

## Hertel: Administration neutral so far on \$3 billion Medicaid mental health debate

CHAD LIVENGOOD



**Elizabeth Hertel**

The state's top health official is staying neutral for now on dueling efforts underway in the Legislature to overhaul the management structure of Michigan's \$3 billion-a-year Medicaid program for adults with severe mental health and substance abuse disorders. Instead of opposing or supporting competing Republican-authored reform bills, the Michigan Department of Health and Human Services is assessing where there are gaps in access to mental health and substance abuse treatment, MDHHS Director Elizabeth Hertel said.

"We are spending our time right now internally identifying gaps in service access and putting together plans and proposals to try to expand those services and increase access across the state," Hertel said in a videoconference interview for the annual Crain's Health Care Leadership Summit. "... It's incumbent upon us right now to identify those areas that are lacking in service provision and trying our best to work with providers to expand access to service in those areas."

In an interview with Crain's pre-recorded for the summit's attendees, Hertel acknowledged there are "serious gaps" in access to services, particularly rural and urban areas where there are often shortages in psychiatrists and psychologists.

"I think this system, in particular, continues to provide immense opportunities for improvement," Hertel said. At the summit's in-person event Wednesday in Dearborn, making the Medicaid mental health system easier to navigate and accessing care was a major point of discussion.



Eric Doeh, CEO of the Detroit Wayne Integrated Health Network, Wayne County's mental health agency, urged policymakers to make surgical changes to the system.

"Are there things that we can do better? Absolutely," Doeh said. "But you don't need to take a sledge hammer to something when a scalpel is basically needed."

Michigan's system of health care for low-income residents on Medicaid with severe mental illnesses, developmental disabilities or substance abuse disorders is often [criticized for lack of coordination with the state's system for physical health](#).

The layers of oversight and administration of each dollar spent on mental health are daunting: Taxpayer funding starts in Washington and flows to Lansing through the Michigan Department of Health and Human Services, which contracts with 10 state-created prepaid inpatient health plans or PIHPs to manage care for fewer than 300,000 of Michigan's 10 million residents.

For insurance purposes, mild-to-moderate mental health disorders are managed by private managed care companies that administer Michigan's Medicaid programs. The treatment of more severe mental health disorders is managed by community mental health agencies in the public sector.



"No one will sit here and say what we have today is working," said Rick Murdock, the former longtime executive director of the Michigan Association of Health Plans who has advocated for letting insurers manage this portion of the Medicaid program. "We need to make sure we don't destroy or eliminate the safety net. We need to preserve that."

Doeh said there are ways to break down the silos without cutting the safety net.

Wayne County serves 15,000 children in need of mental health crisis services. North of the "imaginary line of Eight Mile" Road, Doeh said, Oakland County has 7,000 children who need those same services.

The current system requires the neighboring counties to operate separate programs, Doeh said.

"Why can't we collaborate when it comes to crisis services?" he asked. "... We can solve those things and don't need to overhaul the system in order to get it done."

While Gov. Gretchen Whitmer's administration focuses on access to care at the community and provider level, GOP lawmakers have honed in on changing the way that care is managed — and who manages it.

Legislation in the Senate led by GOP Majority Leader Mike Shirkey of Jackson County would allow private health insurers to integrate all mental health and substance abuse care into their existing Medicaid managed care plans.

A competing set of bipartisan bills in the House, led by GOP Rep. Mary Whiteford of Allegan County, seeks to replace the current structure of 10 PIHPs — publicly-run health insurers that are run by county-level mental health agencies — to a single administrative entity that would pay claims.

Whiteford's plan calls for MDHHS to contract with a not-for-profit administrative services organization (ASO) that could not be a private health insurer or a community mental health agency. MDHHS could serve as the ASO or it could contract with outside entity to manage the multi-billion-dollar program under a fee-for-service model that would include new forms of fiscal accountability, Whiteford said.

In an interview, Whiteford said she isn't "busting up" Michigan's 46 community mental health agencies.

But unlike Shirkey's bill, Whiteford's not allowing private insurers to get a piece of the \$3 billion the state spends annually in the Medicaid budget on behavioral health and substance abuse.

"I'm sick of managed care," said Whiteford, chair of the House Appropriations subcommittee that writes the Medicaid budget. "We have to stop micromanaging."

Whiteford's proposal would allow mild-to-moderate mental health services to be paid for by the ASO instead of flowing through insurers' managed care plans for Medicaid.

"We're not breaking one person into two," she said.

Whiteford's bipartisan legislation, [House Bills 4925-4929](#), was introduced in late May, but remains in the House Health Policy Committee.

Shirkey's has held hearings for his legislation, [Senate Bills 597 and 598](#), in the Senate Government Operations Committee, but no vote has been taken to advance the bills to the Senate floor.

At the Crain's Health Care Leadership Summit, one panelist said lawmakers are debating management of the system, while average residents are searching for care.

Bret Jackson, president of the Economic Alliance for Michigan, a non-profit advocacy group whose members include businesses and unions, talked about a family member who has been battling a substance abuse disorder for a couple of years.

"We cannot find a provider to help that person," Jackson said. "I agree that destroying a safety net system and starting from scratch is not the way to go. But for everyday working people, they just can't find the resources that they need."