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Report: Michigan shorts mental health industry by \$150 million annually

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- Report by mental health providers calls for increase in funding
- Underfunding, increased demands have led to more homelessness, poverty, incarceration and unnecessary deaths
- Pilot studies to test theory that integration of physical and mental health can save costs, expand care



Robert Sheehan

Increased homelessness, poverty, incarceration and deaths are predicted in Michigan by a new report that concludes there is a \$150 million gap between the cost of health care and the funding provided to the state's \$2.8 billion-plus public mental health system.

The [study](#), which was commissioned by the Community Mental Health Association of Michigan, outlines several major changes in the population served since the current managed health care funding model was established in 1997.

Besides the opioid crisis — which resulted in more than 1,700 deaths in Michigan in 2016 alone and tens of thousands of addictions — the increased rates of incarceration of those with mental health needs and autism have caused many more problems within the system and society, the report says.

"Michiganders do not face the same mental health and substance use disorder needs that they had 20 years ago," Robert Sheehan, the mental health association's CEO, said in a statement. "There are new demands, new crises and new conditions in every community throughout Michigan, which the original financing structure did not account for. ... yet the system is still operating from a decades-old funding structure. This is the reality that the public mental health system in Michigan has faced for decades.

"Without moving toward the ambitious vision outlined by the association and addressing this outdated funding structure, Michiganders will continue to live without the mental health care that they need and expect."

Sheehan outlined five recommendations in the report to address unmet mental health and substance use disorder needs:

- Set Medicaid rates to match demands and costs. Medicaid rates account for 90 percent of the system's funding.
- Mandate Medicaid rates include contributions to risk reserves. Because of rising demand, some mental health organizations have drawn down reserves to the point where they are structurally insolvent.
- Allow for the public mental health system to hold sufficient risk reserves. Mental health agencies are not allowed to retain Medicaid savings that they generate through efficiencies and effective clinical practices.
- Remove the obligation to match state funding with local dollars to cover the gap between mandated Medicaid funding and the actual cost of care.
- Restore general fund dollars to the public mental health system. Since 2014, the state has cut general funding from agency budgets to allow people not covered by Medicaid to have access to mental health services.

Since 1997, Michigan has been the only state in the nation to have a publicly managed care system for all four major behavioral health populations regardless of income levels.

The populations are adults with mental illness, children and adolescents with emotional disturbances, people with intellectual/developmental disabilities and those with substance use disorders.

This fall, the state Department of Health and Human Services is expected to begin [three regional pilot studies](#) to test whether Medicaid health plans can coordinate funding and delivery of physical and mental health services. The pilots were created by legislation in 2016 suggested by former Gov. Rick Snyder.

Last December, a [report](#) commissioned by the Michigan Association of Health Plans found that nine of the 10 regional prepaid inpatient health plans, which manage the Medicaid public mental health system, had a total of \$92.8 million in structural deficits.

Because of the deficits, officials for MAHP, which is the trade organization for a dozen Medicaid health plans, called for the state to speed up the process to privatize the public mental health system.

Sheehan and others in the public mental health system contend the structural deficits are based on continued underfunding of the system, a problem they sought to prove with the current report.

However, state HHS officials have said Medicaid behavioral health funding is actuarially sound with rates approved by the federal Centers for Medicare and Medicaid Services.

Inline Play

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