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Joint Committee on Finance

Paper #377

Consolidate Community Mental Health Programs (Health Services -- Institutions and Mental Health)

[LFB 2015-17 Budget Summary: Page 237, #10]

CURRENT LAW

The Department of Health Services (DHS) provides grants to counties for community-based mental health services under several programs that were established in the late 1980s as an alternative to institutional care for persons with serious and persistent mental illness.

The treatment funds for mentally ill persons program (s. 46.266 of the statutes) requires DHS to allocate funding to county human service agencies for the care of persons living in a nursing home or intermediate care facility that is classified as an institute for mental disease (IMD) or for community-based care of mentally ill persons meeting certain criteria. The amount of funding provided to counties is based on the number of persons eligible for mental health services in the IMD or relocated to community-based care. The relocation services for individuals with mental illness program (s. 46.268 of the statutes) requires the Department to distribute not more than \$830,000 in each fiscal year for community-based services for persons with mental illness and who are not eligible for services under the community integration program. The combined total based funding for these two programs is \$8,013,700.

The Department's community support program and psychosocial services appropriation funds grants to counties for providing community-based mental health treatment to persons with severe and persistent mental illness. Base funding in the appropriation is \$3,757,500.

GOVERNOR

Consolidate base funding for community mental health services by repealing several programs and funding allocations and transferring base funding from these programs to a funding allocation under the state's community aids program, effective January 1, 2016. (A

summary of these transfers is shown under Discussion Point 1.)

Repeal the treatment funds for mentally ill persons program and the relocation services for individuals with mental illness program. Delete references to these two programs in the DHS mental health treatment services appropriation and specify, instead, that this appropriation may be used to support mental health treatment services at a county-operated institution for mental disease as selected by the Department (\$1,551,500 on an annualized basis). Currently, the only county-operated institution for mental disease is the Trempealeau County Health Care Center.

Repeal the community support programs and psychosocial services appropriation, effective June 30, 2016, and delete all statutory references to that appropriation, including a provision that authorizes the DHS to transfer unexpended moneys from this appropriation at the end of the fiscal year to the Department's appropriation for grants for community programs to be used for supported employment opportunities for individuals who are severely disabled.

Expand the statutory purpose of community aids program to explicitly include community mental health services. Require DHS to distribute not less than \$24,348,700 in each fiscal year for community mental health services. Provide that in 2015-16, the first fiscal year of the consolidation, the Department may distribute one-half of that amount (\$12,174,350), after January 1, 2016.

DISCUSSION POINTS

1. The bill would combine two mental health institutional relocation programs and one psychosocial rehabilitation program into a new community aids program for community mental health services. Statutory provisions governing the usage of funds under these programs would be eliminated and replaced with a general requirement that the funds be distributed to counties for community mental health programs. In addition to the funding from the eliminated programs, other funding would be transferred from the community options program (COP), in an amount that approximates the annual use of COP funding for program participants receiving community-based mental health and substance abuse services. The following table shows the appropriation changes associated with the program consolidation. The institutional relocation programs are funded from the "mental health treatment services" appropriation.

Proposed Funding Transfers for the Creation of Community Mental Health Services Grants

<u>Appropriation</u>	<u>2015-16</u>	<u>2016-17</u>
Mental Health Treatment Services	-\$4,006,800	-\$8,013,700
Community Support Programs and Psychosocial Services	-1,878,800	-3,757,500
Community Options Program (Mental Health/Substance Abuse)	<u>-6,288,800</u>	<u>-12,577,500</u>
Community Aids -- Community Mental Health Services	\$12,174,400	\$24,348,700

2. The program consolidation would begin in calendar year 2016. Since the existing programs would continue in 2015, only one-half of the full annualized transfers would occur in fiscal year 2015-16.

3. The following points provide a brief description of the programs proposed for consolidation.

Mental Health Institutional Relocation Programs

4. The creation of relocation programs in the late 1980s was in response to a federal determination that several county-operated nursing homes met the definition of an institution for mental disease (IMD). Under federal law, federal Medicaid funds may not be used to reimburse IMDs for care provided to persons between the ages of 21 and 64. Consequently, the state funding was provided to assist counties in moving residents of these facilities to community-based mental health treatment programs, if appropriate.

5. Originally, the funding in these programs was intended as one-time assistance to allow relocation of persons with mental illness from IMDs to the community. In the succeeding years, the program was modified to allow funds to be used on an ongoing basis for community-based services for persons who otherwise may require institutional care.

6. Thirty counties currently receive funds from one or both of the IMD relocation programs. The amount of funding that each county receives remains the same from year to year, and is tied to the original formula-based relocation calculation.

7. Although the funding received under the relocation programs is still being used by counties to support persons in community-based mental health services, the circumstances have changed. Instead of supporting specific individuals relocated from institutional care to community-based services, persons in need of such services are given a direct placement into community programs that the funding supports (although some may be placed in these programs from institutions). Because of the change in circumstances, some of the specific statutory requirements for the use of funds are no longer pertinent to current uses of the funding. The Department believes that eliminating the statutory provisions would simplify the administration of grant funding for counties.

