Local Mental Health Authority
Medicaid Match

Social Services Appropriations
Sub-Committee Report

August 29, 2014

Prepared by the Division of Substance Abuse and Mental Health in Collaboration with the Utah Association of Counties and the Local Mental Health Authorities

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EXECUTIVE SUMMARY

The mission of the Division of Substance Abuse and Mental Health (DSAMH) in the Department of Human Services (DHS) is to receive, distribute, and provide direction over public funds for substance abuse and mental health services; to monitor and evaluate programs provided by local substance abuse authorities and local mental health authorities; examine expenditures of any local, state, and federal funds; monitor the expenditure of public funds by: local mental health authorities; and their private contract provider (62A-15-103)(2)(c)(v-viii). DSAMH also contracts with Local Substance Abuse Authorities and Local Mental Health Authorities (LMHAs) to provide a comprehensive continuum of services in accordance with division policy, contract provisions, and the local plan; contract with private and public entities for special statewide or nonclinical services according to division rules; review and approve each local substance abuse authority's plan and each local mental health authority's plan in order to ensure: a statewide comprehensive continuum of mental health services; services result in improved overall health and functioning; and appropriate expenditure of public funds (62A-15-103)(2)(c)(ix-xi).

During the 2014 Legislative Session, HB 2 allocated $6,400,000 to DSAMH for "Mental Health Centers". Legislative Intent language in HB 2 further clarified the use of those funds and follow up reporting as follows:

> *"The Legislature intends funds provided to local mental health centers for Medicaid match be used solely for that purpose. The Legislature further intends the Division of Substance Abuse and Mental Health (DSAMH), in conjunction with the Utah Association of Counties and local mental health centers, provide a report to the Office of the Legislative Fiscal Analyst no later than September 1, 2014. The report shall include at a minimum: 1) FY 2009 through FY 2013 General Fund amounts passed through from DSAMH to each individual local mental health center; 2) FY 2009 through FY 2013 Medicaid caseloads for each individual local mental health center and actual expenditures associated with Medicaid caseloads served during those years as well as actual Medicaid match paid in association with the expenditures; 3) FY 2014 and FY 2015 estimated Medicaid match amounts for each local mental health center; 4) an assessment regarding uniformity, or lack of uniformity, of Medicaid match need across all local mental health centers; 5) a review of options for improvement and recommendations to address any existing need without providing funds unnecessarily; and 6) any other relevant data in understanding where and to what extent there exists Medicaid match issues."*

Background

The DSAMH oversees the public mental health system in the State of Utah which is administered by County Local Mental Health Authorities (LMHAs). LMHAs have the following responsibilities; within legislative appropriations and county matching funds, under the direction of the division, each local mental health authority shall: provide mental health services to persons within the county; and cooperate with efforts of the Division of Substance Abuse and Mental Health to promote integrated programs that address an individual's substance abuse,

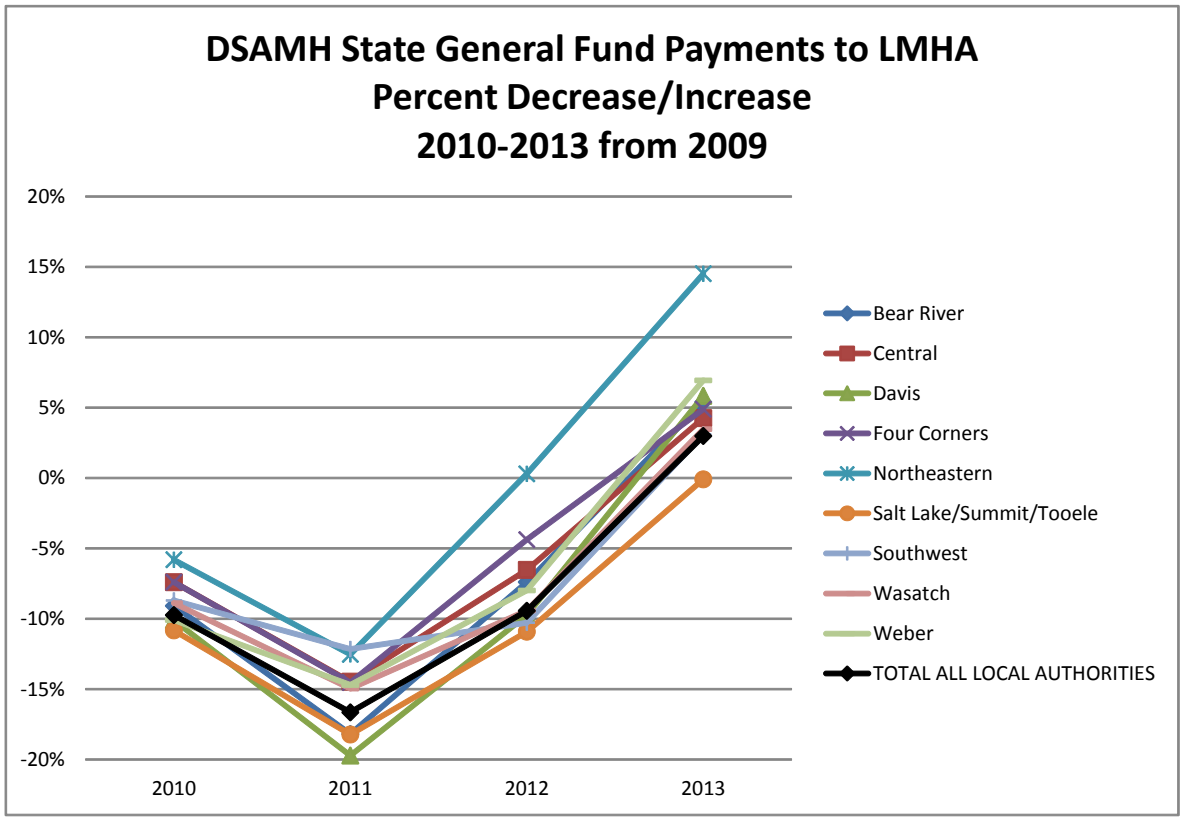
mental health, and physical healthcare needs (17-43-301)(1)(b-c). Each LMHA shall also review and evaluate mental health needs and services, including mental health needs and services for persons incarcerated in a county jail or other county correctional facility; annually prepare and submit to the division a plan approved by the county legislative body for mental health funding and service delivery (17-43-301)(4)(a).

