



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #516

Community Services for Individuals with Mental Illness (DHFS -- Community Aids and Supportive Living)

[LFB 2001-03 Budget Summary: Page 400, #3]

CURRENT LAW

Mental health and substance abuse services together are referred to as behavioral health services. Publicly-funded behavioral health services are provided through county mental health and substance abuse service systems and medical assistance (MA) providers. In addition, the Department of Health and Family Services (DHFS) distributes grants to counties and community-based organizations to fund prevention and treatment activities for persons with substance abuse and mental health needs.

Community Mental Health Block Grant. In federal fiscal year 2000-01, Wisconsin received \$6,683,900 from the federal community mental health block grant (CMHBG), which states may use to provide comprehensive community mental health services to adults with a serious mental illness and to children with a serious emotional disturbance and to monitor the progress in implementing a comprehensive community based mental health system. In 2000-01, in Wisconsin, the CMHBG supports community aids, integrated service projects for children, aids (which includes recovery, early intervention and prevention grants and system change grants) and associated state operations.

Behavioral Health Managed Care Demonstration Projects. In 1997 Wisconsin Act 27 (the 1997-99 biennial budget act), DHFS was provided funding for 3.00 FTE positions to develop and implement a behavioral health managed care program. 1999 Wisconsin Act 9 (the 1999-01 biennial budget act) provided one-time funding of \$50,000 (\$25,000 GPR and \$25,000 FED) in 1999-00 to support data analysis activities in DHFS and \$480,000 (\$360,000 GPR and \$120,000 FED from MA matching funds) in 2000-01 to implement four demonstration projects. Because the funding provided in 2000-01 was one-time funding, it is deleted as a standard

budget adjustment in the Governor's 2001-03 budget and is not available on an ongoing basis as part of the DHFS base budget.

In addition, in 2000-01, DHFS awarded the demonstration projects an additional \$625,000 FED in recovery, prevention and early intervention grants funded from the CMHBG. These grants are three-year annual awards (of \$500,000 FED in 2001-02 and \$375,000 FED in 2002-03) and expire in fiscal year 2002-03. The federal funds for these grants were available from the increase in the CMHBG federal fiscal year 2000 award. The demonstration projects are using these funds to support: (a) training of mental health care providers on the concepts of recovery, prevention and early intervention; (b) public outreach and information activities; and (c) program development.

In January, 2001, DHFS began operating four mental health/substance abuse demonstration pilot programs that provide services to persons with mental illness and/or alcohol or other drug dependency on a fee-for-service basis for an 18-month period. Beginning in July, 2002, counties, tribes or entities contracted by counties or tribes will begin providing services to these clients on a capitated basis, using a combination of MA, local tax and community aids funds and provide a single-entry point into the system for all clients.

System Change Grants. DHFS distributes grants funded with the CMHBG to counties to assist in relocating individuals with mental illness from institutional or residential care to less restrictive and more cost effective community settings and services. The grant monies permit the initial phasing in of community services for these individuals. Counties must continue providing community-based services to individuals served by the program after the five-year grant expires by use of funding made available to the county from reduced institutional and residential care utilization. The grants, which expire in December, 2001, were awarded to Marathon, Waupaca and Forest/Oneida/Vilas Counties. In 2000-01, \$245,100 FED is budgeted in DHFS to support these grants.

GOVERNOR

Behavioral Health Managed Care Demonstration Projects. Provide \$160,000 FED in 2002-03 from the CMHBG to fund one-time costs of continuing the mental health/substance abuse managed care demonstration pilots that were enacted in 1999 Wisconsin Act 9.

System Change Grants. Provide \$928,000 FED annually from the CMHBG to increase funding for systems change grants. Modify the system change grant program as follows.

First, specify that grant recipients could include entities other than counties.

Second, permit grant recipients to use funds to support initial phasing in of recovery-oriented system changes, prevention and early intervention strategies and consumer and family involvement for individuals with mental illness.

Third, reduce from five years to three years the maximum period a grant recipient can receive funding.

