

WORKGROUP PLAN TO ACHIEVE FUNDING EQUITY FOR ALL CMHSPS

(FY2009 Appropriation Bill - Public Act 246 of 2008)

March 1, 2009

Section 462: The department shall develop a funding equity plan for all CMHSPs that receive funds appropriated under the community mental health non-Medicaid services line. The funding plan should reflect a more equitable distribution methodology based on proxy measures of need and the recognition of varying expenditure needs of CMHSPs. The department shall submit the written equity funding plan and a report regarding implementation feasibility of the equity funding plan including an impact statement to the senate and house appropriations subcommittees on community health, the senate and house fiscal agencies, and the state budget director by March 1 of the current fiscal year.

*Michigan Department
of Community Health*



Jennifer M. Granholm, Governor
Janet Olszewski, Director

**Department of Community Health
PA 246 2008
FY2009 Appropriations Act
Boilerplate Report for Section 462**

Historical Perspective

A needs-based formula for determining CMHSP general fund allocations was first developed by the Citizen's Research Council in 1997, was amended by DCH in FY1999 under managed care, and affirmed by the Michigan Association of Community Mental Health Board Executive Leadership in 2007. However, as could be expected, this formula did not receive universal endorsement. While concerns regarding the factors included in the formula were identified, no alternative equity-based funding strategy acceptable to all CMHSPs had been identified.

Over the years, incremental adjustments in allocations among CMHSPs were made to more equitably distribute General Fund dollars and/or to adjust for changes in Medicaid funding at least in part utilizing the factors contained in this formula. These factors involve two components. First, measures of persons with the need for mental health services, and second, a weighting—which is the distribution of expenses between the three populations. The proxy measures for the three CMHSP service populations as follows:

- for persons with developmental disabilities (DD), total population
- for children with Serious Emotional Disturbance (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% 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.

FY2009

Under the DCH obligation to assure an adequate and appropriate array of mental health services statewide, as required by Section 116 of the Mental Health Code, the department was challenged to implement FY2009 Executive Order reductions in a way that reduced the apparent dis-equity in funding across CMHSPs. For example, there was almost a five-fold difference in per capita funding across the CMH system. Recognizing that need varies among CMHSPs and taking the factors in the formula into account, disparities remain.

During FY2009, DCH was faced with implementation of Executive Order 2009-22 which required a \$10 Million reduction in the CMHSP non-Medicaid line item and with further reductions anticipated in the FY2010 Appropriations Act. Of this reduction, \$5.4 Million was applied to those 16 CMHSPs with funding, in relation to the formula factors outlined above the state average. The remainder of the reduction consisted primarily of a 1% across the board reduction to all CMHSPs and reductions to those CMHSPs with ABW and GF carry forward savings.

While the funding factors formula provide a benchmark for comparison across CMHSPs, DCH did not support sole use of the funding factors formula for all reductions or for redistribution of remaining funds in that these factors may not fully represent local needs and circumstances. Attached is a copy of the FY2009 Executive Order 2009-22 reductions to CMHSPs.

Preparing for FY2010 Reductions

In preparation for required FY2010 CMH GF reductions, the Department initiated a series of conference call/meetings open to all CMHSPs to obtain their input on determining the distribution of general fund reductions in the Non-Medicaid CMHSP appropriation. In establishing these discussions, DCH identified that at least some portion of the method to distribute FY2010 reductions must include reducing “dis-equity”. The methodology for determining these reductions was identified by DCH as having two goals-assuring viability and equity of opportunity within the public mental health system statewide.

