



## For Immediate Release

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## Contact:

Lisa Williams, Executive Director  
[LisaW@wcmhs.org](mailto:LisaW@wcmhs.org)  
231-845-6294

### **State of Michigan Issues Proposal to Terminate Contract with the Lakeshore Regional Entity**

*The proposal would eliminate local control of the public mental health system*

On Friday, June 28, the Michigan Department of Health and Human Services (MDHHS) issued a proposal to terminate its contract with Lakeshore Regional Entity, effective September 30, 2019. The proposal would eliminate local control of the public mental health system and inject unnecessary chaos when simpler, more rapid solutions exist.

The Lakeshore Regional Entity (LRE) is the publicly managed Prepaid Inpatient Health Plan (PIHP) that manages the Medicaid behavioral health benefit for Muskegon, Allegan, Kent, Lake, Mason, Oceana, and Ottawa counties.

West Michigan CMH is the local Community Mental Health Authority responsible for providing state and federally-mandated services to Lake, Mason, and Oceana County residents on Medicaid with a serious mental illness, developmental disability, serious emotional disturbance, and/or co-occurring substance use disorder.

Since February 2019, the LRE has partnered with Beacon Health Options, a private managed care organization, to manage the behavioral health benefit. The state's proposal to terminate the LRE's contract indicates that the state would contract directly with Beacon Health Options to manage the benefit beginning on October 1, 2019.

This announcement comes after years of inadequate mental health funding from the state, which has put local Community Mental Health Service Programs (CMHSP) and county governments under severe financial strain.

A study released earlier this year by the Community Mental Health Association of Michigan revealed a \$150 million gap between the cost of behavioral health care in Michigan and the funding provided to Michigan's public mental health system.

These financial issues are not limited to the LRE. Of the 10 PIHPs across the state, 9 are projecting a funding deficit for FY2019 and 4 PIHPs have no reserve funds to cover the anticipated shortfalls.

Since FY2015, revenue increases received by the LRE have not kept pace with inflation despite a growing number of people being served by its member CMHSPs.

If the LRE had received the same level of rate increases as those PIHPs not suffering such financial distress, the LRE's revenues would have been \$49 million greater in FY2018. Ultimately, adequate funding by the state would have prevented the financial distress currently faced by the LRE.

"These financial problems are caused by the state's refusal to properly fund the public mental health system," said West Michigan CMH Executive Director, Lisa Williams. Williams also stated that, "the public

CMHs in Michigan are prudent stewards of the public dollar and maximize the resources they receive to meet the unique needs of their local communities.”

The state’s proposal would also eliminate local control of the mental health system. Currently, the LRE’s board includes individuals appointed by the counties it serves. The state’s proposal would eliminate this board and replace it with an advisory board formed by the state.

“Michigan’s nationally recognized public mental health system is built on the foundation of locally governed, local service delivery designed to meet the needs of consumers in the communities where they live,” said Williams. “When adequate funding exists, public governance over the spending of public dollars helps guarantee providing the best care, at the right time, in the right place to meet the needs of our communities.”

Rather than canceling the LRE’s contract, MDHHS should join the LRE and Beacon in co-managing the Medicaid benefit, require changes in the LRE Board of Directors, and change the role of the LRE staff in its partnership with Beacon.

This proposal would achieve the outcomes sought by MDHHS; maintain the momentum achieved by the LRE, Beacon, and the CMHSPs in the region; maintain local public governance of the mental health system; and prevent the unnecessary chaos the MDHHS proposal would create.

The Community Mental Health Association of Michigan issued an action alert earlier this week asking everyone to contact the Governor and asking West Michigan residents to contact their Senate & House member(s) expressing concerns with this proposed direction of eliminating the public governance and oversight of the Lakeshore Regional Entity (LRE).

Despite the lack of adequate funding, West Michigan CMH is committed to continuing to provide quality services to residents of our three counties with a behavioral health need.

For more information on Michigan’s mental health system underfunding, visit <https://cmham.org/systemic-underfunding-of-michigans-public-mental-health-system/>. To learn more about WMCMH, visit [www.wmcmhs.org](http://www.wmcmhs.org).

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