

# FUNDING FORMULA AND ALLOCATIONS FOR ALL CMHSPs

(FY2010 Appropriation Bill - Public Act 131 of 2009)

October 15, 2009

**Section 462:** By October 15 of the current fiscal year, the department shall report to the house and senate appropriations subcommittees on community health, the house and senate fiscal agencies, and the state budget director the funding formula and allocations for all CMHSPs that receive funds appropriated under the community mental health non-Medicaid services line. The report shall include a comparison of the current fiscal year allocation to the prior fiscal year allocation and describe the factors used in the funding formula to achieve an equitable distribution of funds.

*Michigan Department  
of Community Health*



Jennifer M. Granholm, Governor  
Janet Olszewski, Director

**Department of Community Health  
PA 131 of 2009  
FY2010 Appropriations Act  
Boilerplate Report for Section 462**

DCH held six conference call/meetings open to all CMHSPs (44 of the 46 participated in at least four meetings) to obtain their input on the method to be used to distribute general fund reductions required by the Non-Medicaid CMHSP appropriation in such a manner as to reduce the current dis-equity. On the basis of this input and DCH internal review, five factors were used to determine the reductions as described in the following.

- 1) Funding Factors (Formula)--\$23.0 Million
- 2) Pro-rata reductions--\$15.0 Million
- 3) State facility (full management) dollars adjusted for certain populations--\$2.0 Million
- 4) Homelessness as a mitigating factor—offset of \$3.0 Million
- 5) Unemployment as a measure of community stress and mitigating factor—offset of \$1.0 Million

In total, the \$40 Million reduction as applied using the five factors, results in a reduction that varies across CMHSPs depending on their capacity relative to the formula, their total funding, facility utilization and the distribution of homelessness and unemployment in their catchment area.

**1) Funding Factors (Formula)--\$27 M**

The Funding Factors (Formula) was first developed by the Citizen's Research Council in 1997, amended by DCH in FY1999 under managed care, and affirmed by the Michigan Association of Community Mental Health Board Executive Leadership in 2007. These factors involve two components. First, measures of persons with need for mental health services and second, weighting--which is the distribution of expenses between the three populations. Fifteen of the 46 CMHSPs are funded above the formula calculations and are affected by this component.

The proxy measures for the three CMHSP service populations are:

- for persons with Developmental Disabilities (DD), total population
- for children with SED, the number of children under the age of 18 at or below 100% FPL
- As one of two proxies for adults with Serious Mental Illness (SMI), the number of adults over age 18 at or below 100% of FPL. Second, an estimation of the number of adults with SMI based on the Kessler Co-morbidity studies. These Co-morbidity studies use census data to determine relationships between age, gender, education, marital status and race/ethnicity to derive estimates of the number of adults with SMI.

Calculations include the following:

- 100% of FPL has been updated to 2007 projections by county. 2008 FPL when available in October 2009 will replace 2007 data if changes are significant.
- The SMI Co-morbidity data model has been updated to use 2000 census data. In those situations where the available PUMA (regional) census data crosses CMHSP catchment areas, the regional data was extrapolated to each CMHSP catchment area using the CMHSP population-based share of the region as a whole. Secondly, these 2000 numbers were trended to the total 2008 adult census. Statewide, this increased the estimated number of persons with SMD to about 204,000 from 139,000 based on 1990 census data.

DCH retained the weighing of 10% DD; 15% SED and 75% SMI of which 35% is poverty and 45% is Co-morbidity related.

## **2) Pro Rata Reduction--\$15 M**

Pro Rata calculations reduce each CMHSP by the same proportion their current funding is to total CMHSP funding. Pro Rata reductions are being included in the calculations both due to the burden of the total reduction to those above the formula and because each CMHSP is expected to continue to review their operations for ongoing efficiencies and is capable of some savings through consolidations or other means. This pro-rata reduction represents a 4.5% reduction to the original FY2009 allocation.

## **3) State Facility (Purchase of State Service) Dollars**

Consideration of GF funding available to the CMHSPs through the Purchase of State Services (POSS) line was included. State facility funding is differentially utilized across CMHSPs and represents a resource available to the CMHSP. Using the FY2009 POSS allocation, adjustments were made to remove all Intermediate Care Facility funding (all these individuals are Medicaid enrolled) and funds associated with those individuals that are or have been categorized as NGRI (Not Guilty By Reason of Insanity) as of August 2009.

## **4) Homelessness**

There was CMHSP input relative to the inadequacy of the Funding Factor criteria alone as a measure of need. In this regard, both homelessness and unemployment were identified by DCH as reflective of greater intensity of need in some urban and some rural areas. MSHDA has identified 77% of homeless singles to have either mental illness or a co-occurring mental health and substance use disorder. The data source used to develop a factor for homelessness is FY2008 DHS Emergency Services Program information that identifies paid nights of motel/shelter beds. The relative utilization of shelter nights is included as a mitigating factor to the reduction and offsets 7.5% of the total reduction.

