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'It's about money, not people': Advocates concerned legislation would privatize Michigan's mental health system, decrease quality and access to care



Stephanie Laird receives mental health support services through Community Living Services-Oakland County. (Annette Downey, Community Living Services)

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PUBLISHED: February 14, 2022 at 7:00 a.m. | UPDATED: February 14, 2022 at 8:26 a.m.



The Royal Oak resident and mental health advocate has cerebral palsy, which causes significant issues with balance and inhibits her ability to walk independently. Laird is completely reliant on using a walker to get around. Along with her physical challenges she also deals with some clinically-diagnosed mental health issues.

Two pieces of legislation floating around the halls of the Michigan State Capitol would alter the way the state's \$3.6 billion Medicaid-funded mental health system functions, potentially changing how 300,000 low-income, mentally ill Michiganders are supported and treated.

Last summer, Senate Majority Leader Mike Shirkey (R-Clarklake) and Sen. John Bizon (R-Battle Creek) introduced two bills that would shift how Michigan's public mental health system is managed, transitioning from the 10 state-created, community-based mental health providers to commercial for-profit health insurers. Essentially, the proposals seek to integrate how the state's mental and physical health care services are funded and managed.

Laird, who has testified against similar legislation in years past, said this proposal would have a significant negative impact on her life as well as on the lives of others who also receive behavioral health services through the publicly-funded system. She added the bills would eliminate her support system and severely limit their ability to provide her the care she needs.



Stephanie Laird (Community Living Services)

"In my mind, the insurance companies know nothing about behavioral health," said Laird, who is also a peer mentor with Community Living Services-Oakland County. "When I call my insurance company to ask them questions, I feel like they only know me as a number where the organizations ... know me as a person. These people are like friends and family to me."

Her support services are provided through Community Living Services-Oakland County and the Oakland Community Health Network, one of the state's 10 community-based mental health providers.

She believes that unless you work as a social worker, have a mental illness, or know someone with a mental illness, it's hard to



"I need these services to live my life day in and day out," she said. "Legislators are not in touch with what we really need. If they could live a week or more in our shoes, maybe then they would get it. For them, it's all about saving money and that's the bottom line."

In Michigan, mental health services are administered by 10 community-based mental health providers, including the Oakland Community Health Network that serves over 25,000 Oakland County residents. The community-based providers contract with the Michigan Department of Health and Human Services (MDHHS) to deliver publicly-funded mental health services with dollars funneling down from the federal Centers for Medicare and Medicaid Services to MDHHS and then to the community providers.

Under the Republican-sponsored bills, senate bills 597 and 598, care would be supervised by insurance companies or a similar entity that would assign a person a single care coordinator, a single list of providers, and a single 1-800 phone number they can call when they need either physical or mental-health care.

Since April 2020, the U.S. Census Bureau and National Center for Health Statistics have conducted bi-weekly Household Pulse Surveys to understand how the COVID-19 pandemic has affected mental health in the community.

According to the data, the percentage of Michigan adults, age 18 and over, who reported symptoms of anxiety or depression has fluctuated between 16% in May 2021 and 45% in December 2020. Between April 2020, and January 2022, the average percentage of Michiganders surveyed that reported mental illness was 29% while the U.S. average was 27%.

As of July 2021, 2.68 million Michiganders were on Medicaid, up 10.7% from 2020, according to data from the federal Centers for Medicare & Medicaid Services.

Under these bills, the state's 10 community-based mental health providers would be stripped of their status after 10 years and returned to their community health center role. Management of the state's public mental health system would transition to private health insurers.

In 2019, Republican lawmakers inserted a provision into the state budget that would have, in part, privatized Michigan's public mental health system. But Gov. Gretchen Whitmer vetoed the provision, saying it would damage care to low-income residents receiving mental health services.

Supporters

Proponents of privatizing Michigan's mental health system say the plan will save money by keeping patients healthier and out of emergency rooms, and by reducing administrative costs.

Supporters say allowing insurers to manage costs, rather than the PIHP system, will lead to cost savings for taxpayers, simplify the system for consumers, and provide better care for those in need of mental health services.

Brian Mills, deputy director of commercial market affairs for The Michigan Association of Health Plans (MAHP), a Lansing-based industry group that promotes the interests of member insurers such as Aetna Better Health of Michigan and Meridian Health, said these bills don't hand over the keys to private providers, but provides for a process where managed care providers and others can bid with the best entity for providing integrated care chosen by MDHHS.

"If PIHPs believe they can offer more services than what is already required they should come to the table and offer suggested additions to the bills," he said. "So far, they refuse to be part of the discussions with lawmakers."

He added that nothing in the legislation would negatively impact Oakland County Health Network's operations as a Community Mental Health Service Provider. Under these bills, he said Medicaid enrollees can still choose to have their behavioral health services provided by OCHN's providers.

