

Newsletter

APRIL 2009

Agency Addresses Consumer and Provider Complaints about CLS, Conducts Review on Payments for Services

The Detroit-Wayne County CMH Agency has been addressing concerns from consumers, consumer families, providers and stakeholders about Community Living Services (CLS).

The concerns with CLS center on recent cuts that CLS made to providers.

CLS is one of five Managers of Comprehensive Provider Networks or MCPNS. There are three MCPNs for individuals with developmental disabilities and two MCPNs for individuals with mental illness.

The Agency did make a reduction of less than 2 percent to all the MCPNs this fiscal year to ensure a balanced budget. The direct cut to CLS was \$2 million, or about two percent of the total CLS budget of \$120 million. Typically, a reduction that size is manageable, and there is no need for a reduction in consumer services or payments to providers. If a cut had to be made, it would have been understandable that the cut would be the same size – about two percent. However, the cuts made by CLS to its service providers ranged up to 12 percent.

The Agency conducted a compre-

hensive review of payments to CLS to ensure that it was being paid all the monies owed for services provided. The review found that that all services had been paid. This was vastly different from a concern by another MCPN, Synergy Partners LLC, which was providing services that were unpaid until the Agency allocated more funding.

CLS provides services to some 2,700 consumers. It receives \$114 million to \$118 million annually. The Agency, which has had MCPNs since October 2002, pays each MCPN based on encounter data for services provided to consumers, on a per member, per month (pm/pm) basis. The pm/pm payment system has caused some fluctua

Continued on next page

Agency seeks assurances for CLS cost settlement

Due to concerns about bank pressure on CLS for its mortgage operations, the Agency has asked CLS to provide adequate assurances that mental health funds will not be seized by its financing companies.

The mental health funds include payments the Agency makes to pay CLS for services and for installments on an \$8.2 million cost settlement.

The assurances are necessary to protect consumers and their services. The Agency also want to ensure that public funds are spent according to state and federal laws. The vast majority of the public money is Medicaid.

The cost settlements stemmed from net cost contracts in effect before Detroit-Wayne started the MCPN system. Through an independent audit a few years ago, it was determined that the Agency owed CLS for fiscal years 1999-2002. The Agency and CLS recently agreed to a two-year payment schedule that was to start in February 2009. However, to assist CLS with its cash flow, the Agency advanced a \$500,000 payment last November.

The Agency is continuing to work with CLS to obtain the assurances.

Agency Addresses Concerns Continued from Page 1

tions in MCPN funding, and the Agency is currently reviewing this method for changes or replacement.

However, even with the fluctuation in current funding, CLS has had ample funding to pay mental health service providers. As a result, the Agency has asked CLS to restore all funding that CLS cuts from its providers. CLS recently indicated that it is working to restore the funding.

It does appear other factors are affecting CLS and its mental health operations. In several public forums, including a Wayne County Commission meeting, CLS President Jim Dehem explained that CLS co-signed a \$9.6 million loan for mortgages on residential and commercial properties. With the turmoil in the mortgage industry, CLS was under pressure from the banks to pay down the principle on the mortgage loans or to reduce expenditures. CLS decided to cut funding to providers.

The Agency contracts with CLS for mental health services only. The Agency is not involved in the housing firms operated or co-owned by CLS, such as Liberty Hill Housing Corporation or CLS Holding. Each MCPN has lines of credit for operations; however CLS also has mortgage loans.

The Agency and CLS also have a cost settlement of \$8.2 million for services rendered prior to 2003. Monthly payments were scheduled to start in February 2009. However, the Agency made an advance payment of \$500,000 to CLS three months early in November to assist CLS.

The Agency will remain in close communication with CLS, and with

each MCPN, to ensure the stability of the mental health system and the continuation of quality services and supports for individuals and families with developmental disabilities and mental illness. The CLS provider network, as all MCPN provider networks, will be required to conduct Person Centered Planning meetings and, in accordance with stated Medicaid funding requirements, the appropriate notice of any change in service will be provided to the affected individual and their legal representative.