## **5) Unemployment**

Consideration to unemployment as a measure of both community stress and concentrated need was included. This factor is based on the CMHSP total catchment

area census of adults between the ages of 20 and 64 and the total number employed in 2008. The inverse of this number is used to derive the proportion of the population that is not employed as a proxy for unemployment. This is used as a mitigating factor proportionate to the base CMHSP funding and offsets 2.5% of the total reduction.

The comparison to the original FY2009 allocation and the specific reductions by CMHSP are attached.

**FY 10 REDUCTIONS TO COMMUNITY MENTAL HEALTH NON-MEDICAID (GF) ALLOCATIONS**

CMH Name	2008 Population	FY09 Community GF	FY 09 % of Funding against Current Funding Factors	MITIGATING FACTORS							TOTAL REDUCTION at \$40m	Amount of Reduction as a % of FY09 GF
				Reduction Portion using Funding Factors @ 2/3 (Note 1)	State facility (Note 2)	Residual Unemployment (Note 3)	Homeless Shelter days (Note 4)	Reduction Portion using across-the-board @1/3 (Note 5)				
				\$27 M	\$2 M	-\$ M1	-\$3 M	\$15 M	\$40 M			
Allegan	112,975	\$1,404,503	43%	\$0	\$17,983	(\$5,055)	(\$1,207)	\$63,334	\$75,055	5.3%		
AuSable	55,784	\$2,062,030	102%	\$30,665	\$3,320	(\$7,006)	(\$2,281)	\$92,984	\$117,682	5.7%		
Barry	58,890	\$1,612,942	106%	\$51,715	\$2,390	(\$3,955)	\$0	\$72,733	\$122,884	7.6%		
Bay-Arenac	123,856	\$3,253,797	84%	\$0	\$8,474	(\$8,253)	(\$9,133)	\$146,725	\$137,813	4.2%		
Berrien	159,481	\$3,621,299	64%	\$0	\$29,694	(\$8,275)	(\$8,648)	\$163,297	\$176,068	4.9%		
Central	270,107	\$6,579,614	69%	\$0	\$42,982	(\$16,538)	(\$28,760)	\$296,698	\$294,381	4.5%		
Clinton-Eaton-Ingham	454,035	\$9,182,235	65%	\$0	\$88,920	(\$18,113)	(\$204,175)	\$414,059	\$280,692	3.1%		
Copper	52,723	\$2,091,702	111%	\$128,856	\$3,908	(\$5,873)	(\$3,106)	\$94,322	\$218,107	10.4%		
Detroit/Wayne	1,949,929	\$115,081,393	130%	\$16,391,567	\$872,545	(\$423,621)	(\$1,254,463)	\$5,189,425	\$20,775,454	18.1%		
Genesee	428,790	\$14,411,610	87%	\$0	\$124,628	(\$46,633)	(\$54,730)	\$649,870	\$673,135	4.7%		
Gogebic	16,043	\$651,941	115%	\$52,443	\$5,544	(\$1,915)	(\$2,875)	\$29,398	\$82,595	12.7%		
Gratiot	42,245	\$914,321	68%	\$0	\$7,177	(\$3,374)	(\$386)	\$41,230	\$44,647	4.9%		
Hiawatha	57,815	\$1,692,870	86%	\$0	\$15,286	(\$5,924)	(\$20,765)	\$76,337	\$64,935	3.8%		
Huron	32,805	\$941,945	89%	\$0	\$0	(\$2,116)	\$0	\$42,476	\$40,360	4.3%		
Ionia	63,833	\$1,498,437	71%	\$0	\$640	(\$5,361)	(\$18,494)	\$67,570	\$44,355	3.0%		
Kalamazoo	245,912	\$10,326,786	121%	\$1,119,055	\$54,439	(\$19,482)	(\$142,071)	\$465,671	\$1,477,613	14.3%		
Network 180/Kent	605,213	\$12,696,684	68%	\$0	\$111,742	(\$25,304)	(\$65,347)	\$572,538	\$593,629	4.7%		
Lapeer	90,875	\$1,363,568	56%	\$0	\$24,907	(\$4,837)	\$0	\$61,488	\$81,558	6.0%		
Lenawee	100,801	\$1,213,916	43%	\$0	\$10,159	(\$3,872)	(\$20,498)	\$54,740	\$40,529	3.3%		
Lifeways	206,392	\$5,260,479	78%	\$0	\$12,262	(\$17,046)	(\$65,197)	\$237,214	\$167,233	3.2%		
Livingston	182,575	\$3,858,219	101%	\$33,535	\$2,209	(\$10,961)	(\$10,600)	\$173,981	\$188,164	4.9%		
Macomb	830,663	\$22,758,965	105%	\$611,543	\$101,037	(\$65,993)	(\$76,885)	\$1,026,282	\$1,595,985	7.0%		
Manistee-Benzie	42,036	\$896,739	72%	\$0	\$5,173	(\$2,331)	(\$9,715)	\$40,437	\$33,563	3.7%		
Monroe	152,949	\$4,193,357	107%	\$157,869	\$11,015	(\$12,501)	(\$51,210)	\$189,093	\$294,266	7.0%		
Montcalm	62,971	\$1,222,961	52%	\$0	\$0	(\$5,385)	\$0	\$55,148	\$49,762	4.1%		
Muskegon	174,344	\$4,970,862	79%	\$0	\$43,167	(\$12,450)	(\$121,106)	\$224,154	\$133,765	2.7%		
Newaygo	48,897	\$1,017,764	60%	\$0	\$5,466	(\$3,167)	(\$1,667)	\$45,895	\$46,526	4.6%		