FY2009 CMHSP GF REDUCTION SUMMARY

CMHSPs	FY09 CMHSP CURRENT BASE	1% REDUCTION TO CMHSP BASE	10% REDUCTION FOR CMHSP > THAN 100%	2.85% REDUCTION > THAN 120%	20% SAVINGS ABW POSITIVE BALANCE ONLY	20% SAVINGS GF C/F OF 2 YEAR AVERAGE	INSOLVENCY FACTOR	TOTAL	FY09 REVISED BASE	% OF BASE REDUCTION
Allegan	\$1,404,503	(\$14,045)						(\$14,045)	\$1,390,458	-1.0%
AuSable	\$2,062,030	(\$20,620)	(\$8,498)		(\$24,770)			(\$53,889)	\$2,008,141	-2.6%
Barry	\$1,612,942	(\$16,129)	(\$16,418)		(\$14,362)			(\$46,909)	\$1,566,033	-2.9%
Bay-Arenac	\$3,253,797	(\$32,538)						(\$32,538)	\$3,221,259	-1.0%
Berrien	\$3,621,299	(\$36,213)			(\$25,652)			(\$61,865)	\$3,559,434	-1.7%
Central	\$6,579,614	(\$65,796)			(\$76,026)			(\$141,822)	\$6,437,792	-2.2%
Clinton-Eaton-Ingham	\$9,182,235	(\$91,822)			(\$106,790)			(\$198,613)	\$8,983,622	-2.2%
Copper	\$2,091,702	(\$20,917)	(\$17,601)		(\$20,331)			(\$58,849)	\$2,032,853	-2.8%
Detroit/Wayne	\$115,081,393	(\$1,150,814)	(\$2,496,947)	(\$711,630)				(\$4,359,390)	\$110,722,003	-3.8%
Genesee	\$14,411,610	(\$144,116)						(\$144,116)	\$14,267,494	-1.0%
Gogebic	\$651,941	(\$6,519)	(\$11,949)	(\$3,405)		(\$7,937)		(\$29,811)	\$622,130	-4.6%
Gratiot	\$914,321	(\$9,143)			(\$11,850)			(\$20,994)	\$893,327	-2.3%
Hilawatha	\$1,692,870	(\$16,929)			(\$12,860)			(\$29,789)	\$1,663,081	-1.8%
Huron	\$941,945	(\$9,419)						(\$9,419)	\$932,526	-1.0%
Ionia	\$1,498,437	(\$14,984)						(\$14,984)	\$1,483,453	-1.0%
Kalamazoo	\$10,326,786	(\$103,268)	(\$187,166)	(\$53,342)	(\$71,741)	(\$88,440)		(\$503,957)	\$9,822,829	-4.9%
Network 180/Kent	\$12,696,684	(\$126,967)			(\$101,352)			(\$228,319)	\$12,468,365	-1.8%
Lapeer	\$1,363,568	(\$13,636)				(\$17,736)		(\$31,371)	\$1,332,197	-2.3%
Lenawee	\$1,213,916	(\$12,139)						(\$12,139)	\$1,201,777	-1.0%
Lifeways	\$5,260,479	(\$52,605)			(\$13,685)			(\$66,290)	\$5,194,189	-1.3%
Livingston	\$3,858,219	(\$38,582)	(\$20,072)			(\$37,108)		(\$95,762)	\$3,762,457	-2.5%
Macomb	\$22,758,965	(\$227,590)	(\$145,426)			(\$74,680)		(\$447,696)	\$22,311,269	-2.0%
