Summer 2021 Public Policy Update

Overview

* Budget
  * FY22 Executive Budget
  * FY22 House and Senate Budgets
  * COVID Supplementals
* Senate Integration Proposal
* House ASO Proposal
* What does the future hold?

Budget Items

Figure 1

A Legislator's Guide to Michigan's Budget Process
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House Fiscal Agency
October 2014

FY22 Executive Budget

Specific Mental Health/Substance Abuse Services Line items

	FY'20 (Final)	FY'21 (Final)	FY'22 (Exec Rec)
-CMH Non-Medicaid services	$125,578,200	$125,578,200	$125,578,200
-Medicaid Mental Health Services	$2,487,345,800	$2,653,305,500	$3,011,525,500
-Medicaid Substance Abuse services	$68,281,100	$87,663,200	$80,988,900
-State disability assistance program	$0	$2,018,800	$2,018,800
-Community substance abuse (Prevention, education, and treatment programs)	$108,754,700	$108,333,400	$78,005,200
-Health Homes Program	$3,369,000	$26,769,700	$33,005,400
-Autism services	$230,679,600	$271,721,000	$356,875,800
-Healthy MI Plan (Behavioral health)	$371,843,300	$589,941,900	$540,551,700
-CCBHC	$0	$0	$25,597,300

FY22 Executive Budget

Other Highlights of the FY22 Executive Budget:

Direct Care Worker Wage Increase

The Executive Recommendation provides $110 million ($43.1 million general fund) in fiscal year 2021 and $360 million ($121.4 million general fund)in fiscal year 2022 to permanently continue the $2 per hour wage increase for direct care workers who provide critical care to our most vulnerable neighbors through Medicaid-funded behavioral health supports, community-and facility-based long-term care services, and home-based services provided through area agencies on aging. Maintaining the wage increase will help to stabilize the workforce and ensure continued access to services.

CCBHC Implementation

The FY22 Executive Budget includes $26.5million gross, $5.0million general fund(6.0FTEs) to support a two-year implementation of the Centers for Medicare and Medicaid (CMS) Certified Community Behavioral Health Clinic (CCBHC) Demonstration program. Proposed funding will be used to:

* **Establish 14 CCBHC sites**, through 11 Community Mental Health Programs and 3 non-profit behavioral health entities, to provide comprehensive access to behavioral health services to vulnerable individuals.
* Create a new Behavioral Health Policy and Operations Office to oversee the implementation of the CCBHC demonstration, Medicaid Health Homes, and other behavioral health integration initiatives The new office will comprise 6 new FTE positions and 9 reassigned FTE positions responsible for policy, operations, technical assistance, and quality monitoring support.

FY22 Executive Budget

KB vs. Lyon lawsuit

The FY22 Executive Budget includes $90 million gross ($30 million general fund) to recognize new costs related to the implementation of policy changes associated with the KB v. Lyon lawsuit settlement. These caseload costs will come from program changes aimed at increasing consistency in access to behavioral health services for Medicaid enrollees and those served through the child welfare system.

Other items

- $1 million for Autism Service Navigation (general fund) is maintained in the Executive Budget on an ongoing basis. Support for this program has been included in recent budgets on a one-time basis.
- $3.5 million for cross enrollment expansion to improve technology and communication tools to better identify and enroll individuals needing support and services.
- $8.4 million to reduce health disparities and expand the use of community-based navigators to enhance access to health coverage, and improve screening, data sharing and interoperability of existing data systems through the Michigan Health Information Network.
- $15 million one-time for state psychiatric hospital special maintenance for capital improvements at all five of Michigan's psychiatric hospitals.

