on QAAPs, please see "A Summary of Quality Assurance Assessment Programs" at <http://www.senate.michigan.gov/sfa/Publications/Notes/2007Notes/NotesJulAug07df.pdf>.



necessary to reflect the QAAP tax amount paid by CMHSPs. It is inappropriate to include this amount as a component of annual spending since it is not used to provide mental health services. The QAAP is particularly noteworthy, however, because a portion of the Federal funds it generates is used to supplant General Fund spending.

**Table 1**

<b>Recent History of Community Mental Health Expenditures</b>				
	<b>FY 2001-02</b>	<b>FY 2002-03</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>
<b>Community Mental Health Expenditures</b>	<b>\$1,595,488,900</b>	<b>\$1,728,484,600</b>	<b>\$1,657,927,000</b>	<b>\$1,720,514,500</b>
CMH Medicaid Line	\$1,283,810,300	\$1,417,965,500	\$1,356,892,700	\$1,423,785,200
CMH Non-Medicaid Line	\$311,678,600	\$310,519,100	\$301,034,300	\$311,952,400
CMH QAAP Revenue <sup>c)</sup>	NA	NA	NA	\$15,223,100
Selected "Other" CMH Lines <sup>d)</sup>	\$188,515,700	\$178,205,700	\$142,331,900	\$176,925,100
<b>Total Expenditures</b>	<b>\$1,784,004,600</b>	<b>\$1,906,690,300</b>	<b>\$1,800,258,900</b>	<b>\$1,897,439,600</b>
Annual % Change		6.88%	-5.58%	5.40%
Cumulative % Change				
	<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08<sup>a)</sup></b>	<b>FY 2008-09<sup>b)</sup></b>
<b>Community Mental Health Expenditures</b>	<b>\$1,787,147,500</b>	<b>\$1,857,626,500</b>	<b>\$1,910,864,100</b>	<b>\$1,993,089,700</b>
CMH Medicaid Line	\$1,571,653,500	\$1,637,945,900	\$1,689,807,800	\$1,770,128,000
CMH Non-Medicaid Line	\$311,199,000	\$318,072,300	\$318,166,100	\$322,027,700
CMH QAAP Revenue <sup>c)</sup>	\$95,705,000	\$98,391,700	\$97,109,800	\$99,066,000
Selected "Other" CMH Lines <sup>d)</sup>	\$198,445,300	\$200,613,100	\$207,062,500	\$197,673,000
<b>Total Expenditures</b>	<b>\$1,985,592,800</b>	<b>\$2,058,239,600</b>	<b>\$2,117,926,600</b>	<b>\$2,190,762,700</b>
Annual % Change	4.65%	3.66%	2.90%	3.44%
Cumulative % Change				22.80%
<sup>a)</sup> Estimated. <sup>b)</sup> Based on the initial appropriations included in P.A. 246 of 2008. <sup>c)</sup> The CMH QAAP went into effect in FY 2004-05. The tax on CMHSPs was originally 6.0% of total revenue, but beginning in FY 2007-08 the tax was reduced to 5.5% to comply with revised Federal law. <sup>d)</sup> This includes other lines that fund community mental health services, including the CMHSP, Purchase of State Services Contracts line; the Federal Mental Health Block Grant line; the Respite Services line; the Multicultural Services line; and the Medicaid Adult Benefits Waiver line.				

Finally, Table 1 recognizes spending on CMH services that is reflected elsewhere in the DCH budget. The largest source of additional spending is found in the "CMHSP, Purchase of State Services Contracts" line item. Funds appropriated to this line are used by CMHSPs to cover service costs for clients who are placed in State mental health facilities. Additional line items included here as "other" spending on mental health services consist of the "Federal Mental Health Block Grant" line; the "Respite Services" line; the "Multicultural Services" line; and the "Medicaid Adult Benefits Waiver" line.



## **Conclusion**

For FY 2008-09, total expenditures by Community Mental Health Services Programs are expected to approach \$2.2 billion. In the context of total public health expenditures, services provided by the CMHSPs account for approximately 17.5% of the Gross appropriation to the DCH. As the cost of and demand for comprehensive mental health services rise, the CMHSPs are forced to play an increasingly demanding role. In an effort to maximize dedicated funding, the CMHSPs have focused their resources primarily on serving the Medicaid population. While the needs of this clientele are not in question, the Final Report of the Michigan Mental Health Commission of 2004 cautions as follows:

*This leaves little for those not Medicaid-eligible and without private insurance coverage for mental illness services. Too often, those who do not meet the Medicaid eligibility rules or who are not in crisis are not able to access the system.*

In looking forward, the CMHSPs will be challenged to serve the Medicaid population effectively while simultaneously honoring their mandate as *community* organizations. The potential for Federal stimulus funds is evident, but predictions of continued revenue shortfalls at the State level make this balancing act seem especially precarious.