Fourth, require grant recipients to use savings made available from incorporating recovery, prevention and early intervention strategies and consumer and family involvement in services to continue funding for these services by using funding made available to the county from reduced institutional and residential care utilization.

Finally, delete the \$350,000 annual limit on the amount of funding DHFS may distribute for these purposes.

DISCUSSION POINTS

Blue Ribbon Commission on Mental Health

1. In May, 1996, under an Executive Order, the Governor appointed a Blue Ribbon Commission on Mental Health. The Commission was directed to recommend: (a) model mental health delivery systems that are effective in an environment that emphasized managed care, client outcomes and performance contracting; (b) ways federal, state and county governments can cooperate to gain fiscal efficiencies and greater service capacity; (c) a service system targeted at prevention, early intervention, treatment, recovery and positive consumer outcomes; and (d) ways to reduce stigma in the state's mental health policies and programs.

2. In its April, 1997, report, the Commission recommended changes to the mental health system that focus on consumer outcomes, the concept of recovery, prevention and early intervention services, reducing stigma associated with mental disorders, the DHFS role in the mental health system and the financing and organizational structures of the mental health system. Specifically, the Commission recommended pooling federal, state and county funding for human services through a managed care approach to services.

3. The Blue Ribbon Commission adopted the concept of recovery, defined as the successful integration of a mental disorder into a consumer's life, as the key tenet of the redesigned mental health system. In a recovery-oriented system, mental health consumers participate in services that enable them to recover and decrease their dependence on the mental health system, rather than become long-term users of the mental health system.

4. The Commission identified five target populations, based on the level of a person's service needs, for which to plan mental health services. The first three populations include: (a) persons in need of ongoing, low intensity, comprehensive services; (b) persons in need of ongoing, high intensity, comprehensive services; and (c) persons needing short-term situational services. These populations were identified to be in need of treatment and recovery services. The Commission identified four broad categories of treatment and recovery services: (1) core mental health services (assessment, crisis intervention, case management); (2) self-help, peer support and natural supports; (3) community supportive services; and (4) in-residence services. The pattern of

expected services to be offered will be influenced both by the age of the consumer and the intensity of service needs.

5. The second population grouping includes persons at risk of developing mental problems at some point in their lives and persons at an acceptable level of mental health. These populations were identified by the Commission to be in need of prevention and early intervention services. Through prevention and early intervention, many of the conditions of mental illness can be reduced in absolute number, delayed in onset, or lessened in severity if specific risk factors are reduced, certain protective factors enhanced and early warning signs treated promptly.

6. The Commission recommended that the redesigned mental health system emphasize flexibility and creativity with the objective to empower consumers, families and mental health professionals to be creative as they seek to achieve mutually agreed upon outcomes. To meet these goals, the Commission also recommended that all consumers: (a) participate in comprehensive assessment; (b) receive highly individualized services based on that assessment and the consumer's chosen way of life; (c) have a plan of services designed to achieve positive consumer outcomes, including self sufficiency; (d) are served with dignity, respect and the least restrictive interventions necessary to achieve consumer outcomes; and (e) receive services that meet any applicable standards of care.

7. The Commission's report outlined a recovery-oriented mental health system that promotes self-determination and quality of life, rather than dependence, for persons of all ages with mental disorders and emphasizes prevention and early intervention of targeted mental disorders.

Behavioral Health Managed Care Demonstration Projects

8. The four mental health/substance abuse demonstration projects are in Milwaukee, Dane, Kenosha and Forest/Vilas/Oneida Counties. The projects are intended to implement the Commission's recommendations by changing mental health service delivery in these counties from a maintenance system (maintaining an individual with a mental illness in a humane environment) to an individualized system, focused on the individual consumer's goals and life.

9. The demonstration projects also provide the county with flexibility in funding. Beginning in July, 2002, MA funds will be capitated in the counties of the four pilot projects to fund services for those individuals who voluntarily enroll in the new system. Under this change, counties agree to provide community aids and county funds at current levels for mental health services. Under this managed care approach, the money follows the mental health service consumer, allowing the system to be responsive to consumers' needs.

