CHI²

Center for Healthcare Integration & Innovation

Community Mental Health Association of Michigan

Statutory, regulatory, contractual foundations for fundamental roles of Michigan's CMH system – and their relation to the design of financial reporting policy

November 2020

Center for Healthcare Integration and Innovation
Community Mental Health Association of Michigan

Statutory, regulatory, contractual foundations for fundamental roles of Michigan's CMH system – and their relation to the design of financial reporting policy

November 2020

Premise of this document

Michigan's public mental health system - MDHHS, CMHs, PIHPs, and providers in the CMH and PIHP networks - is working to refine the financial reporting and cost determination practices of the system. These efforts include those centered around: standard cost allocation, the independent rate model, the encounter quality initiative, and the medical loss ratio initiative.

The aims of this effort are to:

- achieve a strong understanding, by all of those involved in guiding and financing this system, of:
  - the rich and complex nature of this financing system
  - the statutes, regulations, rules, contractual requirements, and community expectations that underlie that financing system
  - the factors that foster system uniformity and those that legitimately foster valuable community and CMH-specific differences
- strengthen the mature alternative payment methods, capitation and sub-capitation, that have financed the system for the past two decades and have been central to the system's ability to fulfill its roles
- refine procedures that develop uniformity, where uniformity is needed and helpful
- refine procedures that support legitimate and valuable community and CMH-specific differences

For this process to fulfill these aims Michigan's, a strong understanding is needed by those involved in shaping the financing and policy framework for the system, of roles played by and the core principles that guide Michigan's CMH and PIHP system and the statutes, regulations, rules, contractual requirements, and community expectations that have led to and support these roles and principles.

A number of core concepts make Michigan's public mental health system significantly different from other sectors in the health care industry and from the publicly-sponsored mental health systems in other states. Those concepts and their bases are discussed below.

Core concept underscored by this document

Given the centrality of the unique roles, principles, and statutory, regulatory, and contractual foundation of Michigan's public mental health system to the operations of the state's CMHs, the financial reporting, for this system, must be designed to capture four distinct sets of costs.

While some of these cost categories are fairly standard and found in many segments of the healthcare industry, some are not. However, all must be recognized in a financial reporting system as both valid and essential to the system's financial health and core purposes. These costs include:

- Service delivery/encounter costs
- Provider administration costs
- Managed care administration costs (for a CMH, the managed care functions delegated to the CMH by its managed care payer – in the main, the state's PIHP system)
- Community benefit/community convener/advocate costs

Roles, principles, and statutory, regulatory, and contractual foundation

A. The statutory, regulatory, and contractual foundation of Michigan's public mental health system include, but go far beyond, the Michigan Mental Health Code. These foundations include:

1. **Michigan Mental Health Code**: https://www.michigan.gov/mdhhs/0,5885,7-339-71550_2941_4868-23755--,00.html

2. Michigan Administrative Rules that apply to the public mental health system: https://ars.apps.lara.state.mi.us/AdminCode/DeptBureauAdminCode?Department=Health%20and%20Human%20Services&Bureau=Behavioral%20Health%20and%20Developmental%20Disabilities%20Administration

Examples of the expansive role of CMH as defined by Administrative Rules:

R330.2007: "Prevention services *(a set of services required by Mental Health Code and Administrative Rules, of the CMH system)* are those services of the county program directed to at-risk populations and designed to reduce the incidence of behavioral, emotional, or cognitive dysfunction and the need for individuals to become mental health recipients of treatment services." "Prevention services may be provided through individualized services, time-limited training or community/caregiver services." "Prevention services shall include...provision for responding to the mental health dimensions of community catastrophes."

R330.2014 : "Community caregiver services are those services of the county program provided to agencies and community groups on behalf of client groups and at-risk populations by means of consultation, education and collaboration, the purpose of

which
is to facilitate non-mental health services and reduction of demand on the county program."

3. **MDHHS contract with the CMHs and PIHPs**: The contract between MDHHS and the CMH and PIHP system contains requirements that underscore the expansive role expected, for the public mental health system, by the state of Michigan. These expectations go far beyond those expected of typical health care providers, public health departments, and health plans.

