

DISCUSSIONS REGARDING POTENTIAL MERGERS OF COORDINATING AGENCIES WITH PIHPs

(FY2011 Appropriation Bill - Public Act 187 of 2010)

April 1, 2011

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 CMHSPs or PIHPs to coordinate care and services provided to individuals with severe and persistent mental illness and substance abuse diagnoses. (2) The department shall approve coordinating agency fee schedules for providing substance abuse services and charge participants in accordance with their ability to pay. (3) It is the intent of the legislature that the coordinating agencies continue current efforts to collaborate on the delivery of services to those clients with mental illness and substance abuse diagnoses. (4) Coordinating agencies that are located completely within the boundary of a PIHP shall conduct a study of the administrative costs and efficiencies associated with consolidation with that PIHP. If that coordinating agency realizes an administrative cost savings of 5% or greater of their current costs, then that coordinating agency shall initiate discussions regarding a potential merger in accordance with section 6226 of the public health code, 1978 PA 368, MCL 333.6226. The department shall report to the legislature by April 1 of the current fiscal year on any such discussions.

*Michigan Department
of Community Health*



Rick Snyder, Governor
Olga Dazzo, Director

BUREAU OF SUBSTANCE ABUSE AND ADDICTION SERVICES

APPROPRIATION ACT SECTION 407(4) REPORT

Fiscal Year 2010 Activities

Below is information provided by the four substance abuse coordinating agencies that are located completely within the boundary of a prepaid inpatient health plan (PIHP) for Medicaid mental health services.

Detroit Department of Health and Wellness

Reported no discussions have been held regarding merging.

Oakland County Health Division

Communications occurred with Oakland County Mental Health Authority, their conclusion was, "a merge would not result in an economic benefit."

Saginaw County Department of Public Health

Discussions were held with Saginaw County Community Mental Health Authority, their conclusion was, "not in the best interest to merge."

Western Upper Peninsula Substance Abuse Services

Conducted a comprehensive analysis of both administrative costs and system efficiencies relative to a merger, their "preliminary findings did not support any noteworthy administrative cost savings, nor a more efficient service network." No formal discussions were deemed necessary regarding a merger.