FY22 House and Senate Budgets

FY22 House and Senate Budget Proposals

Specific Mental Health/Substance Abuse Services Line items

	FY'22 (Exec Rec)	FY'22 (House)	FY'22 (Senate)
-CMH Non-Medicaid services	$125,578,200	$125,578,200	$125,578,200
-Medicaid Mental Health Services	$3,011,525,500	$2,775,817,800	$3,005,348,100
-Medicaid Substance Abuse services	$80,988,900	$80,988,900	$80,988,900
-State disability assistance program	$2,018,800	$2,018,800	$2,018,800
-Community substance abuse (Prevention, education, and treatment programs)	$78,005,200	$19,501,200 (1/4 funding)	$78,005,200
-Health Homes	$33,005,400	$33,005,400	$33,005,400
-Autism services	$356,875,800	$356,875,800	$356,875,800
-Healthy MI Plan (Behavioral health)	$540,551,700	$540,551,700	$540,551,700
-CCBHC	$25,597,300	$25,597,300	$25,597,300

FY22 House and Senate Budgets

Other Highlights of the FY22 House Budget:

Direct Care Worker Wage Increase

* House budget includes a $100 placeholder

CCBHC Implementation

House concurs with the FY22 Executive Budget and includes $26.5million gross, $5.0million general fund(6.0FTEs) to support a two-year implementation of the Centers for Medicare and Medicaid (CMS) Certified Community Behavioral Health Clinic (CCBHC) Demonstration program. Proposed funding will be used to:

* **Establish 14 CCBHC sites**, through 11 Community Mental Health Programs and 3 non-profit behavioral health entities, to provide comprehensive access to behavioral health services to vulnerable individuals.
* Create a new Behavioral Health Policy and Operations Office to oversee the implementation of the CCBHC demonstration, Medicaid Health Homes, and other behavioral health integration initiatives The new office will comprise 6 new FTE positions and 9 reassigned FTE positions responsible for policy, operations, technical assistance, and quality monitoring support.

FY22 House and Senate Budgets

KB vs. Lyon lawsuit

The House does not include funding for the KB v. Lyon lawsuit. (The FY22 Executive Budget includes $90 million gross ($30 million general fund) to recognize new costs related to the implementation of policy changes associated with the KB v. Lyon lawsuit settlement.)

Specialty Medicaid Managed Care Health Plan for Foster Children

House includes $500,000 Gross ($250,000 GF/GP) to complete an actuarial analysis and any necessary federal approvals to create a specialty Medicaid managed care health plan for children in foster care to provide comprehensive medical, behavioral, and dental services

Other items

- Concurs with the executive budget and includes $1 million for Autism Service Navigation (general fund)
- House concurs with the executive budget and includes $36.4 million in federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths.
- House adds $750,000 GF/GP for development and operation of a resiliency Center for Families and Children to provide services to families and children experiencing trauma, toxic stress, chronic disability, neurodevelopmental disorders or addictions (Boilerplate sec 1919)
- House adds $300,000 GF/GP for the St. Louis Center, a residential community for children and adults with intellectual and developmental disabilities;
- Enhanced FMAP redetermination – placeholder (the Governor's recommendation included $23.2 million Gross for additional admin costs for Medicaid eligibility redeterminations once the enhanced FMAP expires
- House adds one-time funding for special Olympics capital improvements ($1 million)
- House adds $19.1 million for MI Choice waiver program to add 1,000 slots by end of FY 21-22

FY22 House and Senate Budgets

Other Highlights of the FY22 Senate Budget:

Direct Care Worker Wage Increase

- The Senate budget reflects a full year implementation of a **$2.35/hour direct care worker wage increase** on an ongoing basis - $460,007,800 (Gross) / $159,775,100 GF/GP

CCBHC Implementation

- **Senate budget concurs with the FY22 Executive Budget and includes $26.5million gross, $5.0million general fund(6.0FTEs) to support a two-year implementation of the Centers for Medicare and Medicaid (CMS) Certified Community Behavioral Health Clinic (CCBHC) Demonstration program.**

KB vs. Lyon lawsuit

- **The Senate budget includes $45 million (Gross) / $15 million GF/GP funding for the KB v. Lyon lawsuit.** (The FY22 Executive Budget includes $90 million gross ($30 million general fund) to recognize new costs related to the implementation of policy changes associated with the KB v. Lyon lawsuit settlement.)

