

## **Statewide Funding and Payment Model for Mental Health Services Purpose, Policy Objectives and Key Characteristics**

### **Vision / Overall Goal:**

A statewide funding and payment model that is consumer-centered and promotes high quality, efficient care provided at the right time in the right setting.

### **Current Situation:**

Funding sources of mental health services are currently cobbled together in myriad ways to pay for needed mental health treatment services and supports. The result is an under-funded, uneven and unreliable system of care that provides limited access to needed services, supplies incentives for cost shifting and cost avoidance, and does not support early and appropriate intervention. The existing system does not adequately meet the needs of consumers, families, providers, or administrators.

### **Solutions - Policy Objectives:**

An improved statewide payment model for the mental health system must ensure access and choices for persons in need of mental health services; support quality and innovative care; and provide accountability for efficient and effective use of resources in achieving positive outcomes.

#### Access & Choices

- Ensures statewide access to needed services – minimizes geographic differences in access
- Ensures timely access for all services with special consideration for persons in urgent need
- Improves continuity of coverage
- Establishes and defines a uniform entitlement to public funding for mental health services
- Minimizes uncompensated care
- Supports mental health service infrastructure

#### Quality & Innovation

- Facilitates integration of and parity between physical and mental health care
- Encourages earlier identification and intervention
- Removes negative effects of cost- and risk-sharing on clinical decision making,
- Rewards better (evidence-based) decision making
- Emphasizes best practices and effective care over gate-keeping

### Accountability

- Manages public funds more efficiently
- Clarifies public/private health care funder responsibilities
- Builds in continuous evaluation of the effectiveness of the payment model in achieving desired policy objectives
- Discourages cost- and risk-shifting
- Provides for clear and continuous accountability

## **Solutions - Key Characteristics of an Effective Statewide MH Payment Model:**

### Access & Choices

- Simplifies consumer access to needed services
- Facilitates consumer choice
- Simplifies and standardizes eligibility determinations statewide
- Allows for presumptive eligibility in crisis situations
- Efficiently reimburses front line providers for services provided
- Funds comprehensive and uniform benefit set
- Allows funding to follow clients to the appropriate services
- Supports / maintains service infrastructure for services in the benefit set
- Allows the combination of public and private resources when needed to assure full benefit to people in need of services
- Sets reimbursement rates at an economic level adequate to assure real consumer choices

### Quality & Innovation

- Is consumer centered and flexible
- Uses risk sharing and financial incentives for consumers and providers to reward better (evidence-based) decision making
- Supports the provision of quality and effective mental health care, including evidence-based practices such as integrated dual-diagnosis MI-CD treatment
- Includes mechanism to allow flexibility and adaptation to changes over time (financial, clinical, etc.)
- Supports technical assistance and other forms of quality improvement.

### Accountability

- Adapts to changes in level of resources and statewide need for services
- Maintains balance between adequate funding and reasonable cost control
- Maximizes federal financial participation
- Appropriately matches costs with revenue sources
- Provides comprehensive information to assess results
- Encourages and supports third party and employer-based coverage

**Existing sources of public mental health services funding under consideration for inclusion in a statewide payment model total over \$600 million each year and include:**

- State appropriations for adult mental health state RTC operations
- State appropriations for state operated community services.
- State funds in General Assistance Medical Care.
- State and federal funds in the Medical Assistance and MinnesotaCare programs (including SCHIP).
- County funding for mental health services, including state-funded local government aids.
- Children and Community Services Grant funds.
- State Children's and Adult Mental Health grants.
- Federal Community Mental Health Services Block Grant funds.
- Federal Title IV-E funds for children's residential care.
- Client and parental fees.