"We think the evidence around the nation supports the reforming of the Medicaid behavioral health system so that it looks like the much better system that non-Medicaid families have access to," he said. "It's also what some 34 states are currently doing. This reform is long overdue."

According to the Citizens Research Council of Michigan, a Livonia-based privately funded, nonprofit research organization,



Following the governor's State of the State Address several weeks ago, Dominick Pallone, executive director of MAHP, said the organization will continue to advocate for senate bills 597 and 598.

"They would improve mental health services to our most vulnerable populations," he said in a statement. "Michigan is one of just a dozen states that has failed to integrate physical and mental health services under its Medicaid program. Doing so will improve mental health services and choice for those who need it the most."

Against the backdrop of COVID-19 and the rising need for mental health services, these bills have been sitting in committee since October with no clear indication they're moving anytime soon.

Iowa's example

Michigan is not the first state to consider privatizing its Medicaid program and those who oppose it say it's crucial to consider the experience of states that have already privatized before moving forward.

Iowa shifted its state-run Medicaid system to a model managed by private insurance companies in 2015.

[A survey conducted by the state auditor Rob Sand](#) showed a majority of health care providers were dissatisfied with the program saying access to care hasn't improved for more than 650,000 people who rely on the system and that reimbursements are slow and difficult to secure.

Of the 877 providers including hospitals, nursing homes, medical clinics, doctors, home health and mental health providers surveyed 54% said they believe the privatization of Medicaid harmed or impeded patient access to care, 36% believed there has been no impact and nearly 10% said privatization has improved access care.

Nearly 66% of providers said settling claims for payment is now more complex and takes longer, and about 60% reported that their costs associated with staffing and administration have increased.

Opposition

Groups that oppose the private takeover of Michigan's mental health system in large part because they want to preserve the local nature of behavioral health services.

They also argue that these bills ignore the views expressed by those who would be directly impacted by these changes and would benefit insurers who have little experience with behavioral health who could try to cut corners to the detriment of vulnerable patients, stripping the entire system of public accountability.

Dana Lasenby, executive director and CEO of the Oakland Community Health Network, said the overall quality and access to mental health care, and the services available to Michiganders that need it, would be greatly reduced under these bills.

She added that the bills will eliminate the mental health safety net in communities. That safety net provided via the Michigan Mental Health Code, which all mental health providers must adhere to. The code currently provides for an Office of Recipient Rights, which is unique to the public mental health system and provides protection of Michigan's mentally ill and their constitutional and statutory rights.

Lasenby said the legislation proposed does not address what happens to that office.

Lasenby noted that OCHN, and the state's nine other community-based mental health providers, do not earn profits with every dollar saved used to reinvest back into services and supports.

Right now, the state's 10 community-based mental health service providers have standards of care that they must follow as well as report cards and quality measures that hold these providers, like OCHN, accountable by MDHHS, Centers for Medicare and Medicare Services, and The National Committee for Quality Assurance.

"I think once you split the system up, what you take away is the local ability to address those patient concerns that are unique to each community throughout the state," she said. "The folks we care for really are the most vulnerable in terms of the severity of illness. Their need for service is something that the health plans really don't have experience with or have the bandwidth to



Robert Sheehan, executive director of the Community Mental Health Association of Michigan, a Lansing-based nonprofit representing the state's public mental health care providers, said over 100 different organizations and groups, including the Oakland County Board of Commissioners, Oakland Community Health Network and Community Living Services, have joined his organization's opposition to this proposal, saying it will have devastating consequences for people served in Michigan.

"The high overhead of the private health plans – 250% that of the public system – would mean a loss of over \$300 million per year in the Medicaid dollars currently used to serve the mental health needs of Michiganders," said Sheehan. "This loss in funding would be the largest cut in the state's support for mental health in its history."

He added that these bills, if signed by Gov. Whitmer, would destroy the network of local partnerships that the community-based mental health providers have built, including with local enforcement agencies and social workers who respond to mental health crises.

Supporters are very outspoken about the fact that these bills would mean putting the administration of Michigan's public mental health system into the hands of private health insurance companies with a poor track record of handling mental health services.

"For over 20 years, these health insurance companies have managed the office-based psychotherapy and psychiatry benefit for Michigan's Medicaid enrollees," said Sheehan. "If these private health insurance companies cannot manage this benefit for the least complex mental health needs, they are ill-equipped to manage the far more complex needs of more vulnerable Michiganders, with serious mental illness, substance use disorders, or intellectual/developmental disabilities."

According to the National Institute of Mental Health, serious mental illness is defined as a mental, behavioral, or emotional disorder resulting in serious functional impairment, which substantially interferes with or limits one or more major life activities

In a statement, Chelsea Wuth, MDHHS spokesperson, said the state's health department appreciates the interest that the Legislature has in mental health, but has not taken a formal position on the legislation.

"We look forward to working with our legislative partners in making improvements for the sake of persons needing behavioral health services," she said.

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