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An Open Letter to the Governor and the State Legislature: Deep concerns over bid-out of management of Michigan's public mental health system

The Michigan Department of Health and Human Services (MDHHS) has recently released a Request for Proposals (RFP) to bid out the management of the state's public mental health system. Advocates, persons served, public officials, and other stakeholders have underscored that this bid out addresses none of the real gaps in the system – chiefly funding and workforce shortages – while hindering access to quality care for Michiganders in need of mental health care and decimating the public system (the Community Mental Health system) that has served them for the past six decades.

Joining with others across the state, this broad-based coalition is calling on the Michigan Department of Health and Human Services (MDHHS) to withdraw the Request for Proposals (RFP), which heavily favors private health insurance companies, that MDHHS issued for the management of the state's public behavioral health managed care system. We recommend, instead, a cooperative system redesign and refinement process that brings MDHHS together with persons served by the public mental health system and their families, the state's major advocacy groups, the state's counties, the state's Community Mental Health (CMH) centers and their public health plan partners, and the private providers in the CMH system.

The RFP/bid out process represents a significant and damaging shift in the structure and delivery of behavioral health services in our state, with far-reaching harm to the ability of Michiganders to receive needed mental health care and to the locally driven system upon which 300,000 Michiganders (and the 1 million family members) have come to rely.

Since 1998, the state's Medicaid behavioral health system has been managed by public specialty managed care health plans – plans that were formed by and are accountable to local elected officials, to local county-sponsored Community Mental Health (CMH) centers, and to the communities that they serve. This bid-out process seeks to move this management role to other organizations – through a bid process that heavily favors private health insurance companies.

This bid-out does not streamline nor eliminate administrative layers. Instead, it replaces a publicly managed care system - deeply embedded in their communities, cost-efficient (with overhead of 2%), and accountable to those local communities - with a system managed by private health insurance companies which have a failed track record of managing Medicaid behavioral health in Michigan, and are far more costly, with an overhead of 15% overhead. This difference in overhead costs will result in an immediate loss of \$500 million in the amount spent on mental health services to Michiganders.

In addition to this loss of funds for services, troubling is the notion of transferring the management of Michigan's entire behavioral health system to private insurance companies who have not demonstrated an ability to adequately serve individuals with even moderate behavioral health needs – an obligation that they have held for nearly three decades. Medicaid enrollees with moderate mental health needs, in communities across the state regularly report that they are unable to find providers, in the networks managed by these private health insurance companies, willing

to serve them. Given this poor performance by these private insurance companies, entrusting them with care for individuals with serious and persistent mental illness or intellectual and developmental disabilities presents serious risks to those persons and the quality and continuity of care that they need.

Experience from other states serves as a warning. States that have shifted their Medicaid behavioral health systems in a similar manner have consistently faced serious problems. North Carolina's transition led to workforce losses, wasted resources, and increased reliance on emergency rooms and jails as services became fragmented. Other states, including Tennessee, Iowa, and Kansas, saw shrinking provider networks, added administrative complexity, reduced access for people with the greatest needs, and higher costs for other community partners and the state. Michigan should not replicate models that have been shown to fail vulnerable populations elsewhere.

Rather than addressing the true challenges in Michigan's public mental health system - the deep and prolonged behavioral health workforce shortage (including among psychiatrists, social workers, nurses, and direct care workers, and peers/persons with lived experiences), chronic underfunding, and burdensome administrative requirements - this proposal shifts the focus to structural changes that do little to improve care and much to jeopardize access to and quality of care.

Importantly, this direction lacks public support. People receiving services, along with their families and advocates, have consistently expressed that they do not want their behavioral health care moved to a private physical health model that fails to account for the complexity and range of non-medical needs of mental health and developmental needs. A study of Michiganders, conducted by EPIC-MRA, conducted during the last time the public system was faced with a privatization threat, found that 67% of Michiganders oppose the privatization of the state's mental health services for Medicaid patients. That same study found that 76% of Michigan voters are concerned that private health plans do not have a good track record in treating patients with mental health needs, fearing that their management of these services will make matters worse.