Manistee-Benzie	\$896,739	(\$8,967)						(\$8,967)	\$887,772	-1.0%
Monroe	\$4,193,357	(\$41,934)	(\$31,726)		(\$13,401)			(\$87,060)	\$4,106,297	-2.1%
Montcalm	\$1,222,961	(\$12,230)			(\$8,947)			(\$21,176)	\$1,201,785	-1.7%
Muskegon	\$4,970,862	(\$49,709)			(\$61,192)			(\$110,901)	\$4,859,961	-2.2%
Newaygo	\$1,017,764	(\$10,178)						(\$10,178)	\$1,007,586	-1.0%
Northern Lakes	\$5,065,009	(\$50,650)						(\$50,650)	\$5,014,359	-1.0%
Northeast	\$1,659,870	(\$16,599)			(\$11,539)	(\$8,078)		(\$36,215)	\$1,623,655	-2.2%
Northern	\$4,511,212	(\$45,112)	(\$7,357)		(\$10,324)	(\$14,964)		(\$77,757)	\$4,433,455	-1.7%
Northpointe	\$2,403,292	(\$24,033)	(\$52,598)	(\$14,990)		(\$26,750)		(\$118,371)	\$2,284,921	-4.9%
Oakland	\$42,280,610	(\$422,806)	(\$1,159,615)	(\$330,490)		(\$273,324)		(\$2,186,235)	\$40,094,375	-5.2%
Ottawa	\$3,546,025	(\$35,460)					\$56,000	\$20,540	\$3,566,565	0.6%
Pathways	\$2,894,129	(\$28,941)					\$56,000	\$27,059	\$2,921,188	0.9%
Pines	\$1,376,538	(\$13,765)				(\$15,314)		(\$29,080)	\$1,347,458	-2.1%
Saginaw	\$5,854,057	(\$58,541)			(\$100,422)			(\$158,963)	\$5,695,094	-2.7%
Sanilac	\$1,406,166	(\$14,062)	(\$3,100)					(\$17,161)	\$1,389,005	-1.2%
Shiawasee	\$1,462,544	(\$14,625)						(\$14,625)	\$1,447,919	-1.0%
St Clair	\$3,920,458	(\$39,205)						(\$39,205)	\$3,881,253	-1.0%
St Joseph	\$767,275	(\$7,673)			(\$16,817)			(\$24,490)	\$742,785	-3.2%
SummitPointe	\$5,115,259	(\$51,153)	(\$11,474)		(\$42,229)			(\$104,855)	\$5,010,404	-2.0%
Tuscola	\$1,220,308	(\$12,203)				(\$6,812)		(\$19,015)	\$1,201,293	-1.6%
VanBuren	\$1,905,753	(\$19,058)			(\$2,247)	(\$19,783)		(\$41,088)	\$1,864,665	-2.2%
Washtenaw	\$7,468,082	(\$74,681)						(\$74,681)	\$7,393,401	-1.0%
West	\$3,285,655	(\$32,857)	(\$80,977)	(\$23,078)		(\$31,990)		(\$168,901)	\$3,116,754	-5.1%
Woodlands	\$1,718,843	(\$17,188)	(\$8,530)			(\$19,739)		(\$45,457)	\$1,673,386	-2.6%
TOTAL	\$332,642,023	(\$3,326,420)	(\$4,259,453)	(\$1,136,937)	(\$746,536)	(\$642,653)	\$112,000	(\$10,000,000)	\$322,642,023	-3.0%

