



WASHTENAW COUNTY

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Mental Health Funding Gaps Foreshadow Crises in Michigan

Summary report predicts homelessness, poverty, increased incarceration and deaths

In April, the Community Mental Health Association of Michigan (CMHAM) released a new analysis, "[Systemic Underfunding of Michigan's Public Mental Health System](#)," which studies the longstanding underfunding of Michigan's public mental healthcare system. The study cites a \$150 million gap between the cost of health care and the funding provided to Michigan's public mental health system. Washtenaw Community Mental Health alone provided over \$10 million in medically necessary services to individuals with mental illnesses and developmental disabilities for which their annual capitated funding did not cover, leaving them struggling to keep up with payments to contracted agencies who have already provided these services.

"The state of Michigan mandates a rich array of services for individuals with mental illnesses, developmental disabilities, serious emotional disturbances, and substance use disorders to live independently in their communities," said Washtenaw County Community Mental Health Executive Director Trish Cortes. "Unfortunately, the funding model does not provide adequate funding needed to deliver these necessary and important services to the most vulnerable individuals in our community."

“Michiganders do not face the same mental health and substance use disorder needs that they had 20 years ago,” said Robert Sheehan, the CEO of the CMHAM (formerly the Michigan Association of Mental Health Boards). “There are new demands, new crises and new conditions in every community throughout Michigan, which the original financing structure did not account for. These include the opioid crisis, incarceration of those with mental health needs, the recognition of the prevalence of autism, increased homelessness and more—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 Without moving toward the ambitious vision outlined by the Association and addressing this outdated funding structure, Michiganders will continue to live without the mental health care that they need and expect.”

The CMHAM analysis makes five concrete recommendations to address the current crises in unmet mental health and substance use disorder needs – recommendations that, if followed, will stem homelessness, poverty, incarceration and the premature death of Michiganders with intellectual and developmental disabilities, mental illness, and substance use disorders.

The vision CMHAM outlines as a solution for a world class, public mental health system in Michigan through the report, “[A Vision for a World-Class Public Mental Health System](#),” includes a five-point financial modernization plan to revise and prioritize funding for the public managed care plans. These public managed care plans have demonstrated financing practices best-positioned to meet community demands and real costs of care. The plan is as follows:

1. Set Medicaid rates to match demands and costs
2. Make it so that Medicaid rates include contributions to risk reserves
3. Allow for the public mental health system to hold sufficient risk reserves
4. Remove the local match draw-down obligation, Section 928, in the appropriations boilerplate
5. Restore General Fund dollars to the public mental health system

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 (adults with mental illness, children and adolescents with emotional disturbances, persons with intellectual/developmental disabilities and those with substance use disorders), which reach:

- About 300,000 people with mental healthcare needs
- 50,000 people employed by the public mental healthcare system
- 2 million people statewide who are impacted by one of the 300,000 people served (family, friends, neighbors and co-workers)

The public community mental health centers (CMH) in Michigan strive to serve as many individuals as possible, but only four percent of the funding provided to the CMH system is available to serve Michiganders without Medicaid who need mental health services.

In addition to new service demands, the state has not complied with the federal requirement for state support for the development of risk reserves – a key component in the design of any managed care system, especially one that is built to serve the most vulnerable residents and maintain community safety nets. Lawmakers and community members may argue the public system has been functioning well despite funding gaps, but CMHAM warns that the current underfunded system is not sustainable long-term.

The residents of Washtenaw County have continued to support the critical services provided by community mental health with an 8-year Public Safety and Community Mental Health Preservation Millage. While the community has stepped up to bridge the gaps in Federal and State funding, the millage funds cannot be used to offset the Medicaid services provided by WCCMH. Over 85% of the WCCMH budget is Medicaid funds that must be used to meet the medically necessary and mandated service needs for Medicaid beneficiaries. Washtenaw County CMH serves 5000 Medicaid individuals a year and has seen a rise in severity and the need for mental health services over the past three years. The Medicaid revenue to fund these State entitlements has continuously declined and left Washtenaw CMH with over a \$10 million Medicaid deficit in the current fiscal year. Due to the State budgeting process and issues identified in this release, there are many unknowns about the budget for fiscal year 2020.

To receive updates on this important issue, to have your voice heard, or to contact your legislative representative with your concerns, please visit the [Community Mental Health Association of Michigan](#).

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