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BILL ANALYSIS



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House Bill 4674 (Substitute S-1 as reported)
Sponsor: Representative Tom Leonard
House Committee: Health Policy
Senate Committee: Health Policy

CONTENT

The bill would amend the Mental Health Code to revise the conditions under which a person may be ordered into involuntary mental health treatment. Specifically, the bill would do the following:

- Revise the definitions of "person requiring treatment" and "emergency situation" to refer to a substantial risk of physical or mental harm to a person with mental illness or significant physical harm to others presented by the impaired judgment of a person with mental illness, rather than a risk of physical harm presented by the person's behavior.
- Refer to a person who is unlikely to voluntarily participate in or adhere to treatment, rather than a person who is currently noncompliant with recommended treatment, in the definition of "person requiring treatment"; and specify that such a person would be eligible only for court-ordered assisted outpatient treatment (AOT), not court-ordered hospitalization.
- Delete provisions related to the filing of a petition asserting that a person meets the criteria for AOT, and extend to AOT the provisions that apply to a petition asserting that an individual is a person requiring treatment, with several exceptions.
- Extend certain provisions regarding court-ordered treatment to treatment consisting of combined hospitalization and AOT.
- Refer to a substantial risk of significant physical or mental harm to self or significant physical harm to others presented by a person with mental illness, rather than the prevention of physical harm to self or others, in a provision authorizing a court to order a person to be hospitalized and taken to a preadmission screening unit for immediate assessment.
- Require the State Court Administrative Office to prescribe forms used for court proceedings.
- Require a community mental health services program to determine an individual's eligibility for a private health insurer, Medicaid, or Medicare and bill any of those entities before spending money from the State General Fund for providing treatment and services under the Code to that individual.

MCL 330.1100a et al.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have an indeterminate, but likely minor, negative fiscal impact on the Department of Health and Human Services (DHHS) and local units of government. While the bill would allow the use of assisted outpatient treatment as an alternative to hospitalization, it would not mandate the use of AOT. Thus, it would be left to the individual community mental health services program (CMHSP) to determine its level of investment in assisted outpatient treatment, if any. The Code requires the State to pay 90% of the annual net cost

of a CMHSP, subject to appropriation by the Legislature. However, counties may provide funding to their local CMHSP through the use of millages or the county general fund. Therefore, a CMHSP choosing to provide assisted outpatient treatment would not present an increased cost to the State, but could result in increased costs for local units of government depending on whether the investment was financed by reprioritizing current funding or levying additional local resources.

The bill would expand the definition of a person requiring treatment as well as what constitutes an emergency situation, which would result in an expansion of the population of people meeting the requirements for court-ordered mental health treatment. As with any expansion of a population eligible to receive services, this would result in increased costs for State and local government.

Under the bill, the DHHS and the State Court Administrative Office would be required to update forms to reflect changes made to assisted outpatient treatment and mental health related hospitalizations resulting from a court order. These costs would be borne by existing resources and would not result in increased costs to the State.

Currently, CMHSPs that contract with the Department are required to exhaust all other third party options before using State dollars to pay for services. The bill would codify this practice for all CMHSPs, leading to an increase in administrative costs. These increased efforts should result in higher third party insurance collections, which could partially or fully offset the incurred administrative costs, depending on the current level of collections.

The bill also could lead to an increase in petitions to probate courts asserting that an individual requires mental health treatment. Any increase in petitions could place incremental resource demands on local courts.

Date Completed: 9-27-16

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