**FY2009 CMHSP GF REDUCTION
CMHSP PROPOSED BASE**

CMHSPs	TOTAL POPULATION 2007	UNDER 18 < 100% FPL 2007	18 & OLDER < 100% FPL 2007	SEVERE MENTAL DISORDER 2005	10% TOTAL POPULATION 2007	15% UNDER 18 < POVERTY 2007	35% 18 & OLDER < POVERTY 2007	40% SEVERE MENTAL DISORDER 2005	TOTAL PROPOSED BASE	FY09 CMHSP CURRENT BASE	DIFFERENCE PROPOSED LESS CURRENT BASE	% OF PROPOSED BASE TO CURRENT BASE	10% REDUCTION FOR CMHSP > THAN 100%	2.85% REDUCTION > THAN 120%
Allegan	112,761	3,516	8,367	1,517	\$372,416	\$378,307	\$1,074,539	\$1,374,790	\$3,200,052	\$1,404,503	\$1,795,549	44%		
AuSable	56,531	3,084	6,286	719	\$186,705	\$331,826	\$807,295	\$651,235	\$1,977,051	\$2,062,030	(\$84,979)	104%	(\$8,498)	
Barry	59,189	1,589	3,330	722	\$195,480	\$170,970	\$427,658	\$654,653	\$1,448,761	\$1,612,942	(\$164,181)	111%	(\$16,418)	
Bay-Arenac	124,125	5,118	10,081	1,818	\$409,948	\$550,676	\$1,294,661	\$1,647,307	\$3,902,591	\$3,253,797	\$648,794	83%		
Berrien	159,589	8,134	15,920	2,499	\$527,075	\$875,185	\$2,044,539	\$2,264,622	\$5,711,421	\$3,621,299	\$2,090,122	63%		
Central	271,733	11,949	33,740	3,507	\$897,452	\$1,285,663	\$4,333,088	\$3,178,068	\$9,694,271	\$6,579,614	\$3,114,658	68%		
Clinton-Eaton-Ingham	456,440	15,258	46,122	5,883	\$1,507,484	\$1,641,698	\$5,923,257	\$5,331,243	\$14,403,682	\$9,182,235	\$5,221,447	64%		
Copper	52,873	1,969	6,453	773	\$174,624	\$211,856	\$628,732	\$709,480	\$1,915,692	\$2,091,702	(\$176,010)	109%	(\$17,601)	
Detroit/Wayne	1,985,101	161,943	245,390	38,199	\$6,556,192	\$17,424,401	\$31,514,418	\$34,616,915	\$90,111,927	\$115,081,393	(\$24,969,466)	128%	(\$2,496,947)	(\$711,630)
Genesee	434,715	27,127	45,019	6,889	\$1,435,733	\$2,918,754	\$5,781,603	\$6,243,293	\$16,379,383	\$14,411,610	\$1,967,773	88%		
Gogebic	16,287	648	1,837	191	\$53,791	\$69,722	\$235,918	\$173,019	\$532,450	\$651,941	(\$119,491)	122%	(\$11,949)	(\$3,405)
Grafton	42,141	1,918	3,654	525	\$139,179	\$206,369	\$469,268	\$475,519	\$1,290,335	\$914,321	\$376,015	71%		
Hiawatha	58,317	2,124	5,726	867	\$192,604	\$228,534	\$735,366	\$785,397	\$1,941,901	\$1,692,870	\$249,031	87%		
Huron	33,290	1,220	2,944	486	\$109,947	\$131,267	\$378,066	\$440,368	\$1,059,668	\$941,945	\$117,723	89%		
Ionia	64,053	2,477	5,838	884	\$211,548	\$266,515	\$749,750	\$801,184	\$2,028,997	\$1,498,437	\$530,560	74%		
Kalamazoo	245,333	9,335	28,917	3,230	\$810,261	\$1,004,408	\$3,713,690	\$2,926,764	\$8,455,123	\$10,326,786	(\$1,871,663)	122%	(\$187,166)	(\$53,342)
Network 180/Kent	604,330	28,633	48,863	7,845	\$1,995,920	\$3,080,793	\$6,275,272	\$7,109,702	\$18,461,888	\$12,696,684	\$5,765,004	69%		
Lapeer	92,012	2,421	5,461	1,170	\$303,888	\$260,490	\$701,334	\$1,060,160	\$2,325,871	\$1,363,568	\$962,303	59%		
Lenawee	101,243	3,309	6,976	1,313	\$334,375	\$356,035	\$895,899	\$1,189,778	\$2,776,087	\$1,213,916	\$1,562,171	44%		
Lifeways	209,787	9,908	18,249	2,935	\$692,863	\$1,066,060	\$2,343,643	\$2,659,964	\$6,762,531	\$5,260,479	\$1,502,052	78%		
Livingston	183,194	2,725	7,256	2,016	\$605,035	\$293,199	\$931,858	\$1,827,410	\$3,657,501	\$3,858,219	(\$200,718)	105%	(\$20,072)	
Macomb	831,077	20,972	47,661	11,236	\$2,744,798	\$2,256,501	\$6,120,904	\$10,182,498	\$21,304,701	\$22,758,966	(\$1,454,264)	107%	(\$145,426)	
