

# CRAIN'S DETROIT BUSINESS

You may not reproduce, display on a website, distribute, sell or republish this article or data, or the information contained therein, without prior written consent. This printout and/or PDF is for personal usage only and not for any promotional usage. © Crain Communications Inc.

August 31, 2020 06:00 AM | UPDATED 9 HOURS AGO

## Michigan's mental health system under stress, plans for reform still under dispute

JAY GREENE □ □ □

- New report by public mental health industry highlights improved access, cost savings
- Critics say multiple studies over the years call for complete overhaul
- State budget negotiations continue with eye to spare struggling agencies, providers

Although coronavirus infections are at lower levels than in April and May, mental health professionals in Michigan are continuing to see a steady stream of people needing counseling, either in person or through newly developed telemedicine services.

With financial resources and staffing strained, the state's 46 community mental health agencies and 10 regional prepaid inpatient health plans are facing another threat: possible state budget cuts for fiscal 2020-21 that begins Oct. 1.

Community Mental Health  
Association of Michigan

Bob Sheehan

Bob Sheehan, CEO of the Community Mental Health Association of Michigan, said he is hopeful that a pending budget deal between state legislators and Gov. Gretchen Whitmer doesn't lead to fewer dollars for the financially strapped public mental health system. He said the needs have increased because of the COVID-19 pandemic.

"The governor and House and Senate leadership did a good job at balancing the current year's budget," Sheehan said. "Next year's budget is in pretty bad shape. I don't want to be pollyannish but leadership in the House and Senate and the governor's office (understand) ... the need for mental health care is actually going up and the anxiety depression levels are sky high."

Sheehan said mental health providers are receiving some assurances that if there are cuts, they will be minimal. State officials are looking at cutting about \$2.2 billion out of the state's

\$60 billion budget, but they are also hoping for more federal coronavirus relief money this year.

"We've really taken out a lot of (waste) out of the system over the last 20 years," Sheehan said. "To say there is more to be taken out is just not true. There's no ability to do that. We're hoping that our efficiency and cost consciousness is rewarded because the dollars we get go into clients and not into overhead and profit."

In an email from the Michigan Department of Health and Human Services, spokesman Bob Wheaton said the state will work closely with the Legislature over the next four weeks to balance the budget "with the goal of protecting key priorities such as mental health."

Sheehan said a new report from the Community Mental Health Association of Michigan's research arm summarizes the challenges facing mental health providers and highlights how agencies have successfully shifted from institutional psychiatric care to outpatient-focused service model the past 20 years.

Sheehan said the report was prepared for several reasons, including to inform state policy makers on the value of the state's public mental health system and to argue against budget cuts as legislators work on the state's budget.

"What we found is that a lot of the redesign (of the system) and policy changes that have been proposed by either the administration or (Michigan) House or Senate leadership were often based on false premises," Sheehan said.

For example, Sheehan said many believe what he says is a false premise that the public community mental health system has such performance problems that an overhaul is necessary and that integration of mental and physical health requires a complete system redesign.

"All of these are refuted by the data in the (white paper report) Tradition of Excellence," Sheehan said.

Not everyone agrees with CMHA's conclusions. Dominick Pallone, executive director with the Michigan Association of Health Plans, said he thinks claims in the association's report are flawed.

Dominick Pallone

process," Pallone said. "MAHP strongly disagrees with this defense of the status quo for behavioral health services provided to the Medicaid population in Michigan."

MAHP, which represents the state's 13 Medicaid HMOs, has supported efforts started under former Gov. Rick Snyder's administration in 2016 to shift the \$3 billion Medicaid mental health system into the \$9 billion physical health system, currently managed by Medicaid HMOs.

While that integration effort was stopped after Snyder left office in 2019, Whitmer's administration last December proposed a new overhaul that would create statewide specialty integrated plans (SIPs) to replace the current public mental health system for the estimated 350,000 people in the Medicaid behavioral health system.

Pallone said the mental health system needs updating. He said that Snyder and Whitmer, along with mental health commissions going back 15 years, have concluded that the state's mental health system is broken.

"Commissions recommend a myriad of suggested reforms and transformations for the existing system, many of which required investments that never materialized," Pallone said.

But state efforts to integrate mental and physical services in the Medicaid population have been on hold since March, when the coronavirus pandemic hit Michigan, Sheehan said.

"COVID has taken almost all the air out of the room. It's on pause but don't ever believe that things that are this large will be in hibernation very long. There's a momentum and we've proposed a number of pretty heroic redesign ideas that we're hoping will gain some traction."