# State Notes

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### Appendix A

#### **Michigan Department of Community Health - Community Mental Health Services Programs\*** *PIHP Affiliation in Italics*

**Allegan County CMH Services**

Allegan  
*A Member of the SW MI Urban & Rural Consortium*

**AuSable Valley CMH Services**

Tawas City  
*A Member of the Northern Affiliation*

**Barry County CMH Authority**

Hastings  
*A Member of Venture Behavioral Health*

**Bay-Arenac Behavioral Health**

Bay City  
*A Member of the Access Alliance of Michigan*

**Berrien Mental Health Authority**

Benton Harbor  
*A Member of Venture Behavioral Health*

**Cass County CMH Authority d/b/a Woodlands Behavioral Healthcare Network**

Cassopolis  
*A Member of the SW MI Urban & Rural Consortium*

**CMH Authority of Clinton-Eaton-Ingham Counties**

Lansing  
*Member of CMH Affiliation of Mid-Michigan*

**CMH for Central Michigan**

Mt. Pleasant

**Copper Country CMH Services**

Houghton  
*A Member of NorthCare*

**Detroit-Wayne County CMH Agency**

Detroit

**Genesee County CMH Services**

Flint

**Gogebic CMH Authority**

Wakefield  
*A Member of NorthCare*

**Gratiot County CMH Services**

Alma  
*A Member of the CMH Affiliation of Mid-Michigan*

**Hiawatha Behavioral Health**

Manistique  
*A Member of NorthCare*

**Huron Behavioral Health**

Bad Axe  
*A Member of the Access Alliance of Michigan*

**Ionia County CMH**

Ionia  
*A Member of the CMH Affiliation of Mid-Michigan*

**Kalamazoo CMH & Substance Abuse Services**

Nazareth  
*A Member of the SW MI Urban & Rural Consortium*

**Lapeer County CMH Services**

Lapeer  
*A Member of the Thumb Alliance PIHP*

**Lenawee CMH Authority**

Adrian  
*A Member of the CMH Partnership of SE MI*

**LifeWays**

Jackson

**Livingston County CMH Authority**

Howell  
*A Member of the CMH Partnership of SE MI*

**Macomb County CMH Services**

Clinton Township

**Manistee-Benzie CMH**

Manistee  
*Member of CMH Affiliation of Mid-Michigan*

**Monroe CMH Authority**

Monroe  
*A Member of the CMH Partnership of SE MI*

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**Montcalm Center for Behavioral Health**  
Stanton  
*Member of the Access Alliance of Michigan*

**CMH Services of Muskegon County**  
Muskegon  
*A Member of the Lakeshore Behavioral Health Alliance*

**network180**  
Grand Rapids

**Newaygo County Mental Health Center**  
White Cloud  
*A Member of the CMH Affiliation of Mid-Michigan*

**North Country CMH**  
Petoskey  
*A Member of the Northern Affiliation*

**Northeast Michigan CMH Authority**  
Alpena  
*A Member of the Northern Affiliation*

**Northern Lakes CMH Authority**  
Traverse City  
*A Member of the Northwest CMH Affiliation*

**Northpointe Behavioral Healthcare Systems**  
Kingsford  
*A Member of NorthCare*

**Oakland County CMH Authority**  
Auburn Hills

**CMH of Ottawa County**  
Holland  
*A Member of the Lakeshore Behavioral Health Alliance*

**Pathways**  
Marquette  
*A Member of NorthCare*

**Pines Behavioral Health Services**  
Coldwater  
*A Member of Venture Behavioral Health*

**St. Clair County Mental Health Authority**  
Port Huron  
*A Member of the Thumb Alliance*

**CMH Services of St. Joseph County**  
Three Rivers  
*A Member of the Southwest MI Urban & Rural Consortium*

**Saginaw County CMH Authority**  
Saginaw

**Sanilac County CMH Authority**  
Sandusky  
*A Member of the Thumb Alliance*

**Shiawassee County CMH Authority**  
Owosso  
*A Member of the Access Alliance of Michigan*

**Summit Pointe**  
Battle Creek  
*A Member of Venture Behavioral Health*

**Tuscola Behavioral Health Systems**  
Caro  
*A Member of the Access Alliance of Michigan*

**VanBuren Community Mental Health Authority**  
Paw Paw  
*A Member of Venture Behavioral Health*

**Washtenaw Community Health Organization**  
Ypsilanti  
*A Member of the CMH Partnership of SE MI*

**West Michigan CMH System**  
Ludington  
*A Member of the Northwest CMH Affiliation*

*\*Contact information and addresses for all CMHSPS can be found at [http://www.michigan.gov/documents/cmh\\_8\\_1\\_02\\_37492\\_7.PDF](http://www.michigan.gov/documents/cmh_8_1_02_37492_7.PDF)*