

Change Item Title: Adjust Adult Rehabilitative Mental Health Services Payment Rate and Provisions of Services

Fiscal Impact (\$000s)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund				
Expenditures	0	0	0	1,041
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	0	0	0	1,041

Recommendation:

The Governor recommends a transfer from Mental Health Grants to Medical Assistance (MA) to assure and improve access to Adult Rehabilitative Mental Health Services (ARMHS) and related mental health support services. This proposal is budget-neutral for FY 2014 – 2016, with additional growth in FY2017 coming out of the general fund. Transferring Mental Health Grants to MA should help the community-based mental health system by earning federal matching funds as a greater portion of potential clients becomes MA eligible.

Rationale/Background:

Adult Rehabilitative Mental Health Services (ARMHS) is a Medical Assistance service for adults with serious mental illness. ARMHS helps individuals gain emotional stability and learn new coping skills needed when the ability to care for oneself is severely impaired by symptoms of mental illness. ARMHS supports individuals by teaching interpersonal communication skills, identifying personal goals (such as getting a job or going to school), practicing how to manage suicidal thinking, teaching healthy lifestyle choices, and providing education on medications. The availability of ARMHS services has been directly linked to a reduction in inpatient psychiatric hospital admissions. However, even though the approach has shown successful outcomes, the sustainability of the service is in jeopardy because reimbursement rates have not increased since 2006 and providers can no longer cover their costs. Necessary services such as mental health functional assessments, a crucial and required service component that helps in planning quality care, are also not currently eligible for reimbursement.

The Adult Mental Health Reform Steering Advisory committee and its ARMHS Workgroup have been working on specific recommendations since September 2012 and are expected to make final recommendations by February 2013. In addition to the issues described above, the ARMHS Workgroup has identified a need for related support services such as employment-related services which would allow the current ARMHS services to be more effective.

Proposal:

This proposal requests authority for the commissioner to restructure coverage policy and rates to assure sustainability of, and improve access to, Adult Rehabilitative Mental Health Services (ARMHS) and related mental health support services. The combination of rate increases and changes in covered services will equate to a 30% increase in ARMHS payments per individual client treated beginning January 1, 2015. These changes are expected to result in 5% more people receiving ARMHS in fiscal year 2016 and an additional 5% in fiscal year 2017.

Performance Measures:

The department expects that on average, individuals receiving ARMHS will have at least a 25 percent reduction in mental health hospital inpatient days.

Statutory Change: MS256B.761

2014-15 Biennial Budget

Human Services

DHS Fiscal Detail for Budget Tracking

Net Impact by Fund (000's)			FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
General Fund			0	0	0	0	1,041	1,041
Other Fund			0	0	0	0	0	0
Total All Funds			0	0	0	0	1,041	1,041
Budget Detail	BACT#	Description	FY 2014	FY 2015	FY 14-15	FY 2016	FY 2017	FY 16-17
GF	33	MA Grants	0	1,327	1,327	3,939	4,544	8,483
GF	33	MA Grants	0	980	980	3,920	4,356	8,276
GF	57	Adult MH Grants	0	(2,307)	(2,307)	(7,859)	(7,859)	(15,718)
Requested FTE's								
GF								