These "Area Plans" are submitted annually to DSAMH for review and approval. Each plan must include services for adults, youth, and children, which shall include: inpatient care and services; residential care and services; outpatient care and services; 24-hour crisis care and services; psychotropic medication management; psychosocial rehabilitation, including vocational training and skills development; case management; community supports, including in-home services, housing, family support services, and respite services; consultation and education services, including case consultation, collaboration with other county service agencies, public education, and public information; and services to persons incarcerated in a county jail or other county correctional facility (17-43-301)(4)(b). These services are known as the mental health mandated services.

In 1986 a decision was reached to have Counties responsible for Mental Health and Substance Use Disorder Services. Medicaid has become the largest payor of mental health services for the LMHAs over the years and their contracts with the Department of Health (DOH) put them "At Risk" for the dollars and services that need to be provided to Medicaid Members in their Local Authority Area. As a result of caseload growth, more and more of the State General Fund dollars that are passed through to the Local Authorities must be spent on Medicaid Match to meet the growing number of Medicaid eligibles. The LMHAs, through their contract with the Department of Health, are required to serve all Medicaid eligibles within their catchment area. For purposes of this report all years reported are State Fiscal Year unless otherwise noted.

General Fund Amounts Passed Through from DSAMH to Each Individual Local Mental Health Center FY 2009 through FY 2013

DSAMH passes State General Fund through to each county LMHA. The State General Fund dollars may be used as prioritized by the LMHA in their approved Area Plan. Two state general fund allocations; Mental Health Early Intervention, and Unfunded Funds, have specific qualifications on who can be served and the types of services rendered. Unfunded Funds may not be used for Medicaid Match or to pay for services not covered by Medicaid to a Medicaid member. Each County must provide funding equal to at least twenty percent (20%) of the total state general funds it receives to fund services described in the LMHA Area Plan (17-43-301)(4)(x) . State funds decreased during the recession and have risen back to slightly above 2009 levels. For the period reported there was a low of a seventeen percent (17%) decrease from 2009 to 2011, and a slight three percent (3%) increase from 2009 to 2013.

