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SFA



BILL ANALYSIS

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Senate Bills 554 and 555 (Substitutes S-1 as reported)
Senate Bill 556 (Substitute S-2 as reported by the Committee of the Whole)
Senate Bill 557 (Substitute S-1 as reported)
Sponsor: Senator Shirley Johnson (Senate Bills 554 & 556)
 Senator Bev Hammerstrom (Senate Bills 555 & 557)
Committee: Families, Mental Health and Human Services

CONTENT

The bills would amend the Mental Health Code to do the following:

- Allow community mental health (CMH) organizations or authorities to establish regional entities.
- Specify employment protections for CMH services program employees who became employees of a regional entity.
- Allow CMH services programs (CMHSPs) to share risks and/or costs associated with managing and providing publicly funded mental health services.
- Extend through fiscal year (FY) 2003-04 a provision allowing a CMHSP to carry forward certain funds.
- Revise conflict of interest provisions pertaining to CMH board members.

Senate Bill 554 (S-1) would define "regional entity" as an entity established under Section 204b (proposed by Senate Bill 555) to provide specialty services and supports. Senate Bill 554 (S-1) is tie-barred to Senate Bill 555.

Senate Bill 555 (S-1) would do the following:

- Allow a combination of CMH organizations or authorities to establish a regional entity.
- Require a regional entity's bylaws to include the manner in which a CMHSP would participate in governing the regional entity.
- Designate the powers of a regional entity, including the power to contract with participating CMHSPs for any service performed by or for them, and the power to contract with the State to serve as the Medicaid specialty service prepaid health plan for the service areas of participating CMHSPs.
- Grant a regional entity the privileges and immunity from liability and exemptions from laws and rules that the Code provides to CMHSPs.
- Require a regional entity to provide an annual report of its activities to each participating CMHSP.

The bill also specifies that, if a regional entity assumed the duties of a participating CMHSP, the regional entity would have to comply with the applicable civil service and merit systems with respect to employing, compensating, transferring, or discharging personnel; the regional entity would be bound by an existing collective bargaining agreement; and CMHSP employees transferred to a regional entity would retain all of their rights and benefits for one year.

Senate Bill 556 (S-2) would allow a CMHSP to share the cost or risks, or both, 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 as permitted by law.

The bill also would extend to FY 2002-03 and FY 2003-04 a provision that allows a CMHSP to carry forward the operating margin up to 5% of its State share of the operating budget. ("Operating margin" means the excess of State revenue over State expenditures for a single fiscal year exclusive of capitated payments under a managed care system.)

Senate Bill 557 (S-1) would excuse certain employees serving regional entities and parties to contracts between CMHSPs and regional entities from conflict of interest restrictions that apply to individuals serving on a CMH board.

MCL 330.1100c (S.B. 554)
Proposed MCL 330.1204b (S.B. 555)
MCL 330.1226 (S.B. 556)
330.1222 (S.B. 557)

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The creation of regional entities would not have a direct impact on State and local expenditures. One may assume that such entities would prove to be more efficient than the current system of 48 community mental health boards. If this proved true, savings would accrue to the entities and, if these savings exceeded the statutory 5% carryforward threshold, the State would realize savings.

Date Completed: 5-28-02

Fiscal Analyst: Steve Angelotti

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.