Community Support Programs and Psychosocial Services

8. The community support programs and psychosocial services appropriation provides funding for county programs providing supportive services for persons with severe and persistent mental illness. Psychosocial rehabilitation services include coordination of medically-oriented treatments, as well as social, educational, and occupational supports. Although the medical assistance (MA) program provides coverage for MA-eligible individuals who are enrolled in county psychosocial rehabilitation programs, counties vary on the array of services that they provide. The GPR funding provided under the community support program and psychosocial services appropriation is used by counties to provide the non-federal match for mental health services for which counties have the matching responsibility.

9. There are two components of this appropriation, and all but four counties (Buffalo, Florence, Pepin, and Pierce) receive funding from one or both components. The community support program (CSP) waitlist component was established to allow counties that operated CSPs, but that did not have sufficient capacity for all eligible persons, to offer a modified support program. Currently this component distributes \$939,400. The community mental health component distributes \$2,818,100 to assist counties with the costs of civil commitments at the state mental health institutes. As with the IMD relocation programs, the distribution in these two components is not necessarily tied to the original distribution. For instance, although the CPS waitlist component funding was originally tied to individuals on CSP waitlists, it no longer has this specific connection.

10. As with the proposed consolidation of IMD relocation programs, DHS believes that the consolidation of the psychosocial rehabilitation services funding would simplify administration of the program since it would eliminate the need for counties to separately account for subcomponents of the program.

Community Options Program

11. The state's community options program (COP) provides home and community-based services for persons who need long-term supportive services to remain in their home or a community residential facility. The program has two distinct components. The COP-waiver (COP-W) program operates under terms of a federal Medicaid waiver. COP-W enrollment is limited to elderly and disabled persons with certain care needs, and is unrelated to mental health. The other component, known as COP-regular (COP-R) is 100% GPR-funded and operates outside the MA program. Under the COP-R component, DHS provides grants to counties for long term care services. Among other purposes, counties may use these funds for services for persons with chronic mental illness or substance use disorders.

12. DHS allocates COP-R funding to each county and the counties determines how to utilize the funds among the target populations. Since COP-R funds may be used to provide services to persons who do not have mental health or substance abuse-related needs, the amount that is allocated by counties for mental health and substance abuse purposes can vary from year to year. The bill would reallocate \$12,577,500 of COP-R funding to the community mental health grants program, based on the amount of COP-R funding that counties used for persons with long-term care needs related to mental illness and substance abuse in calendar year 2013.

Discussion of Alternatives

13. The Department indicates that the existing distribution of funds from the consolidated programs would continue in 2016. However, in preparation for the 2017 distribution, DHS would consult with counties and other mental health stakeholders to develop funding allocation policies. The Department indicates that it would seek to promote the use of evidence-based practices to promote positive outcomes, as well as encourage regional cooperation in the delivery of psychosocial rehabilitation programs.

14. With the establishment of new policies for the allocation of community mental health funds, it is possible that the distribution of funding among counties would change. Since a

significant portion of the original funding for these programs was based on formulas or policies that targeted funding to certain counties (such as the relocation of residents from certain county nursing homes), the funding distribution does not reflect current populations of persons in need of community-based mental health care in counties.

15. The Wisconsin Counties Association (WCA) has raised concern regarding the proposed community mental health program consolidation, and has requested that the consolidation provision be removed from the bill [Alternative 3]. WCA notes that although the Department indicates that the 2016 funding distribution would remain the same as in prior years, the variability of COP-R funding means that counties do not know how much they would receive. Furthermore, the counties note that an eventual change to the distribution of these funds would result in some redistribution of funds. Without an increase to the total amount of funding allocated, some counties would see a reduction in their allocation. WCA indicates its preference that any change to these programs be done only after consultation with the counties and mental health stakeholders.

16. Another alternative would be to retain the proposed program consolidation but require the Department to consult with WCA and mental health stakeholders before developing a method for distributing the funds in 2016 and beyond. To ensure Legislative oversight of the distribution method, the Department could be required to submit the plan to the Joint Committee on Finance for approval under a 14-passive review process. The Committee could be given authority to modify the planned distribution if it objects to the Department's proposal [Alternative 2]. This alternative could accomplish the Department's goals of eliminating antiquated statutory language and simplifying the administration of the grant programs, but would give WCA and other stakeholders a formal role in establishing a new distribution formula.

ALTERNATIVES

1. Approve the Governor's recommendation to consolidate mental health programs by eliminating programs and requiring the Department to distribute \$24,348,700 in each fiscal year (\$12,174,350 in 2016) for community mental health services.

2. Modify the Governor's recommendation as follows: (a) require DHS to consult with the Wisconsin Counties Association and mental health stakeholders before developing a method for distributing community mental health services funds in 2016 and beyond; (b) require the Department to submit a proposed distribution method to the Joint Committee on Finance under a 14-passive review process; and (c) require the Department to use the proposed distribution method, as approved, or as modified and approved by the Committee.

3. Delete provision.

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