

# Understanding the Threats to Public Behavioral Health in Michigan

*Key Points for Behavioral Health Legislative Briefing – July 2025*

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Community Mental Health (CMH) agencies in Michigan are facing two significant challenges that could directly impact the people we serve and the future of our public mental health system.

## Proposed PIHP Procurement Plan: Privatizing Michigan's Public Mental Health System:

### What's Happening:

- The Michigan Department of Health and Human Services (MDHHS) announced plans to issue a **competitive request for proposals (RFP)** in Summer 2025 to determine who will manage behavioral health services starting in October 2026.
- This means the **current publicly governed Prepaid Inpatient Health Plans (PIHPs)**—regional entities made up of local CMHs—may be **replaced by private health insurance companies**.
- In fact, the RFP language **prohibits current PIHPs from participating in the competitive bid process**.

### Why It Matters:

- **Privatization will reduce local control.** PIHPs are governed by local officials accountable to the community, while private insurers are not.
- **Transparency could suffer.** Public PIHPs must follow Michigan's Open Meetings and Freedom of Information Acts, while private companies do not.
- **Funding will be diverted.** Current PIHPs operate with about **2% administrative overhead**. Private companies often take **15% or more**, which could mean **\$300–\$500 million less** for services statewide. *(Source: CMHA)*
- **No fix for the real issues.** This plan does not address our top challenges: **workforce shortages, underfunding, administrative burden, and access to care**.

### Local Impact:

- In FY2024, CMHs in our region **served more than 30,000 individuals**. (3,385 from Lapeer, 18,000 from Macomb, 1,983 from Sanilac, 7,082 from St. Clair County.)
- These individuals rely on local partnerships with schools, law enforcement, hospitals, housing providers, and others—relationships that are at risk if local control is removed.

### Takeaway:

This is not just a funding issue; it is about protecting the integrity of the public mental health

system, which puts individuals first. A private company does not know St. Clair County like we do. They do not have the experience or expertise to serve our most vulnerable citizens.

## Proposed Federal Medicaid Cuts:

### What's Happening:

- Federal proposals under consideration by Congress would **significantly cut Medicaid funding**, shifting more of the cost to states and reducing eligibility and coverage.
- These cuts are part of a broader budget plan that would reduce federal support for healthcare services for vulnerable populations.

### Why It Matters:

- **More than 2.6 million Michiganders** receive care through Medicaid, **including 302,823 from our region.** (17,918 Lapeer, 232,740 Macomb County, 11,182 Sanilac, and 41,082 St. Clair County residents.)
- SCCCMH relies on Medicaid for **93% of our funding.** These dollars directly support mental health, substance use disorder, and intellectual/developmental disability services. (SCCCMH FY25 Budget)
- Cuts would lead to:
  - Fewer people are eligible for coverage.
  - Reduced services for those still covered.
  - Increased pressure on local hospitals, jails, schools, and families.
  - Closures of hospitals reliant on Medicaid funding, especially in rural or remote areas.
  - Increase risk to women during pregnancy, childbirth, and the postpartum period
- This would impact the **individuals we serve, our staff, and the entire social safety net** that vulnerable citizens rely on.

### Local Data:

- In 2024, **43% of all births in Michigan** (including prenatal care, childbirth, and two months of postpartum care) were covered by Medicaid. (Lapeer County – 35%, Macomb County – 43%, St. Clair - 43%, Sanilac – 45%) (source: Kids Count Data Center).
- Many individuals we serve also rely on Medicaid for physical health care, diabetes medications, housing supports, nursing home supports, and more.
- In addition to the Medicaid enrollees listed above, an additional **700,000 Michiganders covered by Medicaid expansion (Healthy Michigan Plan) could lose their coverage.** (4,112 in Lapeer County, 60,605 in Macomb County, 9,861 in St. Clair County, and 2,640 in Sanilac County.) (source: MDHHS)

## Takeaway:

Medicaid is not just insurance; it is the backbone of our public mental health system. Without it, we could not do our jobs, and the people we serve could not receive care.

## What CMHs are Doing:

Many CMHs are joining advocacy efforts across the state to make our voices heard:

- **Planning advocacy videos and letter-writing campaigns** with individuals we serve.
- **Meeting with legislators** and other key stakeholders
- Sharing information with **staff, individuals served, board members, community members, and contract agencies** to increase awareness.
- Distributing advocacy tools through the **Community Mental Health Association of Michigan (CMHAM)**:
  - Visit: [www.cmham.org/advocacy](http://www.cmham.org/advocacy) for information, action alerts, and pre-written emails for legislators. It is advocacy made easy.

## What You Can Do:

1. **Discuss this with your coworkers, family, friends, neighbors, and community leaders.** Awareness is the first step.
2. **Encourage individuals we serve to participate** in advocacy efforts if they are willing and able. The Community Relations Team is available to support this effort.
3. **Share your story.** Staff of CMH agencies in Michigan can work within their organizations to share impact stories from staff, individuals, family members, and community members to help illustrate the lasting negative impacts these issues could have on our system.
4. **Contact your legislators.** Visit CMHAM's site for simple tools to send a message.

<https://cmham.org/advocacy/take-action-now/>

To find contact information for local legislators in St. Clair County, visit SCCCMH's advocacy page.

<https://scccmh.org/education-outreach/advocacy/>