Finally, this restructuring is being proposed on the heels of Congress' approval of deep Medicaid funding cuts. Medicaid accounts for over 90% of the funding for Michigan's public mental health system. The Michigan-based Citizens Research Council estimates that Michigan will lose roughly \$1.1 billion under the recently passed federal budget (HR 1) beginning in FY26, with losses growing each year through 2032. These cuts will mean that hundreds of thousands of Michiganders stand to lose their health care coverage over the next several years. At a time when every available dollar should be preserved for direct care, this bid-out would remove additional dollars from service delivery, instead impose new administrative costs and divert scarce resources away from the people and families who depend on the public system. With behavioral health needs on the rise, it is reckless to compound devastating federal reductions with a costly state-driven overhaul that threatens to disrupt services and further restrict access to care.

Michigan has built a comprehensive public community-based behavioral health system that is founded on accountability to local elected officials and community residents, transparency, and deep roots in their communities across the state.

In lieu of the chaos-filled RFP process, the core principles and key components of a sound system redesign and operational improvements have been developed by the key stakeholder to the system, the state's major advocacy groups, the state's counties, public county-sponsored Community Mental Health (CMH) centers and their public behavioral health plan partners, and private providers in the CMH system.

We have identified, in this letter, the serious risks to Michiganders and the systems that serve them inherent in the MDHHS bid out of the management of the state's public mental health system. We are therefore calling for MDHHS to withdraw its bid out of the management of this system. We encourage, in its place, that MDHHS engage in a collaborative system redesign and refinement process that involves those most impacted by, with the deepest skill and knowledge in, and longstanding commitment to the state's mental health system: persons served and their families, the state's major advocacy groups, the state's counties, Michigan's county-sponsored CMHs and their public health plan partners, and the private providers in the CMHSP system.



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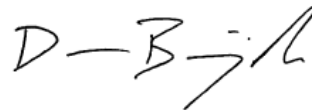
Stephan Currie, Executive Director
Michigan Association of Counties



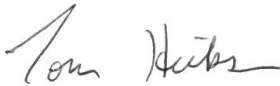
Elizabeth Lehner, President
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Thomas M. Hickson, Jr. Vice-President
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Michigan Catholic Conference



Dr. Kristen Votruba, President
Michigan Psychological Association



Jeff Patton, Chief Executive Officer
Integrated Services of Kalamazoo



Nick Ciaramitaro, Board Member
Macomb County Community Mental Health

Michigan's County Commissions who have passed resolutions, to date, opposing the bid out of the management of the state's public mental health system

Alcona	Clare	Houghton	Mackinac	Saginaw
Allegan	Clinton	Huron	Macomb	Tuscola
Alpena	Delta	Ingham	Montcalm	Van Buren
Baraga	Eaton	Iosco	Newaygo	Washtenaw
Berrien	Gladwin	Isabella	Ontonagon	
Charlevoix	Gogebic	Jackson	Osceola	
Chippewa	Gratiot	Keweenaw	Oscoda	

Mental health providers and systems opposed to the bid out of the management of state's public mental health system

Barry County CMH Authority
Bay-Arenac Behavioral Health Authority
Centra Wellness Network
CMH Authority of Clinton-Eaton-Ingham Counties
CMH of Ottawa County
CMH Partnership of Southeast Michigan
Community Mental Health for Central Michigan
Copper Country CMH Services
Detroit Wayne Integrated Health Network
Genesee Health System
Gogebic CMH Authority
Gratiot Integrated Health Network
HealthWest
Heritage Homes
Hiawatha Behavioral Health
Hiawatha Behavioral Health
Huron Behavioral Health
Integrated Services of Kalamazoo
Lakeshore Regional Entity
Lapeer County CMH Services
Lenawee CMH Authority
LifeWays CMH
Livingston County CMH Authority
Macomb County CMH Services
Mid-State Health Network
Monroe CMH Authority
Montcalm Care Network
network180

Newaygo County Mental Health Center
North Country CMH Authority
NorthCare Network
Northeast Michigan CMH Authority
Northern Lakes CMH Authority
Northern Michigan Regional Entity
Northpointe Behavioral Healthcare Systems
Oakland Community Health Network
OnPoint
Pathways Community Mental Health
Pines Behavioral Health Services
Pivotal
Region 10 PIHP
Riverwood Center
Saginaw County CMH Authority
Sanilac County CMH
Segue
Shiawassee Health & Wellness
Southwest Michigan Behavioral Health
St. Clair County CMH Services
Summit Pointe
The Right Door for Hope, Recovery and Wellness
Tuscola Behavioral Health Systems
VanBuren Community Mental Health Authority
Washtenaw County Community Mental Health
Wellvance
West Michigan CMH System
Woodlands Behavioral Healthcare Network