10. Pilot counties are using the one-time funding provided in Act 9 and their recovery, early intervention and prevention grant money to train providers, consumers and family members in the new service delivery model. In addition, counties are collecting data on individuals who are currently receiving services to determine an appropriate MA capitation rate, which will be effective July, 2002, in the counties with pilot programs.

11. Funding provided under the Governor's 2001-03 budget continues the programs funded in the 1997-99 and 1999-01 biennial budgets. The one-time funding the Governor recommends for 2001-02 is intended to support the costs of the final stage of the pilot program start-up in the respective counties.

Systems Change Grants

12. The original purpose of the system change grants was to support the costs associated with the initial phasing in of providing community services for individuals with mental illness who are relocated or diverted from institutional or residential care. This change in the mental health system (to reduce institutional costs and increase the availability of community-based services) was consistent with the service philosophy of the time. These five-year system-change grants end in December, 2001. Since the institution of these grants, the focus of the mental health system has shifted to direct service delivery around a recovery, early prevention and intervention philosophy, as outlined in the Blue Ribbon Commission's report.

13. The Governor's recommended statutory language changes would give DHFS flexibility in how to use the grants. Under the bill, DHFS would be able to target the grant funds to projects and programs that focus on the areas of recovery, early intervention and intervention.

14. In addition, through experience, DHFS staff have determined that a three-year grant period is an appropriate length of time in which a community will need the additional funds that would be provided through this grant to support the initial phasing in of recovery-oriented system changes, prevention and early intervention strategies and consumer and family involvement for individuals with mental illness.

15. Three-year grants would allow DHFS to award grants to more counties or entities sooner, allowing more communities to receive grant funding to implement these changes to their mental health system. In addition, DHFS anticipates that implementing these system changes will result in cost savings by the grant recipients. These savings are to be used to continue services once grant funding is discontinued.

Community Mental Health Block Grant

16. After the Governor's budget recommendations were submitted to the Legislature, Wisconsin received the official CMHBG award letter for federal fiscal year 2000-01. Wisconsin was awarded \$63,800 more than the amount allocated in the Governor's budget. Therefore, with this additional funding and the anticipated CMHBG surplus in the 2000-01 state fiscal year, an estimated \$831,900 in 2001-02 and \$61,700 in 2002-03 from the CMHBG has not been allocated. These funds could be budgeted by the Committee to support the recovery, early intervention and prevention grants or any other eligible program. The administration has indicated that its intent is to allocate these additional funds for the recovery, early intervention and prevention grant program.

17. The utilization of the CMHBG funds under the Governor's budget recommendations represent appropriate uses of these federal funds. In addition, these recommendations are consistent

with past legislative decisions to provide funds for the start up of these pilot programs. If the Governor's recommendations are denied, DHFS indicates that the pilot counties could discontinue participation in the project. Without the statutory language changes that the Governor recommended for the systems change grants, the current language would be maintained but the pace of change in delivery of appropriate community-based mental health services could be slowed. In the absence of legislative intent for these federal funds, the Governor has the statutory authority to allocate federal funds based on the recommendations of DHFS and the state Council on Mental Health.

18. This office has received a number of inquiries on the integrated service projects (ISP) for children with severe emotional disabilities (SED). This program provides integrated services, also referred to as "wraparound services," which focus on the strengths and needs of the child and family and "wrapping" services around them to treat and support families in the community. The program serves children under 18 years old who: (a) have mental, physical, sensory, behavioral, emotional or developmental disabilities that are severe or persistent; (b) have minimal coping skills to meet the ordinary demands of family life, school and the community; and (c) require assistance from two or more service systems. Priority is given to children with severe disabilities who are at risk of placement outside of the home, or who are in an institution and are not receiving integrated community-based services, or who would be able to return to community placement or their home from an institutional placement if such services were provided. CMHBG funds could be used to expand the program to additional counties. If additional funds were allocated to these projects, ongoing funding would be required to maintain the projects.