There will be opportunities for the appeal of any reduction, termination of or denial of a service or services. Changes to clinical and day support services will only occur if assurances are provided that the services have been determined to be ineffective or not medically necessary or clinically justified.

We will also keep each stakeholder regularly apprised of the status of CLS.

What's the difference in funding for CLS and Synergy?

The Agency pays each MCPN based on the services provided. The services are reported to the Agency as encounters.

People are asking, why did the Agency give Synergy more money but will not give CLS more money?

Records show that CLS has received payments for all services reported to the Agency.

That was not the case with Synergy. It reported services that were not paid. The Agency approved additional funding to pay Synergy for services with documented encounters.

For general information about the **Detroit-Wayne County Community Mental Health Agency**, contact **313-833-2500** during business hours.

24-Hour Help Line and Mental Health Referral

The Agency has a 24-hour help line that provides emergency telephone referral and counseling services to service providers and individual callers with mental health needs.

1-800-241-4949
TTY 1-866-870-2599

Detroit-Wayne County Community Mental Health Agency

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*The Detroit-Wayne County Community Mental Health Agency is a division of the Wayne County Department of Health and Human Services.
Robert A. Ficano, Wayne County Executive*

QUICK FACTS

2007-08 Fiscal Year

CLS is paid for services provided to consumers in its network and an administrative fee. The administrative fee for CLS and all other MCPNs is capped at 4.5 percent.

For the fiscal year ending September 30, 2008, the Agency's MCPN payment to CLS for services totaled more than \$115 million or more than \$42,400 per person served by CLS.

Amount Paid for Services:	\$115,100,000
Persons Served:	2,700
Average Paid per person for services:	\$42,400

Average per person by MCPN

*(figures do not include administrative fee)

MCPNs for individuals with developmental disabilities

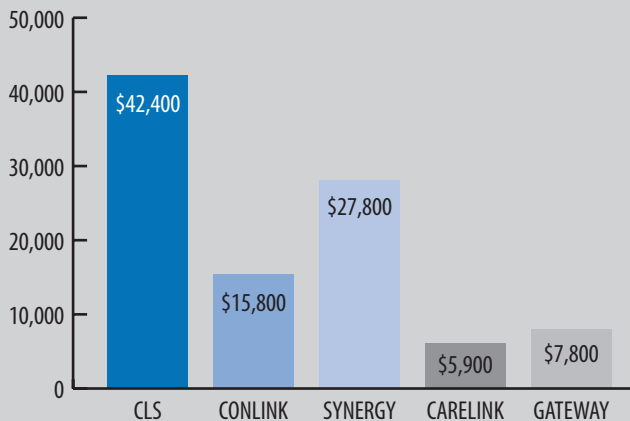
MCPN	\$ for Services	Persons Served	Avg \$/person
CLS	\$115.1M	2,700	\$42,400
Conlink	\$34.6M	2,200	\$15,800
Synergy	\$46.4M	1,700	\$27,800

Average per person by MCPN

*(figures do not include administrative fee)

MCPNs for individuals with mental illness

MCPN	\$ for Services	Persons Served	Avg \$/person
CareLink	\$101M	17,300	\$5,900
Gateway	\$135M	17,100	\$7,800



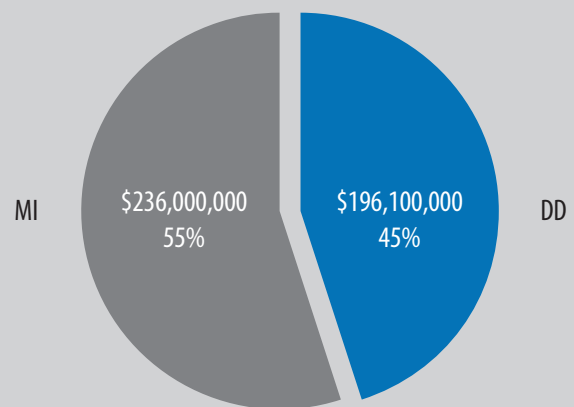
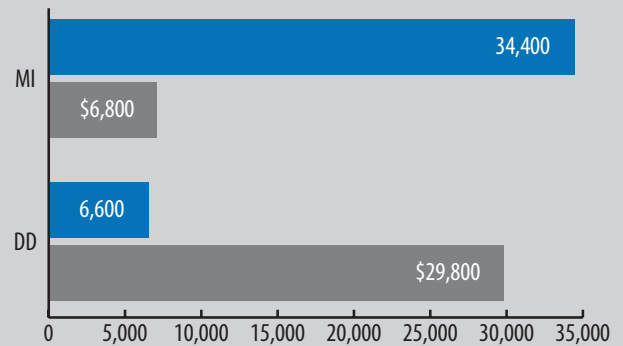
Comparison by type of MCPN