Manistee-Benzie	42,313	1,613	3,396	576	\$139,747	\$173,552	\$436,391	\$521,652	\$1,271,342	\$896,739	\$374,603	71%		
Monroe	153,608	3,777	8,073	2,125	\$507,321	\$406,390	\$1,036,782	\$1,925,606	\$3,876,098	\$4,193,357	(\$317,259)	108%	(\$31,726)	
Montcalm	62,950	3,857	6,813	888	\$207,905	\$414,997	\$874,965	\$805,110	\$2,302,978	\$1,222,961	\$1,080,017	53%		
Muskegon	174,386	8,661	17,737	2,560	\$575,945	\$931,888	\$2,277,889	\$2,319,667	\$6,105,389	\$4,970,862	\$1,134,527	81%		
Newaygo	49,171	2,715	4,681	626	\$162,397	\$292,123	\$601,161	\$567,418	\$1,623,099	\$1,017,764	\$605,335	63%		
Northern Lakes	194,212	7,211	15,899	2,553	\$641,424	\$775,874	\$2,041,843	\$2,313,606	\$5,772,746	\$5,065,009	\$707,737	88%		
Northeast	65,424	2,868	6,769	925	\$216,076	\$308,585	\$869,315	\$838,470	\$2,232,445	\$1,659,870	\$572,575	74%		
Northern	152,052	5,924	11,970	1,943	\$502,182	\$637,398	\$1,537,257	\$1,760,805	\$4,437,643	\$4,511,212	(\$73,569)	102%	(\$7,357)	
Northpointe	63,337	2,199	5,748	765	\$209,183	\$236,603	\$738,192	\$693,333	\$1,877,311	\$2,403,292	(\$525,981)	128%	(\$52,598)	(\$14,990)
Oakland	1,206,089	32,176	70,052	15,716	\$3,983,350	\$3,462,005	\$8,996,487	\$14,242,616	\$30,684,459	\$42,280,610	(\$11,596,151)	138%	(\$1,159,615)	(\$330,490)
Ottawa	259,206	5,235	12,594	2,830	\$856,080	\$563,264	\$1,617,395	\$2,564,376	\$5,601,115	\$3,546,025	\$2,055,090	63%		
Pathways	118,923	3,701	11,284	1,547	\$392,767	\$398,212	\$1,449,157	\$1,401,699	\$3,641,836	\$2,894,129	\$747,707	79%		
Pines	46,194	2,104	3,836	596	\$152,565	\$226,382	\$492,642	\$540,456	\$1,412,045	\$1,376,538	\$35,507	97%		
Saginaw	202,268	12,609	20,905	3,126	\$668,030	\$1,356,677	\$2,684,742	\$2,832,899	\$7,542,348	\$5,854,057	\$1,688,291	78%		
Sanilac	43,640	2,002	3,692	598	\$144,130	\$215,407	\$474,148	\$541,483	\$1,375,168	\$1,406,166	(\$30,998)	102%	(\$3,100)	
Shiawasee	71,753	2,960	6,596	925	\$236,979	\$318,484	\$847,097	\$838,711	\$2,241,270	\$1,462,544	\$778,726	65%		
St Clair	170,119	6,383	13,569	2,431	\$561,852	\$686,785	\$1,742,610	\$2,202,663	\$5,193,910	\$3,920,458	\$1,273,452	75%		
St Joseph	62,449	3,370	5,598	790	\$206,250	\$362,598	\$718,928	\$716,329	\$2,004,105	\$767,275	\$1,236,830	38%		
SummitPointe	136,615	8,321	13,996	2,057	\$451,198	\$895,305	\$1,789,743	\$1,864,276	\$5,000,522	\$5,115,259	(\$114,737)	102%	(\$11,474)	
Tuscola	56,805	2,405	4,885	770	\$187,610	\$258,768	\$627,360	\$697,409	\$1,771,147	\$1,220,308	\$550,839	69%		
VanBuren	77,931	4,434	8,444	1,134	\$257,383	\$477,080	\$1,084,428	\$1,028,077	\$2,846,967	\$1,905,753	\$941,214	67%		
Washtenaw	350,003	7,771	34,081	4,423	\$1,155,955	\$836,128	\$4,376,881	\$4,008,001	\$10,376,964	\$7,468,082	\$2,908,882	72%		
West	67,703	4,041	7,548	936	\$223,603	\$434,795	\$969,358	\$848,133	\$2,475,889	\$3,285,655	(\$809,766)	133%	(\$80,977)	(\$23,078)
Woodlands	50,551	2,024	4,354	761	\$166,955	\$217,774	\$559,166	\$689,646	\$1,633,541	\$1,718,843	(\$85,302)	105%	(\$8,530)	
TOTAL	10,071,822	463,738	906,552	146,825	\$33,264,202	\$49,896,303	\$116,424,708	\$133,056,809	\$332,642,023	\$332,642,023	\$0		(\$4,259,453)	(\$1,136,937)

*FPL = FEDERAL POVERTY LEVEL