

Structural Medicaid Funding Gaps

in Michigan's Public Mental Health System



Medicaid disenrollment patterns deeper and steeper than predicted

Medicaid redetermination presents a fundamental financing issue for the Community Mental Health Association of Michigan and its members that provide public mental health services throughout Michigan. During the COVID-19 public health emergency, Medicaid redetermination was frozen – resulting in an increase in Medicaid recipients throughout the state. With the redetermination process reinstated in 2023, it is anticipated that hundreds of thousands of recipients will lose their Medicaid coverage, causing a ripple effect on the public mental health system through decreased funding to providers.



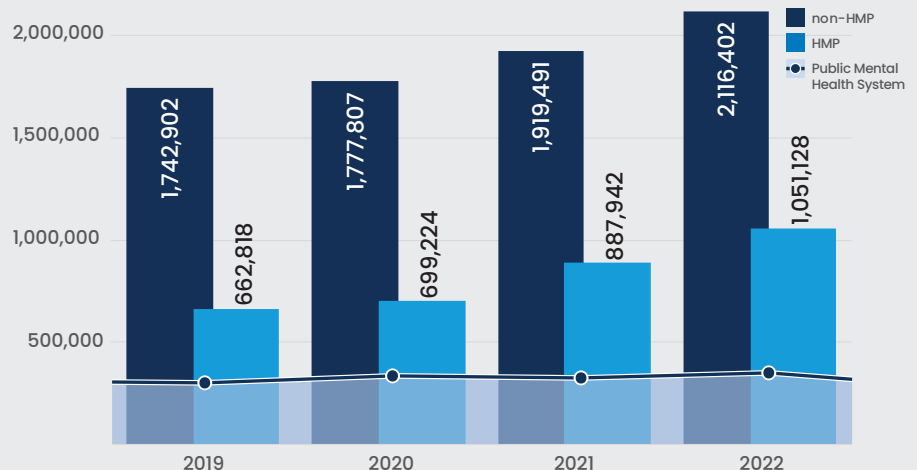
How CMH/PIHPs are paid

Public mental health providers receive payment through capitation payments. **Capitation payments** are fixed monthly allocation provided to a medical provider through a state or private health plan – simply put, the more people enrolled means more overall financial support being allocated to the mental health services. **These payments are paid monthly to providers for each member enrolled in the health care plan no matter how many times the member utilizes services.** Increased enrollment in the Medicaid system throughout the public health emergency boosted budgets allowing for increased services and better mental health support throughout the state.

Public mental health system usage

The number of persons served by Michigan's public mental health system does not fluctuate as overall Medicaid enrollment goes up or down. The vast majority of consumption within our public mental health system is by two groups – the serious and persistently mentally ill population, as well as the intellectually, developmentally disabled population – **meaning our costs do not go away as people drop off Medicaid.** Overall, the public mental health system consistently serves 300,000-350,000 persons annually.

Average Medicaid and Healthy Michigan Plan (HMP) Enrollment



Medicaid Rate Variable Issues

1

Due to the expected drop in Medicaid enrollees, public mental health funding is anticipated to drop significantly throughout the state. Current trends indicate that the drop-off is happening at an even faster rate than originally projected.

2

Medicaid rates have not kept up with inflation. The adjusted consumer price index has gone up nearly 19% over the past three years which has greatly outpaced any increases in overall Medicaid rates during that time. Additionally, FY24 rates did not reflect increased wages required to close workforce gaps (increased wages, signing bonuses and provider costs that were required in FY23, but are still needed to recruit and retain staff in the future).

3

Incorrect Medicaid bucket slotting will cause additional stress on the mental health system. During the redetermination process, enrollees are assigned into a Medicaid bucket that determines their funding allocation. Currently the state's PIHPs and CMSHPs are experiencing ineffective re-enrollment determination patterns causing many enrollees to be incorrectly assigned.

4

The financial impact of incorrect slotting is detrimental. Using the example above, reimbursement rates of the different buckets provide a snapshot into the impact of incorrect slotting at redetermination:

1. **Disable Aged Blind (DAB)**
\$378.32/per person per month
2. **Temporary Assistance for Needy Families (TANF)** \$34.58/per person per month
3. **Health MI (HMP)**
\$42.46/per person per month

Our members conducted a study that showed nearly 42,000 individuals in FY16 & FY17 categorized as Disabled, Aged, and Blind (DAB) moved to Healthy Michigan Plan (HMP) & Temporary Assistance for Needy Families (TANF) programs during the Medicaid redetermination process. This change in enrollment has resulted in nearly \$100 million in lost revenue to our PIHP/CMH system.

Our Asks

Adjust Medicaid rates to offset disenrollment patterns and to accurately account for the necessary staffing adjustments and provider costs increases.

Ensure that enrollees are slotted into the correct Medicaid bucket to properly empower providers to deliver needed services.



The Community Mental Health Association of Michigan is the state association representing Michigan's public Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans (PIHP – public health plans formed and governed by CMH centers) and the private providers within the CMH and PIHP provider networks.

FOR MORE INFORMATION, PLEASE VISIT CMHA.ORG OR CALL 517-347-6848.