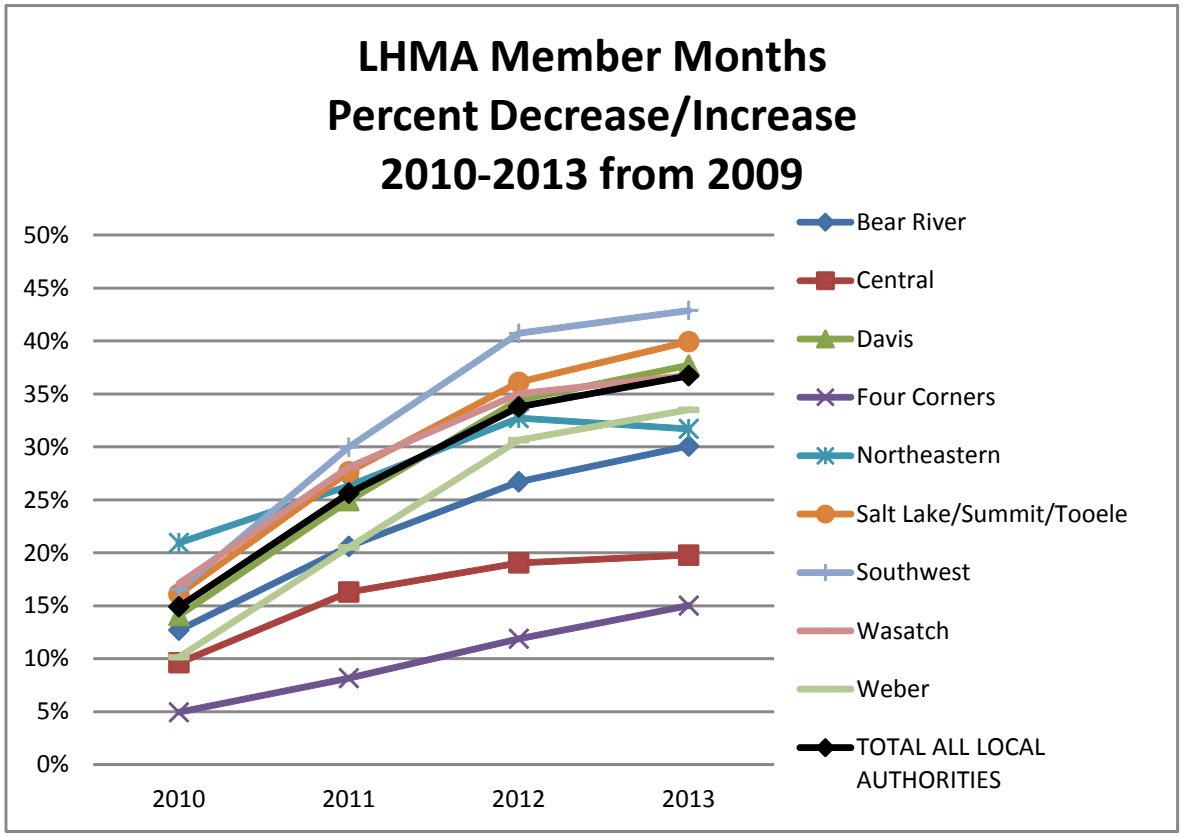


DSAMH State General Fund Payments to LMHA
2009-2013

	2009	2010	2011	2012	2013
Bear River	$ 1,660,433	$ 1,509,681	$ 1,358,467	$ 1,537,734	$ 1,750,063
Central	$ 1,054,930	$ 976,885	$ 902,327	$ 986,112	$ 1,099,862
Davis	$ 2,913,593	$ 2,619,132	$ 2,339,142	$ 2,629,923	$ 3,083,678
Four Corners	$ 582,559	$ 539,498	$ 497,959	$ 557,061	$ 611,065
Northeastern	$ 632,926	$ 596,204	$ 553,635	$ 634,809	$ 724,809
Salt Lake/Summit/Tooele	$ 10,976,626	$ 9,788,871	$ 8,976,858	$ 9,778,677	$ 10,966,488
Southwest	$ 2,191,691	$ 2,001,099	$ 1,925,531	$ 1,966,503	$ 2,259,645
Wasatch	$ 4,893,013	$ 4,458,146	$ 4,160,984	$ 4,432,690	$ 5,062,994
Weber	$ 2,304,644	$ 2,072,113	$ 1,965,775	$ 2,120,527	$ 2,464,525
TOTAL ALL LOCAL AUTHORITIES	$ 27,210,415	$ 24,561,629	$ 22,680,678	$ 24,644,036	$ 28,023,129

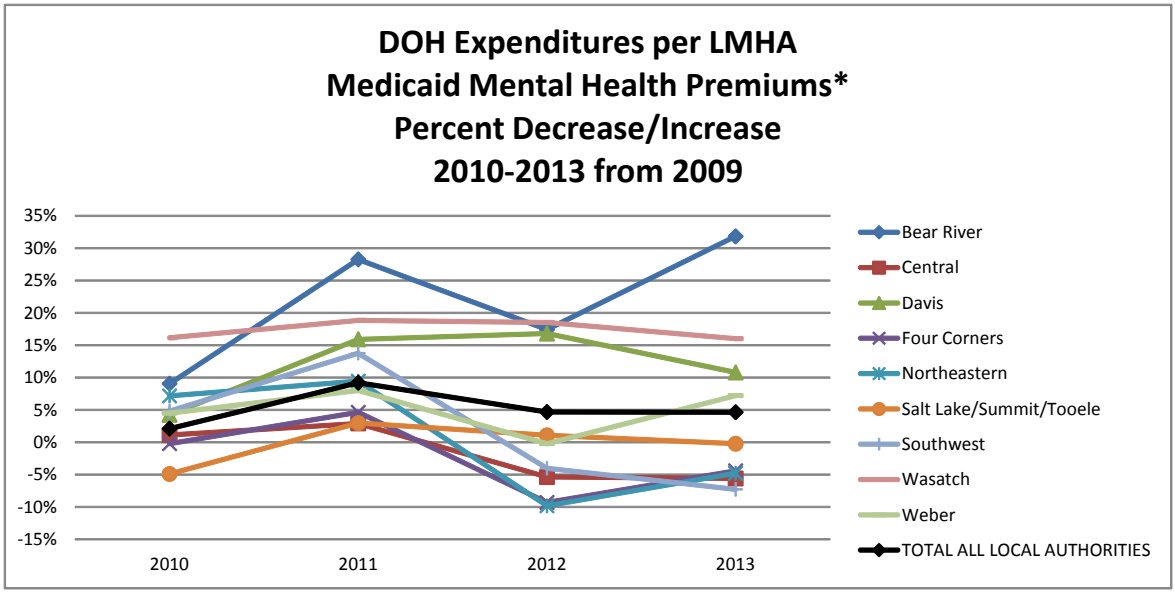
Medicaid Caseloads for Each Individual Local Mental Health Center and Actual Expenditures Associated with Medicaid Caseloads Served During Those Years as well as Actual Medicaid Match Paid in Association with the Expenditures FY 2009 through FY 2013

