

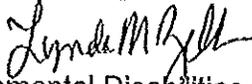


STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

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GOVERNOR

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November 7, 2011

TO: Community Mental Health Services Program Executive Directors
FROM: Lynda Zeller, Deputy Director 
Behavioral Health and Developmental Disabilities Administration
SUBJECT: FY 12 Reductions in General Fund (GF) Allocations to CMHSPs

The FY12 Appropriation Act for Community Mental Health requires that the Department of Community Health (DCH) institute reductions in allocations for non-Medicaid (GF) Community Mental Health Services Programs. These reductions total \$8,483,300 and are made up of:

- \$5,083,300 in total reductions to CMH non-Medicaid (GF) allocations. Per requirement of the boilerplate language, these were determined for each CMHSP using the "Funding Factors" reduction model used to administer the CMHSP non-Medicaid reductions required in FY11.
- \$3,400,000 total reductions to CMH non-Medicaid by targeting administrative expenditures in CMHSPs.

This memorandum transmits the details of these reductions to the Community Mental Health non-Medicaid allocations. We know that these reductions will place additional burdens on the community mental health services system as demand for services continues to increase; we do expect, though, that the reductions in administrative costs will not have a service capacity impact.

GF Reduction of \$5,083,300

Enclosure 1 contains the FY12 reductions to Community Mental Health non-Medicaid allocations that comprise this total reduction amount. As with last year's reduction administered using the Funding Factors method, there are no restrictions in how a CMHSP administers this component of the reduction. It is expected that each CMHSP will accomplish the reductions by maintaining program and service priorities that promote stated policy and practice improvement expectations, finding even more efficient approaches to providing services and supports, and by maintaining local efforts to support individuals with mental illness as they seek to achieve their own pathway to recovery.

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The methodology developed for the FY11 reductions was maintained with the exception that no CMHSP was exempt from the pro-rata allocation and no distinction was made between hub and spoke CMHSP in the affiliated PIHPs. The mitigating factors of state facility utilization, residual unemployment and homeless shelter days were maintained at the same amounts on the basis that these factors continue to have a significant impact on the need for community mental health services. As a result of the methodology, some CMHSPs are exempt from this component of required reductions. The methodology did not include any redistribution between CMHSPs.

GF Reduction of \$3,400,000 Targeted to CMHSP Administration

Enclosure 2 contains the FY12 administrative allocation reductions.

Reduction Policy Guidance. DCH continues to urge that PIHP-level discussions take place which foster work to attain outcomes that allow the affected CMHSPs to continue to operate effectively by sharing resources and functions in order to achieve greater synergy across networks. If, in those discussions, state barriers are identified, DCH is committed to assisting in finding a resolution.

The completion and administration of "Section 460" requirements for delineating standards for reporting administrative costs has resulted in a "level playing field" from which DCH could then proceed with a more certain sense that comparisons across systems were valid. The administrative function elements include, within the category of "Customer Services", community benefit-type activities. Examples include partnership arrangements with community organizations; cross training and specialized consultation with schools, jails, DHS, police and other service personnel; system of care initiatives and participation in community planning bodies. DCH considers these types of activities to be both a priority and a high value, with the expectation that these services will be maintained if at all feasible. The Administrative Cost Report for FY12, due in spring 2013 will be expected to demonstrate administrative savings in comparison to the FY10 report (submitted in 2011).

These reductions may be achieved in any administrative category including the CMHSP central administration allocated to direct service provision and/or in entities to which administrative functions have been delegated. Affiliations are encouraged to develop affiliation-wide plans. These plans may include recommended revisions in the reduction amounts among affiliation members but the total GF reduction for the affiliation must be met.

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Reporting Requirements

CMHSPs will be requested to submit a report describing the administrative reduction plan. This information will be due February 28, 2012; a format and instructions will be transmitted under separate cover. DCH review will include monitoring the receipt of the reports; sufficiency of CMHSP detail to determine the nature and planned administrative savings and to implement allocation revisions as determined among affiliations, where an affiliation group has proposed a different distribution among those particular CMHSPs.

