

**RESOLUTION OF THE ST. CLAIR COUNTY COMMUNITY MENTAL
HEALTH AUTHORITY BOARD OF DIRECTORS**

URGING ACTION TO ADDRESS THE PUBLIC MENTAL HEALTH FUNDING SHORTFALL

WHEREAS, the St. Clair County Community Mental Health Authority Board of Directors recognizes that Michigan's public mental health system is facing a serious and escalating funding crisis, driven by several compounding factors, including the loss of Medicaid-covered lives, inflationary pressures, increased demand for services, and expanded regulatory burdens; and

WHEREAS, the Michigan Department of Health and Human Services (MDHHS) is required under state law (MCL 330.1116 and MCL 330.1202) to promote and financially support an adequate and appropriate system of community mental health services programs (CMHSPs); and

WHEREAS, the State of Michigan has lost nearly 700,000 Medicaid beneficiaries since the end of the Public Health Emergency (PHE), resulting in reduced capitation payments to CMHSPs despite continued or increasing demand for mental health services; and

WHEREAS, funding increases for core behavioral health and intellectual/developmental disability services have not kept pace with medical inflation or the broader state budget growth, with only a 6% increase in the past five fiscal years compared to a 43% increase in the overall state budget and 25% in Medicaid expenditures; and

WHEREAS, the MDHHS has repeatedly underspent appropriated Medicaid funds, with a projected \$232 million in underspending in fiscal year (FY) 2025 alone, and these unspent dollars are not being redirected to meet urgent service needs across Michigan's CMHSP system; and

WHEREAS, additional factors exacerbating this crisis include skyrocketing inpatient psychiatric and residential costs, significant underfunding of autism services, misclassification of Medicaid eligibility groups resulting in lost revenue, and a growing administrative burden that diverts staff time and resources away from direct care; and

WHEREAS, failure to adequately fund and streamline the public behavioral health system undermines the ability of CMHSPs to meet the needs of the most vulnerable residents—including children, adults with serious mental illness, individuals with intellectual and developmental disabilities, and individuals with substance use disorders;

NOW, THEREFORE, BE IT RESOLVED, that the St. Clair County Community Mental Health Authority Board of Directors urgently calls on the MDHHS, the Michigan Legislature, and the Governor to:

1. **Fully allocate appropriated Medicaid behavioral health funds to CMHSPs in FY 2025 and beyond.**

2. **Ensure capitation rates are actuarially sound at the regional and local levels**, and reflect the actual cost of service delivery, including inpatient care, specialized residential treatment, and autism services.
3. **Rectify the misclassification of Medicaid beneficiaries**, ensuring individuals are enrolled in appropriate coverage categories with mental health benefits.
4. **Account for new cost drivers**, including legislative changes such as paid sick leave and minimum wage increases.
5. **Significantly reduce unnecessary administrative requirements** that increase overhead without improving outcomes.

BE IT FURTHER RESOLVED, that copies of this resolution be transmitted to Governor Gretchen Whitmer, the Michigan Department of Health and Human Services, the leadership of the Michigan Senate and House of Representatives, Senator Dan Lauwers, Senator Kevin Hertel, Representative Joe Pavlov, Representative Jay DeBoyer, and Representative Jaime Greene.

Adopted by the St. Clair County Community Mental Health Authority Board of Directors this 13th day of May, 2025.

A handwritten signature in dark ink, appearing to read "Nancy Thomson", is written over a horizontal line.

Nancy Thomson

Chairperson, St. Clair County Community Mental Health Authority

Drivers of Budget Shortfalls

in Michigan's Public Mental Health System



Michigan's public mental health system is facing significant funding challenges due to several factors, chief among them the loss of Medicaid funds as people lose coverage, flat funding for core services being outpaced by rising medical inflation, skyrocketing program costs, and an unrelenting administrative burden from state regulators.

Loss of Medicaid Covered Lives + Increased Demand for Services

Michigan's public mental health system receives a payment for everyone enrolled in Medicaid. The public mental health system consistently services 300,000 – 350,000/year.

Enrollees have decreased by 700K since the end of the Public Health Emergency (PHE)

Demand for services continues to increase



Skyrocketing Inpatient Psychiatric Hospital Costs

↑ **30%+**

Increase in psychiatric hospitalizations since the end of the PHE. (Demand)

↑ **\$1250+**

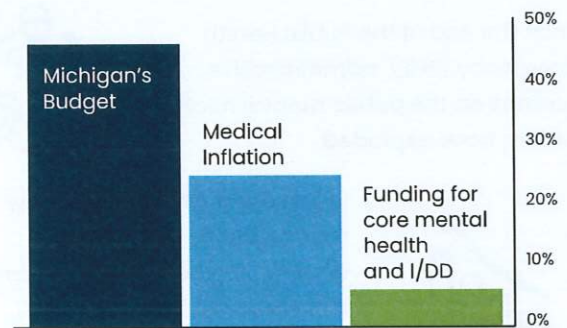
Daily rates of community inpatient care. (Cost)

Demand & Cost of Autism Services Continue to Increase



Across the state demand for Applied Behavioral Analysis (ABA) services have steadily increased. ABA costs

continue to increase. In FY25 the legislature approved a rate increase to \$66/hour. Autism services continue to be underfunded in the budget.



Flat funding not keeping up with inflation

Above is a comparison of the increase (during the past 5 Fiscal Years) to Michigan's Budget, Medical Inflation, and Funding for core mental health and I/DD services, respectively.

System Funding Falls Far Below Appropriated Levels

MDHHS sent out hundreds of millions (or 2/3 of billion) less to the system, for the past three years, than was intended by the State Legislature and Governor



NEARLY
600M

Projected total underspending between FY23 and end of FY25



Unsustainable Specialized Residential Costs

Since 2020 rates for specialized residential services have increased by over 70%. Some CMHs are forced to pay over \$2000/day for this service.

↑ 70%
Increase in rates for services

↑ \$2K/day
Cost to some CMHs.

MDHHS Administrative Burdens Overwhelming the Workforce

Since the end of the Public Health Emergency (PHE), administrative burdens on the public mental health system have exploded.



25%+

Increase in requirements, reports and documentation demands

In just the past five years, new requirements, reports and documentation demands have increased by more than 25%.

Community Mental Health agencies are now responsible for completing nearly 70 audits, reports and data submissions within a two-year period—that's more than three per month.

Medicaid Redetermination Irregularities

The movement of disabled, aged, and blind (DAB) beneficiaries to other Medicaid categories, has dramatically reduced the revenue expected and needed by the state's PIHPs.

↓ \$300M
Loss in revenue to the Prepaid Inpatient Health Plan (PIHP)

↓ 182%
Decrease in DAB months caused by the movement



What we are asking

- Adjust Medicaid rates to accurately offset the disenrollment of the program.
- Urge MDHHS to push out already appropriated funds – STOP the Impoundment of Funds.
- Ensure that enrollees are slotted into the correct Medicaid bucket.
- Adjust Medicaid rates to accurately reflect the costs of services – Inpatient Hospitalization, specialized residential and autism.
- Dramatically reduce the unnecessary administrative burdens that go beyond federal requirements and that do not improve the lives of people served.



The Community Mental Health Association of Michigan is the state association representing Michigan's public Community Mental Health (CMH) centers, the public Prepaid Inpatient Health Plans (PIHP – public health plans formed and governed by CMH centers) and the private providers within the CMH and PIHP provider networks.

FOR MORE INFORMATION, PLEASE VISIT [CMHA.ORG](https://cmha.org) OR CALL 517-347-6848.