LMHA Medicaid Caseloads are reported as Medicaid Member Months based on the Department of Health (DOH) paid date to the LMHA. Medicaid Member months have grown considerably over the reporting period; a thirty seven percent (37%) increase from 2009 to 2013 for the State.



LMHA Member Months 2009-2013					
	2009	2010	2011	2012	2013
Bear River	135,876	153,133	163,879	172,161	176,745
Central	82,122	90,028	95,507	97,768	98,365
Davis	182,206	207,845	227,606	244,883	250,923
Four Corners	52,679	55,285	56,982	58,943	60,591
Northeastern	43,836	53,014	55,372	58,178	57,733
Salt Lake/Summit/Tooele	927,195	1,076,442	1,183,507	1,261,815	1,297,457
Southwest	198,938	231,746	258,558	279,938	284,248
Wasatch	380,503	445,593	487,328	513,716	520,399
Weber	231,292	254,764	278,742	302,133	308,767
TOTAL ALL LOCAL AUTHORITIES	2,234,647	2,567,850	2,807,481	2,989,535	3,055,228

Actual expenditures associated with Medicaid caseloads are calculated as follows: LMHAs are paid based on the total number of Medicaid Member Months in each Medicaid Eligibility Category multiplied by the Actuarially Certified Rate for that category set through the DOH. The following graph shows the changes associated with the DOH expenditures (LMHA revenue) for 2009-2013. While expenditures increased by 4.6% Statewide from 2009 through 2013 there was a twenty three point five percent (23.5%) decrease in the average or weighted Medicaid Member month rate starting at $48.95 in 2009 and dropping to a low of $37.47 in 2013 (divide Premium by member Months).