Enclosures

c: Elizabeth Knisely
Kim Stephen
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Judy Webb
Deborah J. Hollis
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Michigan Department of Community Health
 FY 12 CMHSP Administration Reduction - \$3,400,000

Community Mental Health Services program (CMHSP)	Percentages			Reduction and off set			
	Gross Administration	CMHSP Category maximum	GF of Gross Expend	Reduction to category limit	Off set reduction amount to category limit	Pro-Rata Reductions	Total GF Administration Reduction
Allegan County CMH Services	10.3%	10.6%	9.2%			5,143	5,143
AuSable Valley CMH Services	13.0%	10.6%	15.0%	2,948	-321	7,066	9,693
Barry County CMH Authority	21.0%	12.1%	20.6%	36,434	-3,966	6,060	38,528
Bay-Arenac Behavioral Health	14.7%	10.6%	9.0%	158,985	-17,308	19,507	161,187
Berrien Mental Health Authority	15.9%	10.6%	12.7%	1,203	-131	11,826	12,898
CMH Clinton-Eaton-Ingham	6.7%	7.1%	13.4%			25,102	25,102
CMH for Central Michigan	8.4%	10.6%	9.9%			18,421	18,421
Copper Country CMH Services	13.6%	10.6%	12.8%	18,949	-2,083	7,663	24,549
Detroit-Wayne County CMH Agency	8.4%	7.1%	27.0%	1,530,081	-166,551	366,157	1,731,687
Genesee County CMH Services	7.8%	7.1%	14.1%	64,410	-7,011	40,837	98,235
Gogebic CMH Authority	13.3%	12.1%	10.7%			2,347	2,347
Grafiot County CMH Services	16.4%	12.1%	10.3%	16,940	-1,844	4,183	19,280
Hiawatha Behavioral Health	9.4%	10.6%	9.2%			2,901	2,901
Huron Behavioral Health	16.0%	12.1%	10.5%	3,952	-430	3,896	7,419
Ionia County CMH	13.4%	10.6%	13.8%	5,570	-606	5,285	10,249
Kalamazoo CMH & Substance Abuse Services	11.0%	10.6%	12.0%			28,302	28,302
Lapeer County CMH Services	11.7%	10.6%	12.5%			5,056	5,056
Lenawee CMH Authority	12.4%	10.6%	12.9%	26,018	-2,832	7,124	30,310
Lifeways CMH Authority	9.3%	10.6%	7.4%			9,290	9,290
Livingston County CMH Authority	11.3%	10.6%	16.8%			11,401	11,401
Macomb County CMH Services	6.4%	7.1%	16.9%			59,333	59,333
Manistee-Benzie CMH	14.7%	10.6%	8.5%	12,287	-1,337	3,842	14,792
Monroe CMH Authority	9.5%	10.6%	13.9%			9,774	9,774
Montcalm Center for Behavioral Health	16.0%	12.1%	20.7%	7,912	-861	6,539	13,591
Muskegon County CMH	11.2%	10.6%	11.0%			17,276	17,276
network 180	7.7%	7.1%	11.5%	41,870	-4,558	31,465	68,778
Newaygo County Mental Health Center	16.4%	12.1%	13.7%	23,904	-2,602	5,884	27,185
North Country CMH	9.4%	10.6%	13.0%			13,523	13,523
Northeast Michigan CMH Authority	13.1%	10.6%	7.6%			5,422	5,422
Northern Lakes CMH Authority	6.5%	10.6%	12.9%			12,673	12,673
Northpointe Behavioral Healthcare Systems	11.9%	10.6%	19.3%			9,299	9,299
Oakland County CMH Authority	5.8%	7.1%	17.7%			80,465	80,465
Ottawa County CMH	12.9%	10.6%	12.8%	78,521	-8,547	16,313	86,287
Pathways	9.4%	10.6%	4.2%			5,931	5,931
Pines Behavioral Health Services	13.7%	12.1%	14.9%			3,964	3,964
Saginaw County CMH Authority	11.2%	10.6%	15.6%	18,383	-2,001	28,827	45,209
Sanilac County CMH	15.9%	10.6%	6.5%	19,990	-2,176	4,224	22,038
Shiawassee County CMH Authority	12.6%	10.6%	12.7%			5,354	5,354
St Clair County CMH Services	15.8%	10.6%	6.3%	143,688	-15,641	16,328	144,373
St Joseph County CMH	9.0%	10.6%	11.3%			3,916	3,916
Summit Pointe	11.6%	10.6%	12.8%	38,745	-4,217	21,993	56,521
Tuscola Behavioral Health System	15.5%	10.6%	10.0%	21,315	-2,320	5,385	24,381
Van Buren Community Mental Health Authority	15.1%	10.6%	14.0%			6,637	6,637
Washtenaw CMH Organization	14.4%	10.6%	17.5%	367,579	-40,011	48,060	375,628
West Michigan CMH System	11.9%	10.6%	14.9%	24,353	-2,651	9,304	31,008
Woodlands Behavioral Healthcare Network	10.1%	12.1%	14.5%			4,647	4,647
State Total				2,664,041	-289,984	1,025,943	3,400,000

