

FEASIBILITY STUDY ON A PAYMENT METHODOLOGY

(FY2009 Appropriation Bill - Public Act 246 of 2008)

April 1, 2009

Section 407: (1) The amount appropriated in part 1 for substance abuse prevention, education, and treatment grants shall be expended for contracting with coordinating agencies. Coordinating agencies shall work with the CMHSPs or PIHPs to coordinate the care and services provided to individuals with both mental illness and substance abuse diagnoses. (2) The department shall approve a fee schedule for providing substance abuse services and charge participants in accordance with their ability to pay. (3) The department shall develop a feasibility study on a payment methodology that increases allotments to coordinating agencies that are also community mental health providers. The department shall report on this feasibility study on a payment methodology to the senate and house subcommittees on community health and the senate and house fiscal agencies by April 1 of the current fiscal year.

*Michigan Department
of Community Health*



Jennifer M. Granholm, Governor
Janet Olszewski, Director

MICHIGAN DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF DRUG CONTROL POLICY
APPROPRIATION ACT SECTION 407(3) REPORT
Fiscal Year 2008 Activities

ODCP has carefully considered such a payment methodology, and has concluded that it would not be feasible or prudent, for these reasons:

1. Current national best practice and the direction of the field in Michigan, calls for developing financial incentives related to performance in the areas of direct services or administrative efficiency. The payment methodology considered would reward performance that is not necessarily in line with best practice.
2. Increasing allotments to some agencies would require decreasing allotments to others. There are equity implications and political implications in this. Reductions would be especially painful at a time when there is heightened demand for treatment and many service providers are financially marginal.