Local Match Draw Down

- The Senate bill includes funding for the second and third year of a five-year phase-out of the use of Local CMH Local Match funding to support the Medicaid Restricted Mental Health Services line. **$10,190,200 GF/GP**

FY22 House and Senate Budgets

Other items in Senate Budget:

* Senate concurs with the executive budget and includes $1 million for Autism Service Navigation (general fund)
* Senate concurs with the executive budget and includes $36.4 million in federal SOR grant funding to increase access to medication-assisted treatments, addressing unmet treatment needs, and reducing opioid overdose deaths.
* Senate adds $1.3 million increase for the MI Docs program
* Senate adds $100 placeholder for crisis stabilization units
* Senate increases in Medicaid funding for mental health and SUD services ($35 million increase)
* Senate adds $3 million for McLaren Greenlawn project
* Senate adds Families Against Narcotics placeholder

FY22 House and Senate Budgets

House & Senate Key Boilerplate Sections:

Sec. 236 NEW Senate – language to require the same level of reimbursement for services provided through telemedicine as for services provided through face-to-face contact in the Medicaid program

Sec. 908. NEW Senate – Uniform credentialing , As a condition of their contracts with the department, PIHPs and CMHSPs, in consultation with the Community Mental Health Association of Michigan, shall work with the department to implement section 206b of the mental health code, MCL 330.1206b, to establish a uniform community mental health services credentialing program.

Sec. 912. Salvation Army Harbor Light Program – executive deleted but House and Senate retained language to contract with the Salvation Army Harbor Light Program to providing Non-Medicaid substance use disorder services if program meets standard of care. *Executive deletes; House & Senate retains.*

Sec. 927. Uniform Behavioral Health Service Provider Audit. Existing boilerplate requires DHHS to create a uniform community mental health services auditing process for CMHPs and PIHPs, outlines auditing process requirements, and requires a report. *Executive deletes; House & Senate retains.*

Sec. 928. Each PIHP shall provide, from internal resources, local funds to be used as a part of the state match required under the Medicaid program in order to increase capitation rates for PIHPs. These funds shall not include either state funds received by a CMHSP for services provided to non-Medicaid recipients or the state matching portion of the Medicaid capitation payments made to a PIHP.

- ***House budget did not include 5-year phase out language***
- ***Senate includes 5-year phase out language and years 2 & 3 of funding.***

FY22 House and Senate Budgets

Sec. 964. Behavioral Health Fee Schedule. Requires the department to provide a report with the standardized fee schedule for Medicaid behavioral health services and supports to the Legislature by July 1 and must include the adequacy standards to be used in all contracts with PIHPs and CMHSPs. In developing the fee schedule the Department must prioritize and support essential service providers and develop a standardized fee schedule for revenue code 0204.

Sec. 974. The department and PIHPs shall allow an individual with an intellectual or developmental disability who receives supports and services from a CMHSP to instead receive supports and services from another provider if the individual shows that he or she is eligible and qualified to receive supports and services from another provider. Other providers may include, but are not limited to, MIChoice and program of all-inclusive care for the elderly (PACE).

Sec. 1005. Health Home Program – current boilerplate requires DHHS to maintain and expand the number of behavioral health homes in PIHP regions 1, 2, and 8 and to expand the number of opioid health homes in PIHP regions 1, 2, 4, and 9. Executive deletes. *House revises to maintain the current behavioral health and substance use disorder health homes and permits DHHS to expand into 2 additional PIHP regions.*

Sec. 1846. Graduate Medical Education Priorities - Requires DHHS to distribute GME funds with an emphasis on encouragement of the training of physicians in specialties, including primary care, that are necessary to meet future needs of this state, and training of physicians in settings that include ambulatory sites and rural locations. *House revises to also emphasize training of pediatric psychiatrists.*

COVID Supplemental Budgets

Congress passed two large COVID relief packages:

* December under the Trump Administration - $900 billion
* March under the Biden Administration - $1.9 Trillion

Michigan received a TON of federal money from the recent COVID packages.