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				\$27 M	\$2 M	-\$ M1	-\$3 M	\$15 M	\$40 M			
Northern Lakes	194,033	\$5,065,009	85%	\$0	\$21,598	(\$12,851)	(\$139,824)	\$228,399	\$97,323	1.9%		
Northeast	65,061	\$1,659,870	75%	\$0	\$6,222	(\$5,399)	(\$42,407)	\$74,849	\$33,266	2.0%		
Northern	150,808	\$4,511,212	100%	\$0	\$27,794	(\$10,171)	(\$61,981)	\$203,426	\$159,069	3.5%		
Northpointe	63,015	\$2,403,292	122%	\$266,013	\$17,800	(\$4,069)	(\$13,643)	\$108,373	\$374,474	15.6%		
Oakland	1,202,174	\$42,280,610	142%	\$7,656,725	\$98,120	(\$113,128)	(\$131,071)	\$1,906,582	\$9,417,229	22.3%		
Ottawa	260,364	\$3,546,025	62%	\$0	\$4,349	(\$7,626)	(\$62,171)	\$159,903	\$94,455	2.7%		
Pathways	118,723	\$2,894,129	76%	\$0	\$16,957	(\$6,730)	(\$22,320)	\$130,506	\$118,413	4.1%		
Pines	45,726	\$1,376,538	90%	\$0	\$3,757	(\$4,312)	(\$10,804)	\$62,073	\$50,715	3.7%		
Saginaw	200,745	\$5,854,057	73%	\$0	\$69,814	(\$17,274)	(\$94,420)	\$263,980	\$222,101	3.8%		
Sanilac	43,024	\$1,406,166	101%	\$9,319	\$135	(\$3,851)	(\$1,674)	\$63,409	\$67,338	4.8%		
Shiawasee	70,880	\$1,462,544	65%	\$0	\$1,345	(\$4,218)	(\$800)	\$65,951	\$62,278	4.3%		
St Clair	168,894	\$3,920,458	75%	\$0	\$2,238	(\$12,535)	(\$16,335)	\$176,787	\$150,155	3.8%		
St Joseph	62,232	\$767,275	36%	\$0	\$15,338	(\$1,871)	(\$37,142)	\$34,599	\$10,925	1.4%		
SummitPointe	135,861	\$5,115,259	100%	\$394	\$18,801	(\$11,686)	(\$46,320)	\$230,665	\$191,853	3.8%		
Tuscola	56,187	\$1,220,308	67%	\$0	\$8,769	(\$3,565)	(\$6,918)	\$55,028	\$53,313	4.4%		
VanBuren	77,801	\$1,905,753	70%	\$0	\$7,878	(\$4,455)	(\$9,715)	\$85,937	\$79,644	4.2%		
Washtenaw	347,376	\$7,468,082	75%	\$0	\$61,909	(\$18,533)	(\$109,123)	\$336,762	\$271,015	3.6%		
West	67,394	\$3,285,655	130%	\$461,867	\$1,618	(\$8,657)	(\$20,014)	\$148,162	\$582,976	17.7%		
Woodlands	50,185	\$1,718,843	103%	\$28,433	\$10,488	(\$3,729)	\$0	\$77,509	\$112,701	6.6%		
	10,003,422	\$332,642,023		\$27,000,000	\$2,000,000	(\$1,000,000)	(\$3,000,000)	\$15,000,000	\$40,000,000	12.0%		

Note 1: Funding Factors applied from updated "Funding Formula" as used to administer FY 09 Executive Order Reductions

Note 2: A state facility utilization factor recognizes the relative effort across CMHSPs to reduce the use of state facilities and instead support individuals with MI in the Community

Note 3: The unemployment factor is aimed at offsetting the effects of chronic residual unemployment, as reported unemployment rates do not account for those who have quit looking, etc.

Note 4: The homeless factor provides a proportional offset based on the proportion of paid DHS shelter beds as distributed across the CMHSPs

Note 5: The Across-the-board reduction is a pro-rata amount is a 4.5% reduction applied against the initial FY 09 allocation for each CMHSP