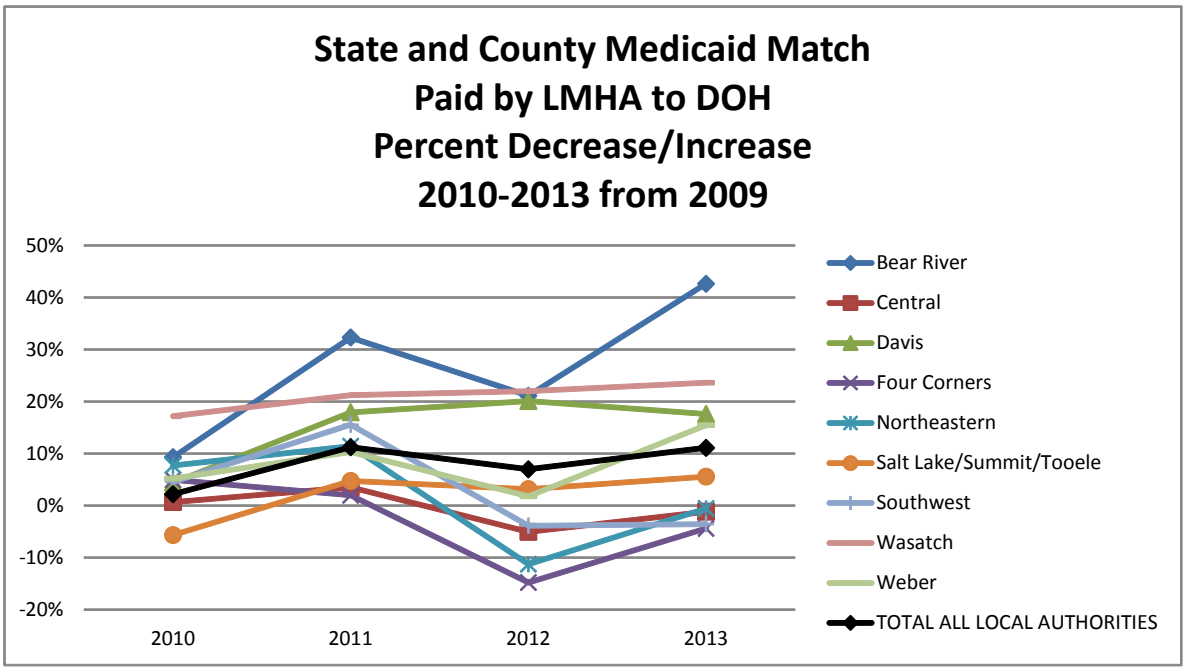


DOH Expenditures per LMHA Medicald Mental Health Premiums
2009-2013

	2009	2010	2011	2012	2013
Bear River	$ 5,388,583	$ 5,877,254	$ 6,912,192	$ 6,327,503	$ 7,103,931
Central	$ 4,127,077	$ 4,173,140	$ 4,247,739	$ 3,905,455	$ 3,896,529
Davis	$ 8,852,581	$ 9,229,593	$ 10,261,437	$ 10,340,331	$ 9,808,196
Four Corners	$ 3,458,531	$ 3,451,485	$ 3,618,986	$ 3,137,266	$ 3,306,189
Northeastern	$ 2,789,232	$ 2,989,223	$ 3,053,008	$ 2,515,653	$ 2,655,898
Salt Lake/Summit/Tooele	$ 50,006,301	$ 47,561,615	$ 51,493,336	$ 50,550,083	$ 49,897,093
Southwest	$ 7,020,277	$ 7,360,040	$ 7,987,810	$ 6,739,079	$ 6,510,778
Wasatch	$ 17,702,760	$ 20,563,986	$ 21,039,370	$ 20,983,425	$ 20,538,966
Weber	$ 10,037,224	$ 10,490,367	$ 10,841,018	$ 10,017,699	$ 10,762,836
TOTAL ALL LOCAL AUTHORITIES	$ 109,382,566	$ 111,696,703	$ 119,454,896	$ 114,516,494	$ 114,480,416

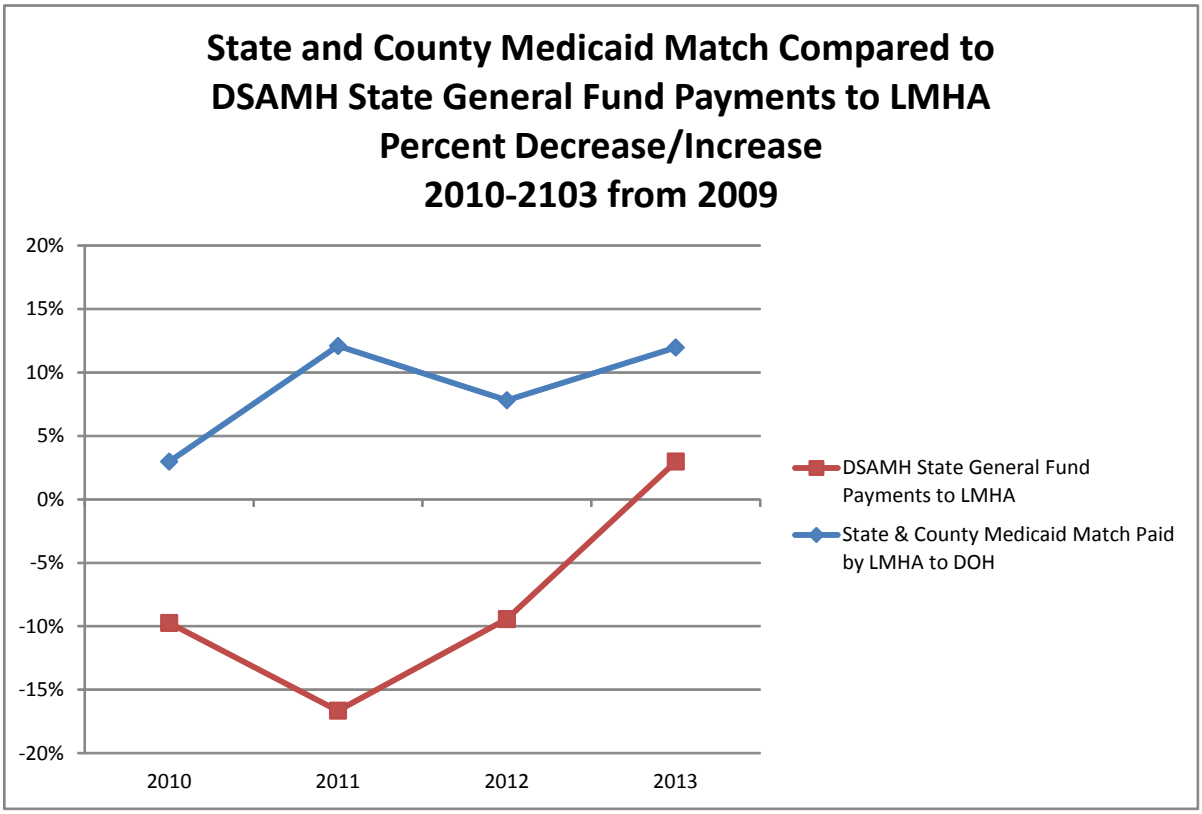
*Premiums are summarized based on paid date rather than service date.

The actual Medicaid Match paid to the DOH in association with the DOH Expenditures paid to the LMHAs varies based on both State and County funding. The first graph and table show the combined State and County funding used for Medicaid Match for each LMHA. The second graph accounts for State and County funding separately. This graph illustrates that due to the lack of State Funding, Counties have had to increase their Medicaid Match contribution over the twenty percent (20%) minimum to keep up with growth in Medicaid.