Mental Illness (CareLink, Gateway)

Persons Served	34,400
Average Cost per person served	\$6,800

Developmental Disabilities (CLS, ConsumerLink, Synergy)

Persons Served	6,600
Average Cost for person served	\$29,800



*Figures and numbers have been rounded.

Detroit-Wayne reviews MCPN funding model

In early 2002, Detroit-Wayne County was mandated by the Michigan Department of Community Health to establish managers of comprehensive provider networks or MCPNs.

The Agency fulfilled its state mandate and bid out services, awarded contracts, and began operating with MCPNs by Oct. 1st. After taking time to “grow” MCPNs and ensure stability of the new system, the Agency is reviewing how MCPNs are funded.

“We brought the MCPNs up in a hurry, with a lot of assistance from the Michigan Department of Community Health and an outside accounting firm,” recalls Veda A. Sharp, LMSW, acting executive director. “It took time to create a new system, ensure that consumers and their families understood it, and get it operating effectively. We are now taking time to look at some of the fundamentals like funding to see what changes are needed.”

Since the launch of MCPNs, the Agency has used funding rate bands and has reviewed the bands from time to time to ensure appropriate funding and payment for services. In recent years, the Agency felt more was needed, and in December 2008, the Detroit-Wayne County CMH Board of Directors approved hiring a firm to conduct a comprehensive review of funding for

services and make a recommendation for changes and improvements.

“Our goal is to ensure that services are funded appropriately based on the revenues received by the Agency,” said Sharp. “As a system, we have seen more consumers become eligible for services for both mental illness and developmental disabilities. At the same time, funding is limited, and we must

work to get the most from the same resources.”

The review is being conducted by Milliman, an actuarial firm also used by the State of Michigan.

Mental Health Finance Director Michael Garrett said any new adjustments will be made based on the findings from Milliman and will be implemented this year for MCPN payments.

Detroit-Wayne County adds funds to support direct care wage increase

The State of Michigan will provide about \$843,000 in Medicaid and State General funds to provide a one-percent increase in the hourly wages for direct care workers, Wayne County finance officials estimate.

However, the total needed to make sure direct care workers in Wayne County actually get a one percent increase is much higher. According to Mental Health Finance Director Michael Garrett of the Department of Management and Budget, the Agency will need to add \$600,000 to \$1.4 million to make sure each worker gets the increase.

“The Agency uses its funds to make

sure direct care workers in the Detroit-Wayne system get the increase,” said Michael Garrett, Mental Health Finance Director. “The Legislature does not include all the funding needed, and Detroit-Wayne does not want workers in our system to be short-changed.”

Last year, the Legislature approved a two percent increase, which means the Agency spent nearly twice as much to ensure the increase went to direct care workers.

The actual amount needed to supplement the limited state funding depends on the number of direct care workers during the year.

About the Detroit-Wayne County CMH Agency

The Detroit-Wayne County Community Mental Health Agency operates the public managed care system serving more than 60,000 residents with mental illness, developmental disabilities, substance use disorder and serious emotional disturbance. As a managed care system, the Agency works in partnership with five Managers of Comprehensive Provider Networks, two Coordinating Agencies for Substance Abuse, and dozens of specialty providers to ensure a comprehensive array of programs and services to consumers through a \$570million annual budget.