

SB 418: Legislative Mental Health Investments ***Funding Sources for Community Services***

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Background

Senate Bill 418 requires the Children, Families, Health, and Human Services Interim Committee to monitor the use of new funds appropriated by the 2015 Legislature for mental health services. The committee heard in March that some community mental health centers are operating in the red, despite the new money available for ongoing and new services.

Mental health centers receive payments from numerous sources, including:

- private insurance companies;
- Medicare, for people who are disabled or 65 years of age and older;
- Medicaid, for low-income patients;
- TRICARE and other programs for military veterans;
- several state-funded programs; and
- counties, which pay for mental health services for people who are awaiting a commitment proceeding if no other payment source exists.

This briefing paper outlines the funding available to community providers who serve individuals through programs paid for by the state.

Medicaid: A State-Federal Funding Source

The Department of Public Health and Human Services has obtained waivers in recent years that have allowed an increasing number of people to move from the state-funded Mental Health Services Plan (MHSP) into the Medicaid program, which is funded by both the state and the federal government.

The original waiver allowed 800 MHSP-covered individuals with schizophrenia and bipolar disorder to move into the Medicaid program beginning in December 2010. New waivers have moved almost 2,600 additional people from MHSP into Medicaid, leaving only about 700 people in MHSP.

The expansion of Medicaid this year to nondisabled adults without children could lead to an increase in Medicaid payments to mental health centers. The expansion likely will allow Medicaid to be used for services that previously were uncompensated or were paid for through a general fund program.

State General Fund Programs

Over the last 15 years, the Legislature has used general fund to create the following programs that can pay for services provided to people who are uninsured or underinsured.

- **Secure detention beds:** Facilities in Bozeman, Butte, Hamilton, Helena, and Polson each have two secure beds where people can be held and evaluated in the community rather than at the Montana State Hospital. The facilities bill insurers when the beds are occupied. DPHHS supplements the program by paying community mental health centers \$500 per day when both beds in a facility are empty. The payments are designed to ensure the beds are available when a crisis occurs.

DPHHS spent \$215,000 in Fiscal Year 2015 on secure beds. The 2015 Legislature appropriated an additional \$600,000 a year to the program because new beds were slated to open up in Helena and Polson. As a result, \$815,000 is available for this program in each year of the current biennium.

- **Crisis stabilization services:** DPHHS will pay for services provided for up to 72 hours to stabilize a person in the community. The services range from evaluations to therapy, lab tests, and care coordination. DPHHS pays hospitals and mental health centers a general daily rate for crisis management and also pays for various services that are billed on a per-unit basis. The daily rate for hospitals is \$636.72 for the first day of crisis management, \$318.48 for the second day, and \$212.16 for the third day. Mental health centers receive \$424.32 for the first day, \$265.44 for the second day, and \$159.36 for the third day.

Past state budgets have included about \$3 million a biennium for these services. At the request of the governor, the 2015 Legislature added \$1 million to the program in the current biennium. That brings the total appropriation to \$4 million.

- **Short-term inpatient treatment:** DPHHS will pay for treatment in a community facility for up to 14 days in lieu of a hearing for involuntary commitment at MSH. The agency pays \$875 a day for treatment at a hospital behavioral health unit and \$575 a day for treatment at crisis stabilization facility operated by a community mental health center.

While this short-term diversion process was created in 2009, state funding was not provided for it until last year. The 2015 Legislature appropriated \$1 million for the current biennium.

- **Mental Health Services Plan:** MHSP pays for treatment and limited medication costs for people with severe disabling mental illness who have incomes up to 150 percent of poverty and who are not eligible for Medicaid.

The amount of money for this program has decreased as the state has moved people from MHSP to Medicaid. DPHHS has about \$1 million available each year of the biennium for the program.