State and County Medicaid Match Paid by LMHA to DOH
2009-2013

	2009	2010	2011	2012	2013
Bear River	$ 1,372,687	$ 1,500,602	$ 1,816,382	$ 1,662,425	$ 1,957,918
Central	$ 1,022,406	$ 1,029,533	$ 1,058,267	$ 970,999	$ 1,010,606
Davis	$ 2,319,483	$ 2,421,370	$ 2,735,412	$ 2,785,872	$ 2,727,879
Four Corners	$ 686,745	$ 720,712	$ 700,459	$ 585,276	$ 656,637
Northeastern	$ 649,742	$ 699,888	$ 723,986	$ 576,659	$ 646,179
Salt Lake/Summit/Tooele	$ 12,609,649	$ 11,897,042	$ 13,208,959	$ 13,011,686	$ 13,313,049
Southwest	$ 1,751,494	$ 1,831,173	$ 2,024,041	$ 1,684,146	$ 1,689,354
Wasatch	$ 4,570,670	$ 5,355,884	$ 5,542,114	$ 5,576,863	$ 5,650,760
Weber	$ 2,438,457	$ 2,565,104	$ 2,690,419	$ 2,482,131	$ 2,815,255
TOTAL ALL LOCAL AUTHORITIES	$27,421,333	$28,021,308	$30,500,039	$29,336,057	$30,467,637



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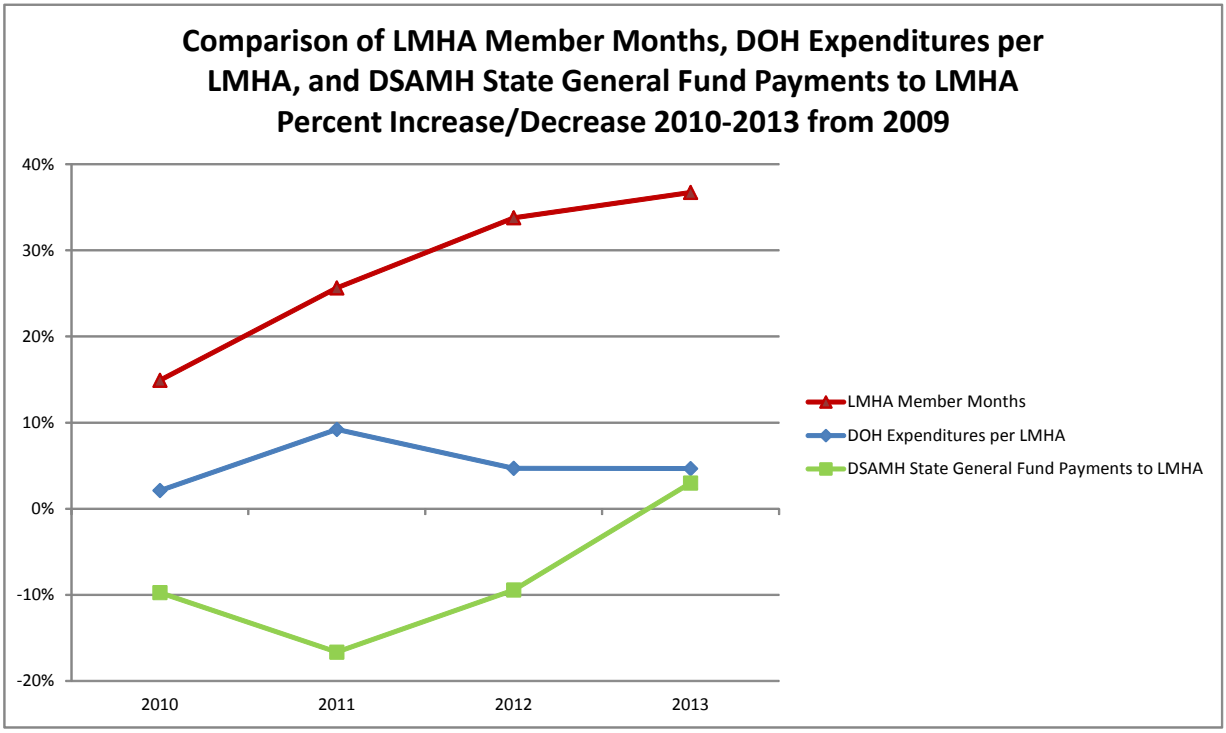
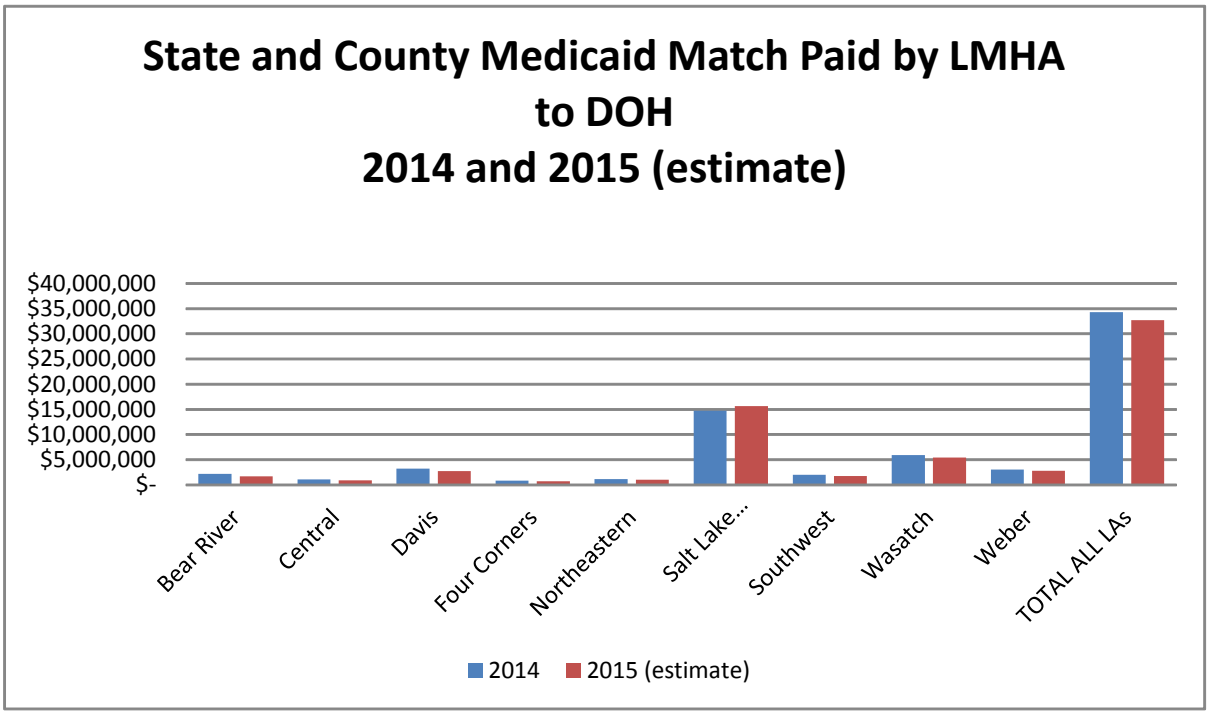
Weber	$ 2,438,457	$ 2,565,104	$ 2,690,419	$ 2,482,131	$ 2,815,255
TOTAL ALL LOCAL AUTHORITIES	$27,421,333	$28,021,308	$30,500,039	$29,336,057	$30,467,637