Notes:

- (1) Source Date: FY 10 administrative cost reports as adjusted (for some CMHSPs) after review/analysis
- (2) A maximum of 12.1% administration was set for small CMHSPs; 10.6 for middle sized CMHSPs and 7.1% for large CMHSPs.
- (3) A pro-rata reduction to all CMHSPs was made with out distinction between affiliate and hub..
- (4) Categories are large (greater than 75,000,000 million in expenses), medium (expenses between \$11,000,000 and \$75,000,000) and small (expenses below \$11,000,000)
- (5) Reduction to category limit would have exceeded required statewide reduction so an off set amount was added to bring the total into line with the statewide requirement amount. This was allocated ratably to all CMHSP that received a reduction to category.

Michigan Department of Community Health
 FY 12 REDUCTIONS TO COMMUNITY MENTAL HEALTH NON-MEDICAID (GF) ALLOCATIONS: \$5,083,300

CMH Name	Final FY 10 FF %	2010 census	FY12 Initial Community GF	Reduction Portion using Funding Factors @ 100% UPDATED	State facility UPDATED	Residual Unemployment (Note 3)	Homeless Shelter days (Note 4)	Reduction Portion using across-the-board UPDATED	TOTAL REDUCTION
				\$3,478,800	\$326,900	(\$163,450)	(\$490,350)	\$1,931,400	\$5,083,300
Allegan	49%	111,408	\$ 1,195,199.00	\$0	\$5,145	(\$826)	(\$197)	\$7,876	\$11,997
AuSable	92%	56,226	\$ 1,817,873.00	\$4,733	\$0	(\$1,145)	(\$373)	\$11,978	\$15,193
Barry	91%	59,173	\$ 1,313,033.00	\$0	\$1,442	(\$646)	\$0	\$8,652	\$9,448
Bay-Arenac	91%	123,670	\$ 2,902,680.00	\$0	\$3,623	(\$1,249)	(\$1,493)	\$19,127	\$19,909
Berrien	72%	156,813	\$ 4,129,222.00	\$0	\$346	(\$1,353)	(\$1,434)	\$27,210	\$29,790
Central	74%	216,894	\$ 6,477,496.00	\$0	\$7,746	(\$2,703)	(\$4,701)	\$42,684	\$43,026
Clinton-Eaton-Ingham	78%	461,036	\$ 9,272,976.00	\$0	\$11,987	(\$2,961)	(\$33,372)	\$61,105	\$36,759
Copper	98%	54,424	\$ 1,693,949.00	\$27,055	\$873	(\$960)	(\$508)	\$12,480	\$38,941
Detroit/Wayne	127%	1,820,584	\$4,040,644.00	\$1,995,397	\$162,458	(\$69,241)	(\$205,042)	\$619,697	\$2,504,259
Genesee	102%	425,790	\$ 12,250,271.00	\$0	\$39,284	(\$7,622)	(\$8,946)	\$80,725	\$94,440
Gogebic	107%	16,427	\$ 603,764.00	\$527	\$0	(\$313)	(\$470)	\$3,320	\$3,064
Grand	73%	42,476	\$ 886,270.00	\$0	\$1,217	(\$551)	(\$69)	\$5,834	\$6,436
Hawatha	94%	58,118	\$ 1,697,845.00	\$0	\$1,137	(\$968)	(\$3,394)	\$11,188	\$7,963
Huron	78%	33,118	\$ 843,776.00	\$0	\$0	(\$348)	\$0	\$5,560	\$5,214
Ionia	63%	63,905	\$ 1,456,014.00	\$0	\$62	(\$876)	(\$3,023)	\$9,595	\$9,757
Kalamazoo	108%	250,331	\$ 9,514,228.00	\$236,749	\$3,212	(\$3,184)	(\$23,221)	\$67,695	\$276,251
Network 180/Kent	73%	602,622	\$ 12,224,659.00	\$0	\$0	(\$4,136)	(\$10,681)	\$80,557	\$65,740
Lapeer	71%	88,319	\$ 1,638,692.00	\$0	\$2,070	(\$791)	\$0	\$10,798	\$12,077