* $5.6 billion from December
* $18 billion from March

Legislature using the appropriations process as leverage point with Governor.

* Supplemental Movement:

House Bill 4419

- $34.8 million for SUD block grant
- $2.9 million in fed funding for crisis intervention and other recovery support services for children and adults with serious mental illness and SUD.
- $32 million for mental health block grant
- Section 351 boilerplate. Requires DHHS to prioritize federal SUD and mental health grants to appropriately support crisis services, including CSUs, mobile crisis services and the Michigan Crisis and Access Line (MCAL).

COVID Supplemental Budgets

House Bill 4420

- $6.5 Million for Certified Community Behavioral Health Clinics Demonstration Program – assumes the demonstration would begin July 1, 2021.
- Mental Health Facilities - Includes **$205.0 million** of federal Coronavirus State Fiscal Recovery Funds to:
  - Create a competitive grant program to increase the number of long-term pediatric psychiatric
  - inpatient hospitals or centers ($100.0 million).
  - Plan and construct a new Hawthorn Center for children and adolescents ($85.0 million).
  - Create a competitive grant program for infrastructure investments to improve behavioral health care provided through emergency departments ($15.0 million).
  - Support 12 new psychiatric beds through McLaren Northern Michigan ($3.0 million).
  - Support behavioral health pilot program through McLaren Greater Lansing ($2.0 million).

Senate Bill 36

- $347.3 million in Federal COVID epidemiology and laboratory capacity grant with $20.0 million be allocated to public and nonpublic K-12 schools and intermediate school districts for COVID-19 testing and an additional $20.0 million be allocated to the Department of Corrections for COVID-19 testing
- $6.5 million for Certified community behavioral health clinics (6 FTEs)
- $34.8 million for the substance use disorder block grant
- $31.9 million for the mental health block grant

Key Budget Items for CMHA Members

Direct Care Wage Increase

* Support continuation of $2/hour increase for remainder of FY21 and support Governor's call to permanently address the issue.

Local Match draw down – Section 928

* FY21 supplemental budget – Advocate for $5 million GF to offset local/county resources for Medicaid match purposes. FY21 budget boilerplate section 928 called for a 5-year phase out of the use of local/county dollars for Medicaid match purposes, however the $5 million GF appropriation was not included in the final budget and the phase out remained paused at FY20 levels. FY21 should have been year 2 of the 5-year phase out plan.

* FY22 budget – Advocate for continued 5-year phase out and inclusion of the FY20 & FY21 boilerplate language and $5 million of GF to offset local/county resources (FY22 should be year 3 of 5-year phase out).

Key Budget Items for CMHA Members

Certified Community Behavioral Health Clinics (CCBHC)

On August 5, 2020 the Centers for Medicare & Medicaid Services (CMS) and the Substance Abuse & Mental Health Services Administration (SAMHSA) announced that the states of Kentucky and Michigan have been selected as additional participants in the Certified Community Behavioral Health Clinic (CCBHC) Demonstration. As part of the state implementation and roll out of the demonstration program, Michigan will be required to put up a small amount of state match dollars to draw down federal support for the program.

* FY22 budget – Advocate for at least $5 million GF which will allow the state to implement the greatest number of CCBHC sites across the state.

Substance Use Disorder Items

In November of 2020 PIHPs were informed that the substance use disorder block grant program will be taking a $15 million reduction in FY21 (permanent reduction moving forward) due to an over-allocation of funds (lapse funds) by the state in past years. In addition, PIHPs were recently informed that federal opioid response grant dollars would also be reduced in FY21. These reductions have caused an immediate and drastic hole in the SUD budget for the current and upcoming fiscal years. In December 2020 – Congress passed the last COVID stimulus package of $900 billion, included in that package was an additional $1.7 billion for Substance Abuse Prevention and Treatment Block Grant and $1.5 billion for State Opioid Response Grants.

* FY21 supplemental budget (HB 4019 adds $13.1 million more in SUD block grant) – Advocate for the state to use the recently approved federal dollars to help fill current budget year gaps created by the recent reductions in the SUD block grant and federal SOR grants, which will help smooth the reductions to programs over a few years versus dramatic cuts all in one fiscal year.

