

# CMHSP: REGIONAL ENTITIES AND CARRYFORWARD



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## FISCAL ANALYSIS

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### SENATE BILL 554 ENROLLED ANALYSIS - 1/14/03

**Sponsor:** Sen. Shirley Johnson  
**House Committee:** Health Policy

**Analyst(s):** Margaret Alston

### SENATE BILL 555 AS ENROLLED

**Sponsor:** Sen. Beverly Hammerstrom

### SENATE BILL 556 AS ENROLLED

**Sponsor:** Sen. Shirley Johnson

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### SENATE BILL 1337 AS ENROLLED

**Sponsor:** Sen. Beverly Hammerstrom

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## SUMMARY

**Enacted Senate Bill 554**, Public Act 589 of 2002, amends the Mental Health Code by defining a "regional entity" as an entity established under section 204B to provide specialty services and supports.

This enacted bill does not have a local or state fiscal impact.

**Enacted Senate Bill 555**, Public Act 594 of 2002, amends the Mental Health Code by permitting a combination of CMH organizations or authorities to establish a regional entity by adopting bylaws that satisfy the requirements of section 204B. The enacted bill also permits a CMH agency to combine with a CMH organization or authority to establish a regional entity if the Board of Commissioners of the county or counties represented by the CMH agency adopts bylaws that satisfy the requirements of section 204B.

Certain powers are authorized to a regional entity, unless otherwise stated in the bylaws.

A regional entity is specified as a public governmental entity separate from the county, authority, or organization that establishes it. A regional entity and its board members, officers, agents, and employees retains all the privileges and immunity from liability and exemptions from laws, ordinances, and rules provided to CMHSPs and their board members, officers, administrators, and county elected officials under section 205 (3) (b).

A regional entity is required to provide an annual report of its activities to each participating CMHSP. A regional entity's bylaws are to be filed with the County Clerk in which a participating CMHSP is located and the Secretary of State, before the bylaws take effect.

A regional entity is required to comply with certain personnel-related criteria if it assumes the duties of a participating CMHSP or contracts with a private individual or entity to assume the duties of a participating

CMHSP.

This enacted bill that provides for the creation of regional entities may result in administrative savings to the state and local government as there will no longer be 48 CMHSPs.

**Enacted Senate Bill 556**, Public Act 595 of 2002, amends the Mental Health Code by extending the time period in which CMHSPs are permitted to carry forward up to 5% of its state share of the operating budget. CMHSPs are permitted to carry forward these funds for the fiscal years ending September 30, 2003 and 2004. This enacted bill also amends the Code by permitting a CMHSP to share the costs or risks of managing and providing publicly funded mental health services with other CMHSPs through participation in risk pooling arrangements, reinsurance agreements, and other joint or cooperative arrangements permitted by law.

This enacted bill will have an impact on the amount of funds that would otherwise lapse to the state. Information from the Department of Community Health indicates that \$26.9 million, \$23.6 million, and \$16.7 million was carried forward by CMHSPs respectively in FY 1998-99, FY 1999-2000, and FY 2000-01. Funding authorized for CMHSPs that lapsed to the state was \$18.2 million, \$22.4 million, and \$9.1 million respectively in FY 1998-99, FY 1999-2000, and FY 2000-01.

**Enacted Senate Bill 557**, Public Act 596 of 2002, amends the Mental Health Code by allowing a party to a contract between a CMHSP and regional entity or separate legal or administrative entity created by 2 or more CMHSPs under the Urban Cooperation Act, Public Act 7 of 1967 (Extra Session), or under Public Act 8 of 1967 (Extra Session) to serve on a CMH services board. An individual serving in a policy-making position with a joint of Board of Commission established under a Public Act 8 of 1967 (Extra Session) or a regional entity to provide CMH services is also allowed to serve on a CMH services board.

This enacted bill does not have a local or state fiscal impact.

**Enacted Senate Bill 1337**, Public Act 597 of 2002, amends the Mental Health Code by establishing standards for CMHSPs designated as Specialty Prepaid Health Plans (PHPs) under the Medicaid Managed Care Program as described in the Social Welfare Act, Public Act 280 of 1939. The required standards are to reference applicable federal regulations and specify additional state requirements for Specialty PHPs.

The Department is required to conduct an annual review of all CMHSPs designated as Specialty PHPs to verify certifications made by the CMHSP. The annual review process is to be published in a departmental bulletin or by an updating insert to a departmental manual. Separate reviews of Specialty PHPs are permitted if there are beneficiary complaints, financial status considerations, or health and safety concerns.

The Department may invoke sanctions if the following occurs: a) the Specialty PHP is not in compliance with promulgated standards and federal regulations; b) the Specialty PHP has misrepresented or falsified information; and c) the Specialty PHP has failed to provide necessary covered services to recipients under the contract terms. Sanctions will include, but not be limited to, a monetary penalty, imposition of temporary state management of a CMHSP operating as a Specialty PHP, or termination of the Department's Medicaid managed care contract with the CMHSP.

This enacted bill which requires an annual review and permits separate reviews of CMHSPs designated as Specialty PHPs if there are beneficiary complaints, financial status considerations, or health and safety concerns will result in administrative costs to the Department of Community Health. These administrative costs potentially may be absorbed within existing appropriations. The state may or may not realize revenue from sanctions imposed on a Specialty PHP. Sanctions imposed on PHPs will result in a loss of revenue for a PHP and/or local unit of government.