Typically a decrease in State funding results in fewer Medicaid dollars. However, during the recession the Federal Government implemented the American Recovery and Reinvestment Act (ARRA) which increased the Medicaid Reimbursement rate accounting for the decreased need for State and County Medicaid Match to draw down an almost equivalent amount of Medicaid dollars over 2010 and 2011.



Estimated Medicaid Match Amounts for 2014 and 2015 for Each Local Mental Health Center

The following graph and chart show the Medicaid Match amount for 2014 with the 2015 estimated Match amount by LMHA. Estimates are reconciled against actual throughout the year by DOH based on decrease/increase in the number of Medicaid Member Months, available Medicaid Match dollars and other relevant factors.



State and County Medicaid Match Paid by LMHA to DOH	2014	2015 (estimate)
Bear River	$ 2,200,412	$ 1,705,640
Central	$ 1,086,999	$ 883,951
Davis	$ 3,235,598	$ 2,769,775
Four Corners	$ 861,460	$ 714,439
Northeastern	$ 1,169,253	$ 1,027,875
Salt Lake /Summit /Tooele	$ 14,758,916	$ 15,637,255
Southwest	$ 2,014,656	$ 1,765,739
Wasatch	$ 5,931,078	$ 5,433,225
Weber	$ 3,060,105	$ 2,781,160
TOTAL ALL LOCAL AUTHORITIES	$ 34,318,477	$ 32,719,059

*in 2014 & 2015 Northeastern $ include San Juan

An Assessment Regarding Uniformity, or Lack of Uniformity, of Medicaid Match Need Across all Local Mental Health Centers

As previously mentioned, the State gives Counties the responsibility for service delivery with regard to the mental health system available to state and county residents. As noted in previous graphs the increase in both the percentage and numbers of individuals who are Medicaid eligible have outpaced state and county funding. All LMHAs have a need for additional Medicaid match funds. The State passes the risk to serve individuals with mental health issues on Medicaid to the Counties and statute gives Counties local control to both organize and prioritize who they serve.

Counties choose to organize in a variety of different organizational structures permitted under current Utah Code (17-43-301). Current models in operation include the following:

- Employee provider model

(County employees provide services)

- Special Service District

(District employees provide services)

- Inter-Local Agreement

(Interlocal employees provide services)

- Private non-profit under contract to County

(Non-profit employees provide services)

- County contracts with managed care organization/providers to deliver services

(County employees oversee contracts with managed care organization/providers)

Contributing Factors of Medicaid Match need across the State:

Uniformity Factors

- Actuarial Rate Setting Process Approved by Centers for Medicare and Medicaid Services (CMS) based on the Checklist (for Managed Care Rate Setting)
- Mandated Services in State Code
- DOH Contracts and Oversight
- DSAMH Contracts, Oversight and Division Directives
- Area Plan "Process"
- Uniform Preferred Practice Guidelines and Service Manuals
- LMHAs are Licensed by the DHS Office of Licensing