Lenawee	44%	99,892	\$ 1,101,908.00	\$0	\$1,218	(\$633)	(\$3,350)	\$7,261	\$4,495
Lifeways	81%	206,936	\$ 6,216,410.00	\$0	\$1,223	(\$2,785)	(\$10,656)	\$34,367	\$22,147
Livingston	90%	160,967	\$ 3,313,641.00	\$19,959	\$18,194	(\$1,791)	(\$1,733)	\$23,153	\$57,722
Macomb	111%	840,978	\$ 20,459,187.00	\$143,445	\$529	(\$10,786)	(\$12,567)	\$134,817	\$255,438
Manistee-Benzie	72%	42,258	\$ 912,054.00	\$0	\$1,418	(\$381)	(\$1,583)	\$6,010	\$5,459
Marion	100%	152,021	\$ 3,654,414.00	\$45,391	\$0	(\$2,013)	(\$8,370)	\$25,399	\$60,976
Montcalm	54%	63,342	\$ 1,165,160.00	\$0	\$5,486	(\$880)	\$0	\$7,678	\$13,284
Muskegon	85%	172,168	\$ 6,088,040.00	\$0	\$18,754	(\$2,035)	(\$19,795)	\$33,515	\$29,939
Newaygo	60%	48,460	\$ 1,088,323.00	\$0	\$9	(\$518)	(\$273)	\$7,158	\$6,378
Northern Lakes	86%	194,801	\$ 4,785,214.00	\$0	\$538	(\$2,100)	(\$22,854)	\$31,533	\$7,115
Northeast	76%	63,681	\$ 1,789,328.00	\$0	\$17	(\$82)	(\$6,931)	\$11,791	\$3,994
Northern	103%	149,692	\$ 4,878,469.00	\$105,941	\$4,178	(\$1,662)	(\$10,131)	\$22,147	\$190,472
Northpointe	113%	62,014	\$ 2,239,885.00	\$50,047	\$621	(\$665)	(\$2,230)	\$14,760	\$71,531
Oakland	125%	1,202,362	\$3,319,453.00	\$786,608	\$21,847	(\$18,491)	(\$21,423)	\$219,561	\$988,102
Ottawa	58%	263,891	\$ 3,540,120.00	\$0	\$13	(\$1,246)	(\$10,162)	\$23,328	\$11,933
Pathways	77%	120,378	\$ 2,881,672.00	\$0	\$836	(\$1,100)	(\$3,618)	\$19,617	\$15,735
Pines	84%	45,248	\$ 1,359,445.00	\$87	\$105	(\$705)	(\$1,766)	\$8,958	\$7,780
Saginaw	93%	200,169	\$ 6,686,428.00	\$0	\$7,372	(\$2,823)	(\$15,433)	\$39,316	\$28,432
Sandiac	96%	43,114	\$ 1,271,817.00	\$4,833	\$4	(\$679)	(\$274)	\$8,381	\$12,315
Shiawassee	65%	70,648	\$ 1,350,727.00	\$0	\$1,398	(\$689)	(\$131)	\$9,164	\$9,742
St Clair	70%	163,040	\$ 3,029,118.00	\$0	\$0	(\$2,049)	(\$2,670)	\$19,961	\$15,242
St Joseph	52%	61,295	\$ 872,274.00	\$0	\$2,194	(\$306)	(\$6,071)	\$5,748	\$1,565
Summit Pointe	99%	136,146	\$ 4,457,768.00	\$0	\$3,507	(\$1,910)	(\$7,571)	\$29,375	\$23,401
Tuscola	79%	55,729	\$ 1,220,847.00	\$0	\$863	(\$583)	(\$1,131)	\$8,044	\$7,193
VanBuren	69%	76,258	\$ 1,879,378.00	\$0	\$1,132	(\$228)	(\$1,588)	\$12,384	\$11,200
Washtenaw	82%	344,791	\$ 7,666,863.00	\$0	\$0	(\$3,029)	(\$17,836)	\$49,862	\$38,997
West	100%	66,814	\$ 2,652,384.00	\$38,488	\$383	(\$1,435)	(\$9,274)	\$16,819	\$51,093
Woodlands	102%	52,293	\$ 1,647,050.00	\$8,140	\$2,718	(\$610)	\$0	\$10,194	\$20,414
		9,883,640	\$293,099,292	\$3,478,800	\$326,900	(\$163,450)	(\$490,350)	\$1,931,400	\$5,083,300

Notes:
 If mitigating factors resulted in a reduction of less than zero (eg increase) total reduction revised to -zero.
 No change in data source for mitigating factors from FY 11 reduction methodology