Examples of the expansive role of CMHs as defined by the MDHHS-CMH contract:

> **CMHSP Contract 6.4.3 Collaboration with Community Agencies**: "CMHSPs must work closely with local public and private community based organizations and providers to address prevalent human conditions and issues that are related to a shared consumer base."
>
> **CMHSP Contract 6.9.4 Coordination : "**The CMHSP shall.. assure that services to each individual are coordinated with primary health care providers and other service agencies in the community that serve the recipient with practices and written agreements."
>
> **CMHSP Contract 6.4.3 Collaboration with Community Agencies:** "…Local health departments, local MDHHS offices, regional PIHP for SUD, community and migrant health centers, nursing homes, Area Agency and Commissions on Aging, Medicaid waiver agents for HCBW program, school systems and Michigan Rehabilitation Services."

A subset of the attachments to the CMH and PIHP contracts with MDHHS make clear the breadth and depth of these contractual requirements and expectations:

Sample of CMH contract attachments:

C 3.1.1	Access System Standards
C 3.3.1	Person-Centered Planning
C 3.3.4	Self-Determination & Fiscal Intermediary Guideline
C 3.3.5.1	Recovery Policy & Practice Advisory
C 4.5.1	PASARR Agreement
C 4.7.1	SEDW Agreement
C 4.7.2	Technical Requirement for SED Children
C 4.9.1	Mental Health Court Pilot Projects
C 6.3.2.3A	CEU Requirements for RR Staff
C 6.3.2.3B	RR Training Standards for CMH and Provider Staff TR
C 6.3.2.4	Recipient Rights Appeal Process
C.6.8.3.1	Training for Behavior Treatment Plan Review Committees
C 6.9.1.1	Incompetent to Stand Trial and Not Guilty by Reason of Insanity Protocol
C 6.9.1.2	State Facility Contract
C 6.9.3.1	Housing Practice Guideline
C 6.9.3.2	Inclusion Practice Guideline
C 6.9.3.3	Consumerism Practice Guideline
C 6.9.5.1	Jail Diversion Practice Guideline
C 6.9.6.1	School to Community Transition Guideline
C 6.9.7.1	Family-Driven and Youth-Guided Policy & Practice Guideline
C 6.9.8.1	Employment Works! Policy
C 6.9.9.1	CMHSP Trauma Policy

Sample of PIHP contract attachments:

P.1.4.1	Technical Requirement for Behavior Treatment Plans
P.4.1.1	Access Standards
P.4.4.1.1	Person-Centered Planning Practice Guideline
P.4.7.1	Self Determination Practice & Fiscal Intermediary Guideline
P.4.7.4	Technical Requirement for SED Children
P.4.13.1	Recovery Policy & Practice Advisory
P.7.10.2.1	Inclusion Practice Guideline
P.7.10.2.2	Housing Practice Guideline
P.7.10.2.3	Consumerism Practice Guideline
P.7.10.2.4	Personal Care in Non-Specialized
P.7.10.2.5	Family-Driven and Youth-Guided Policy & Practice Guideline
P.7.10.2.6	Employment Works! Policy
P.7.10.3.1	Jail Diversion Practice Guidelines
P.7.10.4.1	School to Community Transition Planning

4. 1915 Medicaid Waiver, 1115 Medicaid Waiver, and Medicaid State Plan

Example of the expansive role of CMH as required in the Medicaid waivers:

1915b(c) Waiver Implementation Guide:

"The case for preferential contracting with CMHSPs (for the Medicaid specialty benefit) rests upon their commitment to particular public policy objectives and outcomes… and upon their unique role in the community as an "integrator" of services…**Community Benefit endeavors including: Information, education, prevention and consultation activities."**

5. Application for Participation (in 2002 and subsequent AFP and ARR):
https://www.michigan.gov/mdhhs/0,5885,7-339-71550_2941_4868_4899-180903--,00.html

https://www.michigan.gov/documents/mdch/FINAL_MH_Admin_Concept_Paper_Final__Aug_11_08_1_250223_7.pdf

2002 AFP (Implementation guide): A comprehensive community care system – by design:

"This Targeted Populations /Local Management/Consolidated Funding Model has successfully concentrated community interest, stakeholder involvement, professional expertise, service delivery development, and resource deployment on the specific needs and interests of persons with mental illness, developmental disabilities and addictive disorders. The focus on local collaboration has forged necessary linkages for care coordination and cooperative community solutions to complex situations."