* FY22 budget – Advocate for the state to continue to use recently approved federal dollars to help smooth the recent reductions in the SUD block and federal SOR grant programs.

Gearing Towards Integration

https://www.youtube.com/watch?v=vUi1PdYn5nk

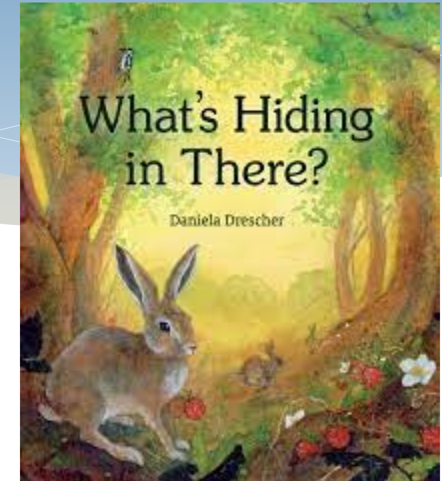
Gearing Towards Integration

Observations

- VERY serious threat – Sen. Shirkey is planning on moving this forward
- Seems to be a Senate proposal, limited conversations with democrats or House members – no interaction with Gov's office, DHHS has been involved.
  - House may be working on their own proposal (Rep Mary Whiteford)
- CMHA staff did talk to Elizabeth Hertel (focus on access & update the system we have to meet the needs)
- Where is the Governor, will she veto??
- Its important we remain part of the legislative process
- Dems and republicans aren't in love with current system/status quo
  - They want to have or willing to have the conversation
- NOT many legislators have been around since 298
- Process will move as the budget moves along
- **Advocacy in a COVID era – email, zoom, phone, etc**

Gearing Towards Integration

What's in the proposal?



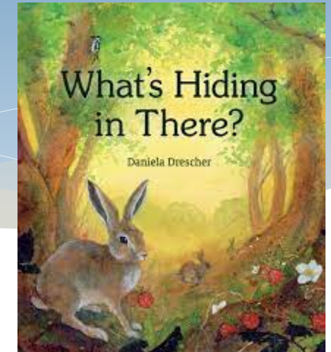
Essentially 298 with a little of Robert Gordon's SIP (specialty integrated plan) redesign language.

Plan is described as:

- Person-centered
- Consumer choice
- High quality & comprehensive
- Transparent
- Efficient
- Good stewards

- Proposal would create new entities – Specialty Integrated Plans (SIP)
- Bid process for SIPs
- SIP licensing requirements:
- Essentially the definition of a health plan (including insolvency coverage = reserves)

Gearing Towards Integration



What's in the proposal?

- At least 2 SIPs per region (unless rural exception)
- Phased in process – 1st SMI and kids (KB lawsuit), 2nd SUD, 3rd I/DD
  - After phased in process is complete the PIHPs would be eliminated by the SIPs
  - A phase must be determined successful before the state can move to the next phase

CMH role

- Department would require a contract with CMH and SIP
- BUT SIPs can contract directly with other behavioral health providers as they deem appropriate
- SIP care coordinators will serve as the main point of contact for beneficiaries (not CMH or providers)

Timeline

- Very aggressive timeframe originally outlined that this would be completed and sent to the Governor by mid-June.
- NEW Timeline – this will likely follow the budget process timeline (meaning late summer / early fall)

Gearing Towards Integration

We have several concerns with this proposal:

We believe **integration must begin and focus at the patient level on the ground** and this proposal focuses on financial integration. We believe focusing our time and attention on current gaps would be far more beneficial to the people served across the state rather than focusing on financial integration.

* Financial integration – this proposal does nothing to actually integrate care other than giving the managed care functions and funding to one entity

One of our biggest concerns with section 298 was the role of the CMH system. Your document describes ensuring a future existence of the CMH system, however your proposal just like section 298 simply makes the CMH just another provider for the managed care entity, which is a dramatic shift from what they do today.