19. In 2000-01, \$1,463,800 (\$133,300 GPR and \$1,330,500 FED) is budgeted for this program, and would be maintained under the Governor's budget. From this funding, DHFS awards annual grants to 19 counties. The table on the following page lists these counties, their annual grant award and the number of children enrolled in each program in 2000. The federal funds are available under the CMHBG. In addition to the programs listed below, eight other counties in Wisconsin operate ISP programs for children with SED. The programs in Dane and Milwaukee Counties are MA managed care programs. Forest, Oneida, Vilas, Marathon, Langlade and Lincoln Counties are currently receiving a different grant from DHFS supported by federal wraparound services funds and hospital diversion monies. The programs in these six counties are expected to eventually transition to MA managed care.

20. However, the ISP program changes the way services are provided to children. This same objective could be attained through awarding a system change grant to a county, with the stipulation that it focuses on service delivery to children. Waupaca County currently supports a portion of its ISP program with a system change grant. If the Committee wished to budget these surplus CMHBG funds, it could: (a) approve the Governor's provision; (b) increase the amount of funding for the system change grants by \$831,900 FED in 2001-02 and \$61,700 FED in 2002-03; and (c) specify that at least a certain percentage, for example 10%, of the system change grant funds must be used to support mental health service programs for children.

**Integrated Service Projects
Calendar Year 2000 Awards**

<u>Counties</u>	<u>GPR</u>	<u>FED</u>	<u>Total Award</u>	<u>Enrollees**</u>
Ashland	\$7,200	\$72,800	\$80,000	5
Chippewa	7,200	72,800	80,000	11
Door	7,200	72,800	80,000	14
Dunn	7,300	72,700	80,000	14
Eau Claire	7,300	72,700	80,000	11
Fond du Lac	7,300	72,700	80,000	11
Kenosha	7,300	72,700	80,000	*
La Crosse	7,300	72,700	80,000	20
Marinette	7,300	72,700	80,000	22
Marquette	7,300	72,700	80,000	10
Portage	7,300	72,700	80,000	11
Racine	7,300	72,700	80,000	23
Rock	7,300	72,700	80,000	21
Sheboygan	7,300	72,700	80,000	10
Washburn	7,300	72,700	80,000	8
Washington	7,300	72,700	80,000	9
Waukesha	7,300	72,700	80,000	6
Waupaca	2,200	21,600	23,800	19
Waushara	<u>7,300</u>	<u>72,700</u>	<u>80,000</u>	<u>12</u>
Total	\$133,300	\$1,330,500	\$1,463,800	237

*Enrollment data in not available from Kenosha County.

**The cost per enrollee varies greatly between counties because if one child incurs unusually high expenses, the average cost per enrollee in that county increases. Combine this effect with a low sample size and the cost variance between counties is intensified.

ALTERNATIVES

A. Behavioral Health Managed Care Demonstration Projects

1. Approve the Governor's recommendation to provide \$160,000 in one-time funding in 2001-02 for the behavioral health demonstration projects.

2. Delete provision.

Alternative A2	FED
2001-03 FUNDING (Change to Bill)	- \$160,000

B. System Change Grants

1. Approve the Governor's request to provide \$928,000 FED annually to increase funding for system change grants and the related statutory language modifications.

2. Modify the Governor's request by providing an additional \$831,900 FED in 2001-02 and \$61,700 FED in 2002-03 from the CMHBG for system change grants to reflect reestimates of federal funding available to support the program.

Alternative B2	FED
2001-03 FUNDING (Change to Bill)	\$893,600

3. Modify the Governor's request by providing an additional \$831,900 FED in 2001-02 and \$61,700 FED in 2002-03 from the CMHBG for system change grants to reflect reestimates of federal funding available to support the program. In addition, require DHFS to allocate no less than 10% of the total funds for system change grants for mental health services for children.

Alternative B3	FED
2001-03 FUNDING (Change to Bill)	\$893,600

4. Delete provision.

Alternative B3	FED
2001-03 FUNDING (Change to Bill)	- \$1,856,000

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