Lack of Uniformity Factors

- Local Control, Structure and Priorities
- County Demographics
- County Tax Base
- Rate Setting Process is done individually with each LMHA
- Variability among Medicaid Rate Cells
- County Match of State General Fund above the twenty percent (20%) Required Minimum
- Area Plan "Actual" and Array of Services
- Medicaid Demographics by Eligibility Category Vary Independent of LMHA/County Population Demographics

A Review of Options for Improvement and Recommendations to Address any Existing Need Without Providing Funds Unnecessarily

The Legislative Intent language and directive that the $6,400,000 be used solely for Medicaid Match is the first such directive DSAMH has had from the Legislature for Medicaid specific funding. Previously, the majority of all State General Fund dollars that were passed through to the LMHA were passed through based on a rural differential and population as outlined in State Code 62A-15-108. State Code allows for DSAMH to establish by valid and accepted data, other defined factors that are relevant and reliable indicators of need other than population. As an option for improvement DSAMH has worked with the LMHAs to establish an alternative formula for the $6,400,000 Medicaid Match allocation based on Medicaid data that will be used in future years should this funding be continued.

In order to reduce the likelihood that State funding is out paced by Medicaid Member month growth it is recommended that the Medicaid Match dollars allocated to DSAMH be put with the DOH Medicaid Consensus monies for automatic future increases/decreases based on Medicaid enrollment and other relevant factors. DSAMH/DHS have met with DOH to discuss these funds being included in the Consensus package that is discussed annually with the Legislative Fiscal Analyst and agreed upon in preparation for the upcoming Legislative session. Having the $6,400,000 put into the Medicaid Consensus projections would be a good first step to address existing need without providing funds unnecessarily due to the comprehensive review given by the parties involved in the Consensus process.

In addition to adding the Medicaid Match funding to Consensus the LMHAs recommend that the funding move from DSAMH/DHS to the DOH. Moving the funding from DSAMH to DOH would decrease the County contribution as the LMHA is currently not required to match funds from DOH. As such, DSAMH believes the Medicaid Match funding should continue to pass through DSAMH and leave the associated County match contribution intact.

The Governor's Healthcare Reform Plan," Healthy Utah" would have a significant impact on behavioral healthcare in Utah. The National Survey on Drug Use and Health found that of adults who are uninsured in Utah (not covered by a public or private health insurance program) nearly twelve thousand five hundred (12,500) have a substance use disorder and nearly twenty one thousand five hundred (21,500) have a serious mental illness (e.g., schizophrenia, bipolar disorder, major depression). These individuals would likely gain access to needed care under Healthy Utah resulting in improvements in the health and well being of individuals, families and communities. Healthy Utah provides an opportunity to intervene with individuals before they become involved with either the Criminal Justice system or the Child Welfare/Juvenile Justice system through integrated care models partnerships with primary care providers, commercial insurance plans, schools and other community partners. In Utah eighty four percent (84%) of people who received mental health services through the LMHA system either stabilized or improved and over seventy two percent (72.1%) of clients achieved abstinence from alcohol and/or drugs at discharge from the LSAA system.

Any Other Relevant Data in Understanding Where and To What Extent There Exists Medicaid Match Issues

Over the past 20 years as Medicaid Eligible's have increased there has been no established funding mechanism in place to keep pace with the increased need for funding with regard to Medicaid behavioral health services. Medicaid Match need has increased at a faster rate than allocated State and County dollars. LMHAs have had to shift funds they previously used for Safety Net Services for the uninsured or underinsured to pay Medicaid Match. For example, in 1996, one LMHA, Bear River Mental Health (BRMH), spent forty four percent (44%) of their eligible State General Fund dollars toward Medicaid Match. In contrast, in 2013 BRMH spent one hundred percent (100%) of their eligible State General Fund dollars toward Medicaid Match leaving only $179,769 dollars allocated specifically for the uninsured/underinsured for Safety Net Services for Box Elder, Cache and Rich County residents.

Appendix 1 Taskforce Membership

Elizabeth Fukui, Utah Association of Counties- Utah Behavioral Healthcare Committee (UBHC)
Kyle Snow, UBHC Chair and Exec Director/CFO – Northeastern Counseling Center
Mike Deal, UBHC Vice-Chair & Exec Director/CFO – Southwest Behavioral Health Center
Rob Johnson, Chair, UBHC Finance Directors
Doug Thomas, Director, Division of Substance Abuse and Mental Health (DSAMH)
Jeremy Christensen, Assistant Director – Mental Health, DSAMH
Paul Korth, Administrative Services Director, DSAMH

Consultation and information also provided by the following:
Gail Rapp, Assistant Director, Division of Medicaid & Health Financing, Utah Department of Health
Scott Ellis, Actuarial Specialist, Division of Health Care Financing, Utah Department of Health
Andre Baksh, Health Economist, Division of Health Care Financing, Utah Department of Health