Wheaton confirmed that MDHHS has postponed implementing the SIPs while the COVID-19 pandemic continues to impact people and the state's economy. He said the state is focusing on supporting the public mental health system, investing in prevention and local efforts to integrate physical and mental health care.

Center for Health Research  
and Transformation

Marianne Udow Phillips

Marianne Udow Phillips, director of the Center for Health and Research Transformation, said the state's public mental health system is critical in providing care to thousands of people who suffer from serious mental illness, developmental disabilities and substance use disorders.

But Udow Phillips also said that multiple studies have shown that Michigan doesn't have enough capacity and has too many gaps in care to serve all those who need mental health

services. She cited CHRT's study last year for the Flinn Foundation and Altarum's study for the Michigan Health Endowment Fund.

Earlier this month, Udow Phillips said Michigan and Kentucky were added to the Medicaid Certified Community Behavioral Health Clinic demonstration project for two years, thanks to funding from the federal CARES coronavirus relief act. The project offers reimbursement for community-based mental health treatment.

Clinics in eight other participating states are offering a broad range of services, including 24-hour crisis psychiatric care, counseling and integrated help to treat substance abuse, physical and mental health issues. The project is part of the Excellence in Mental Health and Addiction Treatment Act of 2014, sponsored by Sen. Debbie Stabenow of Michigan and Sen. Roy Blunt of Missouri.

"This project provides enhanced funding for mental health services and supports more integrated clinical care," she said. "(It) should provide critical resources to Michigan's public mental health system and enable more capacity for integrated care. It will be exciting to see the developments over the next two years."

But Wheaton said the community-based model will help, but will not replace the integration plans MDHHS wants to pursue with the SIPs.

"CCBHC addresses important issues, but not all the challenges with the current delivery system," Wheaton said. "Implementing CCBHC is nothing like the challenge of implementing SIPs, so it is something we can pursue while we also deal with COVID-19 and the economic crisis."

Sheehan said he found two pleasant surprises in the 27-page report. One was that other states use their public psychiatric hospitals 17 times more than Michigan does.

"This shows you even progressive states have an awful lot of state hospitals as one of their main line forms of mental health care, which is a barbaric form of (treatment)," Sheehan said. "We have transformed to a community-based system pretty effectively."

A second surprise was that Michigan ranks sixth in the nation for access to care for adults and 28th for children and adolescents, according to the Mental Health in America in 2020 report. Overall, Michigan ranked 17th.

"We've taken some pretty bad budget cuts over the years, and I was pleasantly surprised about sixth for adults," he said. Now, 28th isn't great for kids, but it still is in the top half, and

given the cuts we've taken, I am quite impressed."

But Pallone said the report by Mental Health America includes commercial and Medicare mental health information. "The CMHAM claiming credit for a national ranking on this site is like Toyota claiming credit for Michigan's ranking in domestic truck sales," he said.

Sheehan said Michigan still has a problem with access to certain types of community hospital behavioral health beds.

"The mix of the beds and the kind of client we need for them doesn't match," said Sheehan. For example, people with moderate to severe behavior problems might have a hard time finding an inpatient bed if hospitals only have beds staffed for depression.

Udow Phillips said there is no question more funding is needed for the public mental health system, but more importantly a new approach is needed in Michigan to serve physical and behavioral health needs of Medicaid population.

"The (community behavioral health clinic) initiative keeps the focus on integration of clinical care and provides an opportunity to continue the alignment of the financial and clinical systems," Udow Phillips said. "Using the CCBHC model as the focus for expansion of care and innovations in the state should advance the goals both the legislature and the governor have both supported for mental health care in Michigan."

Sheehan said some state legislators have acknowledged that the way the state pays for mental health services needs to be reformed. He said increasing demand for behavioral and substance abuse services has plagued the system for years.

Sheehan said CMHA is not opposed to redesigning and reforming the mental health system. He said it must be accomplished through a patient-centered approach as opposed to a financially driven management approach to integration.

"There is a gray zone between what the health plans manage for Medicaid and what we manage. That's a problem," Sheehan said. "If you're severe enough, you get the community mental health system. But if you aren't severe enough, you have a hard time getting into the commercially managed system."

Sheehan said a growing number of agencies are taking on the mild to moderate cases, even though it is the responsibility of Medicaid HMOs.

"Agencies do this from a risk management and humanitarian impulse, but we are underwriting (care that Medicaid HMOs are responsible for," Sheehan said. "We do it, but it is not what we are supposed to be doing with the Medicaid dollars that we manage."

Inline Play

---

**Source URL:** <https://www.crainsdetroit.com/health-care/michigans-mental-health-system-under-stress-plans-reform-still-under-dispute>