

# Legislative Analysis

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## COMMUNITY MENTAL HEALTH AUTHORITY

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### Senate Bills 1195 and 1196

**Sponsor: Sen. Bruce Caswell**

**House Committee: Appropriations**

**Complete to 11-29-12**

## A SUMMARY OF SENATE BILL 1195 (H-1) AND SENATE BILL 1196 (H-2) AS PASSED BY THE HOUSE ON 11-29-12

### BACKGROUND INFORMATION:

Significant revisions made to the Mental Health Code in Public Act 290 of 1995 (Enrolled Senate Bill 525) included the ability of a county agency or organization that is certified by the Department of Community Health (DCH) as a community mental health service program (CMHSP) to become a community mental health (CMH) authority. The CMHSP becomes an authority through the adoption of an enabling resolution by the Board of Commissioners of each creating county after at least 3 public hearings held in accordance with the Open Meetings Act. Upon creation of the CMH authority, employees of the former CMHSP are transferred to the new authority and appointed as employees to all rights and benefits for 1 year. Furthermore, all assets, debts, and obligations of the CMHSP are transferred to the authority. Among other things, a CMH authority is empowered to: make purchases and contracts; acquire, own, operate, maintain, lease, or sell real or personal property; invest funds in accordance with statutes regarding investments; and establish reserve accounts for employee benefits, depreciation of capital assets, and expected future expenditures for an organizational retirement plan. Of the 46 CMHSPs, 37 are CMH authorities.

### SUMMARY OF BILLS:

Senate Bill 1195 (H-1) amends the Social Welfare Act by requiring the Detroit-Wayne County CMH Agency (the only CMHSP in the state within a single charter county that contains a city having a population of 500,000) to comply with procedures and policies as set forth for a CMH authority before contracting with the DCH as a specialty prepaid health plan, effective October 1, 2013. This bill does not take effect unless Senate Bill 1196 is enacted into law.

Senate Bill 1196 (H-2) amends the Mental Health Code by requiring the Detroit-Wayne County CMH Agency to be established and administered as a CMH authority by October 1, 2013, in order to qualify for state support, and exempting Detroit-Wayne County CMH from a statutory provision [MCL 330.1232 (16)] that allows a CMHSP to voluntarily become a CMH authority. Operational changes made by the Detroit-Wayne County CMH Agency that require financial commitment from the established CMH authority requires consultation with DCH's Director.

Senate Bill 1196 (H-2) also amends the Mental Health Code by repealing language (MCL 330.1216) that requires 6 members of the 12 member board for Detroit-Wayne County CMH Agency to each be appointed by the City of Detroit and Wayne County chief executive officers. Statutory language is also repealed that requires board members appointed by the city to be city residents and board members appointed by the county to be county residents outside of the city.

Instead, under Senate Bill 1196 (H-2), the following criteria applies to the 12 member board for Detroit-Wayne County CMH authority: 6 board members are appointed by a majority vote of Wayne County Board of Commissioners based on a list of nominees submitted by Wayne County's Executive, 2 of which are to be primary consumers or family members of primary consumers; and 6 board members are appointed by the Wayne County Board of Commissioners based on a list of nominees submitted by the mayor of Detroit, 2 of which are to be primary consumers or family members. Upon notification that the list of nominees submitted by Wayne County's Executive and/or the mayor of Detroit does not meet Wayne County Board of Commissioners' approval, another list with different nominees must be submitted to the Commissioners.

The 12 board members of Detroit-Wayne County CMH Authority are required to be appointed to the Board as current board members appointment expires. When vacancies occur on the Board, the vacancy is required to be filled in the same manner as the board member being replaced was appointed. Appointed board members are prohibited from being an employee or contractor of the city of Detroit, Wayne County, the State of Michigan, the federal government, or a CMH authority.

***FISCAL IMPACT:***

Recent information from the DCH indicates that \$122.0 million in non-Medicaid funds and \$482.0 million in funds for the Medicaid Mental Health, Substance Abuse, and Adult Benefits Waiver Programs were authorized to or expended by Detroit-Wayne County CMH Agency in FY 2011-12. It is not known whether or not a change in the governing body for Detroit-Wayne County CMH Agency will result in greater efficiencies, savings or costs for State or local government. In the case of prior CMHSPs becoming CMH authorities, there were no efficiencies, savings, or costs recognized within the DCH's budget.

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