

# CRAIN'S DETROIT BUSINESS

Detroit and Southeast Michigan's premier business news and information website

## Advocates for existing mental health system lobby to prevent Medicaid HMO pilot programs



Photo by Lindsay VanHulle/Crain's Detroit Business Legislative panels will unveil their proposals for the health care budget Tuesday and Wednesday.

**The Senate appropriations committee for the state Department of Health and Human Services meets Tuesday afternoon to review MDHHS' \$25 billion budget proposal. A controversial provision could allow Medicaid health plans to pilot test integration of Medicaid behavioral and physical health services.**

By [Jay Greene](#)

Mental health advocates and supporters in Michigan have sent an urgent letter to state legislators, Gov. Rick Snyder and Lt. Gov. Brian Calley asking for their support to prevent any of the state's \$2.6 billion in Medicaid behavioral health funds to go Medicaid health plans.

The letter comes ahead of expected budget presentation and votes by legislative committees on the state's health budget. At issue is whether some of that budget will divert any of the behavioral health funding from the current system of public mental health agencies to managed care companies to coordinate physical and mental health benefits.

At 2:30 p.m. Tuesday, the Senate appropriations subcommittee for the state Department of Health and

Human Services is expected to vote on a proposed \$25 billion health budget. Contained in the budget is language called the Section 298 boilerplate, which last year called for a study to improve the state's public behavioral health system.

But 14 mental health advocacy organizations said in the three-page letter sent Monday that they fear that the Senate HHS appropriations subcommittee and the House HHS appropriations subcommittee on Wednesday will disregard a workgroup report submitted to the Legislature last month that calls for improvements to the existing mental health system.

"We hear rumblings that potential pilot projects (by Medicaid HMOs) could be chosen that are in direct contradiction to the workgroup's policy recommendations," the letter said.

"This rumor, if true, seems to be driven, not by sensible public policy but by empty promises of budget savings and efficiencies. The only way budget savings could occur, if the management of

this system was transferred to private insurance companies would be through reductions in services, the imposition of access barriers, or reductions in payments to providers."

Contacted by *Crain's*, Calley said he could not comment before he has seen the proposed HHS budget.

The 14 advocacy groups believe adding a larger role for managed care would negate the more than 100 hours the Section 298 workgroup spent to develop the final report to the Legislature.

The advocacy groups include the Michigan Association of Community Mental Health Boards, Arc Michigan, Michigan Protection and Advocacy Services, the Mental Health Association of Michigan, the National Alliance on Mental Illness and the Michigan Catholic Conference.

Dominick Pallone, executive director of the Michigan Association of Health Plans, said Tuesday he is still in the dark about what the legislative committees would do about Section 298, although he said there is some suggestions that the Senate committee could ask HHS to call for more financial integration of behavioral and physical health services.

"I saw language floating around ... that is more permissive" to allow the MDHHS to develop more financial and clinical integration, said Pallone, adding that legislators are questioning whether the state should be doing more to integrate the financial structure of the dual programs.

Early last year, Michigan's 11 Medicaid health plans, led by MAHP, were able to convince Gov. Rick Snyder to seriously look at combining the \$9 billion Medicaid physical health budget with the \$2.6 billion behavioral health budget and allow the Medicaid HMOs to manage the care, starting Oct. 1. After mental health advocates objected, a workgroup was formed to look at how best to manage the twin systems going forward. The **final Section 298 Workgroup report** was delivered to the Legislature, but several legislators, including Sen. Mike Shirkey, chair of the Senate health policy committee, have questioned whether health plans should have a greater role than the report advocates.

"We're about to get our first look at legislative thinking on this issue for (fiscal 2018)," Kevin Fischer, executive director of the National Alliance on Mental Illness, Michigan, said in a statement. "We know the (Medicaid health plans) have been lobbying legislators hard. If the Legislature ultimately decides it wants to help these entities make more money at the expense of our constituents, we will do everything we can to prevent that."

The advocates' letter says Medicaid HMOs have had two opportunities to prove they can manage behavioral health services. First, Medicaid HMOs have been paid the past 20 years to administer mild and moderate psychiatric and psychotherapy services for Medicaid enrollees.

"In communities across the state, Medicaid enrollees point to the inability to gain access to this benefit due to the fact that the health plans have few, if any, psychiatrists and psychotherapists who will take new Medicaid patients," said the letter, adding that long waits for appointments are common.

Pallone said the advocacy letter contains misleading complaints about Medicaid health plans. He said the Medicaid health plans must meet network adequacy requirements for both psychiatric and primary care providers.

"We can't be contracting with the state if we do not meet network adequacy. The state monitors us," he said. "I would argue that our networks are adequate (for psychiatrists). I have heard denial of care and a wait list on the behavioral health side."

Pallone said Medicaid health plans would expand psychiatric care if they managed behavioral health dollars because they would contract with community mental health agencies and other mental health providers.

Second, Michigan began a multiyear federal demonstration program in four state regions last year to care and treat the dual-eligible health population. These patients, which have chronic or serious illnesses, are enrolled both in Medicare and Medicaid.

"In spite of the fact that program automatically assigns these persons to a private health plan for their physical health care, when given a choice to stop these health plans from managing their care, 65 percent of these dual enrollees choose to leave these health plans," the letter stated.

Early last year, *Crain's* published a [special report](#) on the low enrollment in the dual-eligible program and found that lack of care coordination among health plans, mental health agencies and providers was a major problem, exacerbated by failure of the state to fully implement an information technology system to help providers communicate and sufficient education to patients about the program.

Bob Sheehan, CEO of the Michigan Association of Community Health Boards, said dual eligible patients are dropping out of the program because they are not getting the services they need from the health plans.

Pallone said the Medicaid health plan association opposed the structure of the dual eligible demo program because it was built on the state's flawed system of separately funding physical health and behavioral health.

"The examples cited claim to show failure of HMOs for managing benefits for Medicaid members. The examples are failures of the current system of bifurcated approach" of funding mental health providers through prepaid inpatient health plans and physical health through Medicaid health plans, said Pallone.

"We maintain system financial integration" is best achieved through Medicaid health plans, he said.

But the advocates' letter concluded that the Medicaid HMOs cannot "adequately manage the care of some of the most vulnerable members of our communities" and that the groups will "vigorously oppose this money and power grab that is not good public policy, nor good for the people we love, represent, serve and support."

Elmer Cerano, executive director of the Michigan Advocacy and Protection Services, said the letter to legislators was intended to alert them about the dangers of moving along the path toward using Medicaid HMOs to deliver services to people with mental illness and developmental disabilities.

"We are afraid that privatization and profitization of Medicaid is real risky for people with disabilities," Cerano said. "My main concern is the state fund programs and only measures the effectiveness through spending and efficiencies. The problem is people with disabilities need to have self determination and they be fully included in the community. They don't understand how to measure quality of life."

The advocacy groups have asked legislators to prohibit the transfer of Medicaid money from the public mental health system to the Medicaid HMOs.

"We propose that Medicaid money funding public behavioral health services and supports be used where they are intended and most needed — to benefit the people and with organizations who have consistently put people before profits," said the advocates' letter.

Use of editorial content without permission is strictly prohibited. All rights Reserved 2017

[www.crainsdetroit.com](http://www.crainsdetroit.com)