



Michigan Association of
COMMUNITY MENTAL HEALTH
Boards

House Appropriations Subcommittee – Department of Community Health
Testimony – March 7, 2011

Good morning. I am Michael Vizona, executive director of the Michigan Association of Community Mental Health Boards. As a trade association, we represent the 46 CMH boards and 60 of the providers who are under contract with those boards to provide mental health and substance use disorder services throughout the state.

I would like to focus my testimony today on a few areas. First, let me say that we applaud the Governor's decision to not reduce Medicaid rates and services. As difficult as the budget is, cutting Medicaid services and losing the almost 3 to 1 federal match makes no economic sense. More importantly, the Medicaid beneficiaries our members serve are persons with the most severe and chronic disabilities, so their supports need to be protected. We strongly encourage this committee to adopt the executive's position for no Medicaid rate and services reductions. Not only is the right thing to do for the people in your communities being served; it makes economic sense. If we do not continue to support these persons in effective community based services, we will end up supporting them in costly emergency room, hospital, and criminal justices setting without the specialized treatment resources.

We certainly understand the difficult task of balancing the FY12 budget and understand the need for shared sacrifice. However, there have been significant general fund reductions in both mental health and substance use disorder funding since 2009. Over the past three fiscal years nearly 20% or \$55 million in General Fund dollars have been cut from the CMH-non-Medicaid line item at a time when demand for services is increasing by over 25%. Additionally, Substance use disorder services have been reduced by nearly 20% during the same timeframe. The Governor's executive budget recommendation calls for another \$8.5 million reduction to the CMH non-Medicaid line item, as well as reducing substance abuse/state disability assistance funding by \$2.2 million and substance abuse community prevention dollars by another \$1.6 million.

These cuts are in the process of wiping out access to mental health and substance use disorder services for persons without insurance or underinsured in this state. Based on the continuous general fund reductions in the last three fiscal years, every part of the state is limiting access to care or cutting services for persons without Medicaid. You will hear what some of those cuts have meant in your communities from others who will

testify today. Additional General Funds cuts will not eliminate the need for services. In the end, this will be more costly for the state and local communities because jails and hospitals will see more people with mental illness and substance abuse. Public safety and hospital personnel are less prepared to adequately handle them. Early intervention treatment is cheaper and more effective than back end crisis and hospitalization care.

At a time when resources are being reduced we do believe there is an opportunity for structural reforms that will lead to a more efficient system of care. I will mention (4) proposed changes that will not solve the departments budget deficit, but if implemented these changes could significantly lessen the impact of cuts on direct services for needy individuals.

- 1.) Adopt a “deemed status” model that would allow the use of full accreditation by a national accrediting body in lieu of many of the current state departmental review requirements. Deemed status for CMHSPs, PIHPs and provider organizations with such accreditation will reduce our and the state’s administrative costs and eliminate duplicative state functions. Requirements, reporting functions, and reviews that do not contribute to improved outcomes or improve the quality of care for persons receiving services should be eliminated. Simplifying and standardizing contractual requirements will reduce administrative costs and provide more focus on treatment services.
- 2.) Simplify and decentralize the Medicaid enrollment process. Currently, there are significant delays in enrollment and eligibility determinations for persons with serious and chronic mental illness and developmental disabilities eligible for Medicaid services. As a result, federal Medicaid resources are not being captured to support their physical and mental health care, and scarce general fund resources are being expended.
- 3.) Review current treatment and discharge planning requirements at adult state psychiatric facilities, and examine current state licensing requirements for community-based residential services, to support the placement of persons in more integrated, cost effective, and recovery-oriented treatment settings. Our system has done a very good job at transitioning individuals with severe needs from costly state settings into the community. The state provided excellent leadership and support to close all regional centers for persons with developmental disabilities; with that same leadership and support, we can create the same opportunities for persons with serious mental illnesses.
- 4.) Leverage current CMH general fund dollars to draw down additional federal funding for mental health and substance abuse services. These funds can be used for an early adoption of Medicaid expansion for services to adults without dependent children or through new Medicaid waivers that are available for the same purpose. Medicaid expansion to childless adults at 100% or 133% of the federal poverty level would relieve considerable

pressure on the State's General fund dollars across multiple health care systems.

Thank you for allowing me to testify on behalf of our members. We appreciate your willingness to listen and thank you in advance for your serious consideration to our recommendations.