House
Legislative
Analysis
Section

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SPECIALTY SERVICES PANEL

Senate Bill 1418 (Substitute H-1)
Sponsor: Sen. Bev Hammerstrom

Senate Bill 1419 as passed the Senate
Sponsor: Sen. Shirley Johnson

House Committee: Health Policy
Senate Committee: Families, Mental Health and Human Services

First Analysis (12-5-00)

THE APPARENT PROBLEM:

Currently, specialty mental health services, developmental disability services, and substance abuse services for Medicaid recipients are provided through Community Mental Health Services Programs (CMHSPs). It has been the practice of the Department of Community Health to "carve out" these services from the managed care programs that provide physical health services to persons covered by Medicaid. Many would like to see this practice codified in statute so that the "carve out" funding from the basic Medicaid health care benefit package for these specialty services and supports can be maintained.

In addition, some feel that there should be a broader base for input by consumers, family members, and members of advocacy groups on how these services are provided and who should provide the services. It is recommended that an advisory committee be established to review and make recommendations on such things as performance and quality as they relate to Medicaid specialty services and supports.

THE CONTENT OF THE BILLS:

Senate Bill 1418 would amend the Social Welfare Act (MCL 400.109g) to require that the governor create a specialty services panel within the Department of Community Health (DCH) to review and make determinations regarding applications for participation submitted by community mental health services programs or other managing entities.

In addition to reviewing applications for participation, the panel proposed by Senate Bill 1418 would advise the DCH director regarding performance and quality relating to Medicaid specialty services and supports. The panel would have access to all aggregate quality management information gathered by the DCH relating to the managing entities. The specialty services panel would also have to solicit and consider input from members of collective bargaining units that represent workers in the areas of mental health or substance abuse services.

The specialty services panel would consist of the following members, appointed by the governor: the DCH director, or his or her representative; two other members representing the DCH; the director of the Department of Management and Budget, or his or her representative; four members representing primary consumers or family members, at least one of whom would have to represent substance abuse services; and four members representing other stakeholders, including one each from the statewide advocacy organizations representing adults with serious mental illness, children with serious emotional disturbance, and individuals with developmental disabilities. At least one of the four members representing other stakeholders would have to be a county commissioner. A member would have to divulge potential conflicts of interest. The panel would have to meet at least twice per year.

Senate Bill 1419 would amend the Social Welfare Act (MCL 400.109f) to require that Medicaid-covered specialty services and supports be managed and delivered by specialty prepaid health plans chosen by the DCH with advice and recommendations from the panel; that the DCH support the use of Medicaid funds for specialty services and supports for eligible Medicaid beneficiaries with a serious mental illness, development disability, serious emotional disturbance, or substance abuse disorder; and that the specialty

services and supports be carved out from the basic Medicaid health care benefits package.

The bill is tie-barred to Senate Bill 1418.

HOUSE COMMITTEE ACTION:

The committee amended Senate Bill 1418 to require that the specialty services panel solicit and consider input from members of collective bargaining units that represent workers in the areas of mental health or substance abuse services.

FISCAL IMPLICATIONS:

According to the House Fiscal Agency, Senate Bill 1418 could result in increased costs for the Department of Community Health if there were per diem costs associated with meetings of the specialty services panel. In the case of the Community Health Advisory Council, member per diems of $50 and other council expenditures are permitted given provisions of the DCH appropriations for fiscal year 2000-2001.

The agency reports that Senate Bill 1419 would have no state or local fiscal impact. Currently, specialty mental health and substance abuse services are provided through Community Mental Health Services Programs (CMHSPs). Under the bill, organizations other than CMHSPs would have the potential of being responsible for providing and managing such services and supports. However, this proposed change would not have a direct impact on the current mechanism in place for determining Medicaid managed care capitated funding for specialty services and supports. (12-4-00)

ARGUMENTS:

For:

Those who provide or receive mental health services, substance abuse services, and services for those with developmental disabilities seem to agree that the current practice by the Department of Community Health to carve out funding for these programs from the basic Medicaid health benefit package should be preserved by codifying the practice in statute. Without such a carve out, Medicaid recipients would have to select a plan for mental health, developmental disability, or substance abuse services. A plan would not necessarily meet all the person's needs, just as health plan packages do not always contain every benefit that a consumer may need or desire. With the current carve out practice, the department is able to contract with specialty prepaid health plans. Currently, the department contracts with the 49 county-sponsored Community Mental Health Services Programs (CMHSPs) to serve as the specialty prepaid health plan for their designated service area. Continuing the carve out would preserve continuity of care and reduce confusion for Medicaid beneficiaries. Further, the CMHSPs are well-suited to structure the care for a Medicaid recipient to his or her individual needs, rather than make the individual fit into a predetermined package of services or treatments.

In addition, the bill would establish an advisory panel to provide input on the structure of these services. Several panel members would be those who receive the specialty services, or members of their families. Since these people have direct experience with the services being provided, their input could be valuable in making the system more user friendly and efficient. Expertise in the delivery of these services would be added by having representatives of the Departments of Community Health and Management and Budget, a county commissioner, and of statewide advocacy groups. In addition, the panel would have to seek and receive input from unions representing those who work in agencies and facilities that provide the specialty services. Therefore, many see the bills as a win-win solution for all involved.

Against:

Some feel that the bills may be a bit premature, as the Department of Community Health's ability to contract with the CMHSPs as the sole source for being providers of the prepaid health plans could come to an end if the Health Care Financing Authority (HCFA) does not approve a plan recently submitted to it by the department. Under federal law, Michigan may be forced to move to a competitive bid format for the delivery of these specialty services. Perhaps this legislation should be postponed until it is determined which plan of action the state will have to operate under.

Response:

Regardless of whether HCFA accepts the plan submitted to it by the department, the bills make sense. The carve out could continue whether the state has to go to an open, competitive bid policy or is able to maintain the ability to contract with the CMHSPs for the specialty services. Should the state have to change how it contracts for such services, and especially if it has to change who it contracts with for such services, the advisory panel will be even more important as far as gathering information and making recommendations as to who should be awarded the contracts and how the services should be delivered. Also, it would make more sense to have such a panel up and running and

functioning as a team before any major changes had to be made, rather than scrambling to assemble a panel and having members make important decisions in a hurry. The bills make good sense whether the status quo is maintained or whether the state has to make changes in the delivery of specialty services.

POSITIONS:

The Michigan Assisted Living Association supports the bills. (11-30-00)

The Michigan Association of Counties (MAC) supports the bills. (12-1-00)

The Michigan Association of Community Mental Health Boards (MACMHB) strongly supports the bills. (12-4-00)

The ARC Michigan supports the bills. (11-30-00)

Analyst: S. Stutzky

#This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.