The **proposed SIP is not a public-private joint venture**, but a wholly private managed care organization, leaving no role for the public management/oversight, which is currently provided by our PIHP system.

In the requirements for creating a **new entity it only outlines requirements to become a Medicaid Health Plan and is silent to all the roles and responsibilities of the current PIHP system (recipient rights, housing and employment supports, community collaboration, etc.**)

MHPs do not have a positive track record of managing mental health benefits (mild/moderate benefit) – before this change is made there **MUST** be more data and proof they can do the job.

BTW – Why are we making this change in the middle of a pandemic????

House – ASO Proposal

* Bills proposed by Rep. Mary Whiteford – chair of the House DHHS budget committee.
  * HB 4925-4929

* Creates a single statewide – Administrative Services Organization – ASO to manage the BH Medicaid benefit.
  * Remains carved out from physical health – does not transfer $$ to Medicaid health plans.
  * Describes ASO as a nonprofit, public or quasi-public entity.
  * Proposal does eliminate current PIHP structure.

* **Big Sweeping changes**

* Moves financing from a capitated system back to a fee-for-service system (paying for volume)
  * Eliminates state managed care regulations
  * Eliminates contract with Milliman

* Adds additional responsibilities onto the department
  * rate setting
  * clinical guidelines
  * quality assurance
  * network management

* Moves 100% risk back to the state

House – ASO Proposal

* Our Observations on House proposal

* Rep. Whiteford is much more open minded about her proposal and is willing to work on the bills.
  * Her bills are much more person focused – how do we improve services, funding, quality for people.

Oppose in the Package:

- Non-public ASO model
  - ASO must be a public or quasi-public entity.
  - ASO cannot be allowed to provide any direct services.
  - ASO MUST have public governance – not an advisory council.

- Elimination of PIHP structure
  - Uniformity could be accomplished under PIHP structure with any number of entities (10 or 1)
  - Admin reduction could be accomplished by removing non-value added regulations & requirements (new ASAM), reports, audits.
    - PIHP and CMH system are REQUIRED to follow hundreds of pages of federal rules and regulations, state guideline and contract requirements, and budget boilerplate requirements (Section 904 for example).

House – ASO Proposal

Oppose in the package:

- Role of the CMH system.
  - CMHs MUST be considered THE safety net provider.
  - MUST allow ASO to delegate management functions to CMHs (as is currently done)
  - MUST eliminate the new type of organizational class "public behavioral healthcare provider".
    - Does the public behavioral health provider have to comply with all of the Mental Health Code requires, like a CMH?
    - How does this potential change impact the arrangement with local counties and matching funds counties are required to provide to their CMHs?
- Shift from county-based system to state run system
  - ASO model lacks county oversight and input, while still requiring county financial contributions.
    - Behavioral Health Advisory Council appointments are largely made at the state level not county level.
  - If ASO is NOT a public entity can counties be required to send PA2 SUD dollars (local liquor tax sales earmarked for substance use disorder treatment) to a private entity?
- Shift from managed care capitation to a fee for service financing system
  - Paying for value vs volume MUST continue – many CMHs are able to provide MORE services to people under a capitated system vs a fee for service system.
  - Fee for service incentivizes billing not outcomes.

House – ASO Proposal

Support in the package:

- Allows for mild/moderate to be managed by ASO
- Retains behavioral health carve out – does not integrate funding with health plans
  - Does not separate populations – maintains management of SMI, SED, SUD, & I/DD all together.

What does the future hold?

* Legislative calendar
  * House and Senate will be in Lansing until the end of June – very few days in session in July and August
  * Will pick back up in the fall (after Labor Day).
  * Additional supplemental budgets this fall – spend federal $$

* Timing of Senate and House proposals
  * Senate ?? Bills have yet to be introduced
  * House – Bills will not move out of committee until the fall, potential work groups over the summer.

* Other factors to occupy legislators' attention
  * New redistricting committee – legislative boundaries will come out this fall
  * 2022 Campaign season (Governor, Senate and House all up)

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