"MDCH *(now MDHHS)* was concerned that competitive selection of Medicaid specialty Prepaid Health Plans [PIHPS] posed the risk that one of the ingredients of *a comprehensive community care system* – Medicaid Specialty Service benefits – might be split off and placed under separate governance. Such a separation would reintroduce the inefficiencies, service fragmentation and coordination problems that have historically hindered effective care for beneficiaries with serious mental illness, developmental disabilities and addictive disorders."

ARR Sec.8 Coordinating and Managing Care: "…Expanding the concept of "System of Care" principles across schools, DHHS, Probate/Juvenile Court…for complex and co-occurring…requiring extra outreach."

` **2013 AFP reinforced these principles:**

"The 2002 AFP and the 2008 ARR are the foundation of the Medicaid Specialty Supports and Services program and the vision, values and public policy they addressed…are still highly regarded and….will continue to be part of the contracts between MDCH *(now MDHHS)* and the new PIHPs…"

B. Social determinants and community collaboration as core to services of CMHs: As required by the MDHHS contract with the CMHs, and as borne out in practice, over decades, Michigan's CMH service system is a unique blend of traditional clinical interventions and human services and relation-based interventions that address social determinants. The work is based on in-depth person-centered planning and self-determination processes – unlike most other healthcare systems. The work with children and youth is family driven and youth guided services, with families as part of team - unlike most other healthcare systems

C. Roles played by CMHs are how imbedded in encounters:

CMH role	Staff member within CMH and/or CMH network fulfilling that role	Currently imbedded in encounter codes	Can be separated as not directly related to encounters
Provider Role			
Direct provision of services	Clinicians (including casemanagers, supports coordinators), direct support professionals, peers	Yes	No
	CEO, senior management, non-clinical administrative functions	No	NA
Purchase of services	Contract manager, management, CEO	Yes	No
	CEO, senior management, non-clinical administrative functions	No	NA
Coordination of comprehensive service network	Casemanager, supports coordinators, supervisors of provider staff, contract managers, CEO	Yes	No
Community conveners and collaborators	Casemanager, supports coordinators, supervisors of provider staff	Yes	No
	CEO and some senior management	Yes	Yes
Advocates for individual clients and for clients as a group	Clinicians (including casemanagers, supports coordinators), direct support professionals, peers, direct supervisors	Yes	No
	CEO and some senior management	Yes	Yes
Sources of guidance and expertise to other healthcare and human services providers	Clinicians (including casemanagers, supports coordinators), direct support professionals, peers, direct supervisors	Yes	No
	CEO and some senior management	Yes	Yes
Managed care subcontractor role			
Managed care subcontractor role: carrying out specific managed care functions as delegated by PIHP or, if stand alone PIHP, as the PIHP	All staff carrying out managed care functions specifically delegated by the PIHP or, if a stand-alone PIHP, the managed care functions contained in the MDHHS-PIHP contract	In some cases	Yes

The Center for Healthcare Integration and Innovation (CHI²) is the research and analysis office within the Community Mental Health Association of Michigan (CMHA). The Center, in partnership with the members of the CMH Association, leaders, researchers, consultants and advisors from across Michigan and the country, issues white papers and analyses on a range of healthcare issues with a focus on behavioral health and intellectual/developmental disability services.

The Community Mental Health Association of Michigan (CMHA) is the state association representing Michigan's public mental health system – the state's Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans ((PIHP) public health plans formed and governed by the CMH centers) and the providers within the CMH and PIHP provider networks. Every year, these members serve over 350,000 Michigan residents with mental health, intellectual/developmental disability, and substance use disorder needs. Information on CMHA can be found at www.cmham.org or by calling (517) 374-6848.