Southwest Michigan
BEHAVIORAL HEALTH

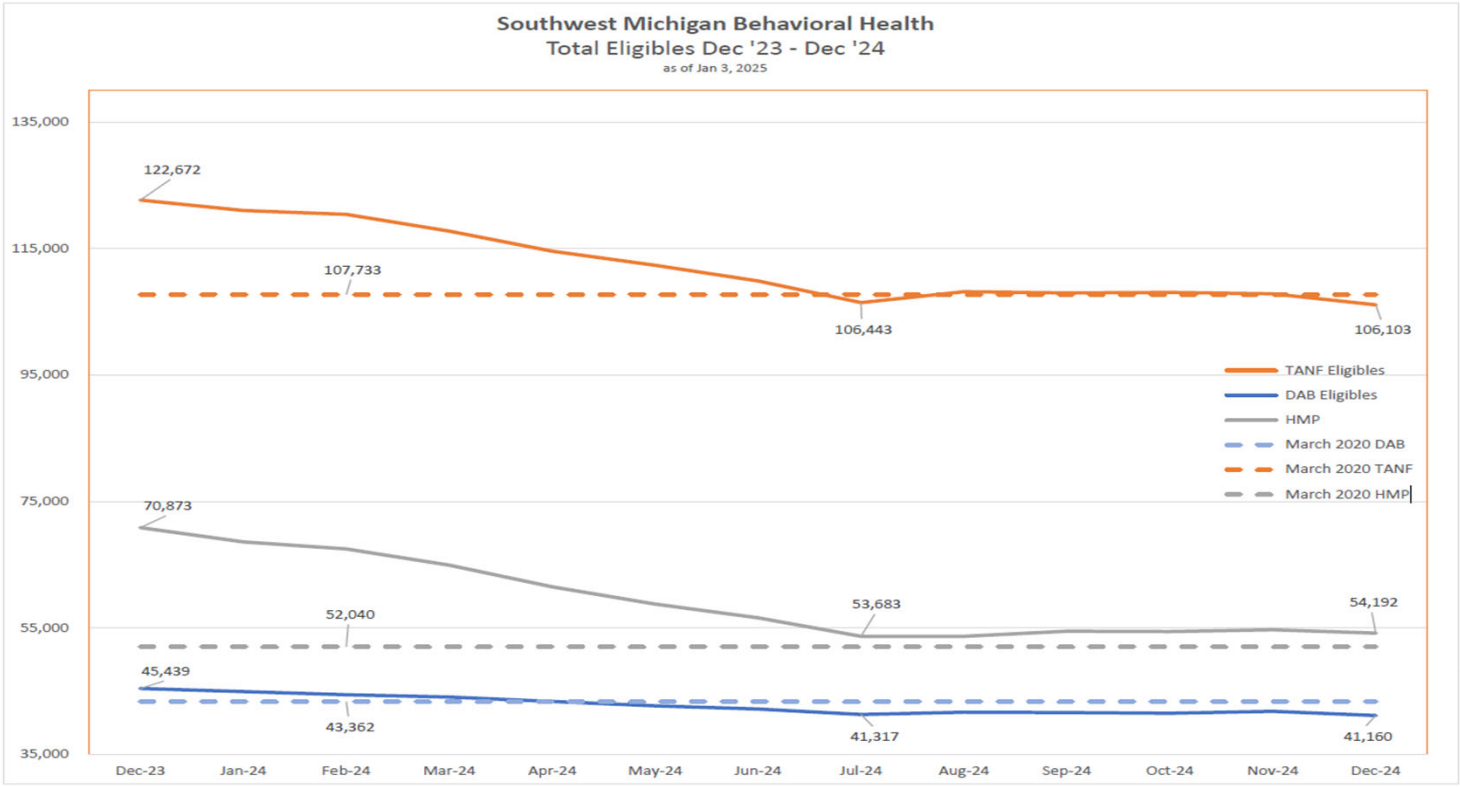
# FY 2025 Region 4 Financial Status

## For House Behavioral Health – Medicaid Appropriations Subcommittee

## March 11, 2025

# Medicaid Eligibles & Revenue

Observations: We continue to experience declining Medicaid eligibles and this revenues in DAB and TANF.



# Medicaid Eligibles & Revenue

**FIGURE 1A: CAPITATION RATE COMPARISON (EXCLUDING HRA)**

| | SFY 2024 AMENDED CAPITATION RATES | SFY 2025 FINAL CAPITATION RATES | INCREASE/DECREASE |
|---|---|---|---|
| **Specialty Services** | | | |
| DAB – Enrolled | $ 385.68 | $ 433.31 | 12.3% |
| DAB – Unenrolled | 376.69 | 402.54 | 6.9% |
| HMP – Enrolled | 46.32 | 57.36 | 23.8% |
| HMP – Unenrolled | 37.71 | 43.98 | 16.6% |
| TANF – Enrolled | 38.94 | 45.70 | 17.4% |
| TANF – Unenrolled | 23.78 | 28.62 | 20.4% |
| **1915(c) Waiver** | | | |
| Children's Waiver Program | 3,316.80 | 3,235.08 | (2.5%) |
| Habilitative Supports Waiver | 7,103.94 | 7,519.13 | 5.8% |
| Serious Emotional Disturbances | 1,964.28 | 679.29 | (65.4%) |
| **Composite Base Capitation Rates** | $ 129.71 | $ 143.95 | 11.0% |

| SWMBH Through Dec | FY25 | FY24 | % Change YOY | $ Change YOY | |
|---|---|---|---|---|---|
| State Plan MH | 24,340,680 | 25,001,041 | -2.6% | (660,360) | |
| 1915i MH | 22,570,367 | 21,645,742 | 4.3% | 924,626 | |
| B3 MH | - | (12) | -100.0% | 12 | |
| Autism | 6,828,987 | 5,095,287 | 34.0% | 1,733,700 | |
| *HSW "C" Waiver Capitation* | *15,991,670* | *14,679,627* | *8.9%* | *1,312,043* | |
| *CWP* | *227,423* | *285,949* | *-20.5%* | *(58,526)* | |
| *SED* | *135,758* | *385,259* | *-64.8%* | *(249,500)* | *1,004,017* |
| **Net Capitation Payment** | 70,094,887 | 67,092,893 | 4.5% | 3,001,994 | |
| | | | | - | |
| State Plan SA | 1,969,361 | 2,147,258 | -8.3% | (177,897) | |
| **Net Capitation Payment** | 1,969,361 | 2,147,258 | -8.3% | (177,897) | |
| | | | | - | |
| HMP MH | 6,148,157 | 6,335,222 | -3.0% | (187,065) | |
| HMP AUT | 9,655 | 6,106 | 58.1% | 3,549 | |
| **Net Capitation Payment** | 6,157,812 | 6,341,328 | -2.9% | (183,516) | |
| | | | | - | |
| HMP SA | 3,387,511 | 3,757,895 | -9.9% | (370,384) | |
| **Net Capitation Payment** | 3,387,511 | 3,757,895 | -9.9% | | |
| | | | | - | |
| GRAND TOTAL | 81,609,571 | 79,339,373 | 2.9% | 2,270,197 | |

as of 1/3/2025

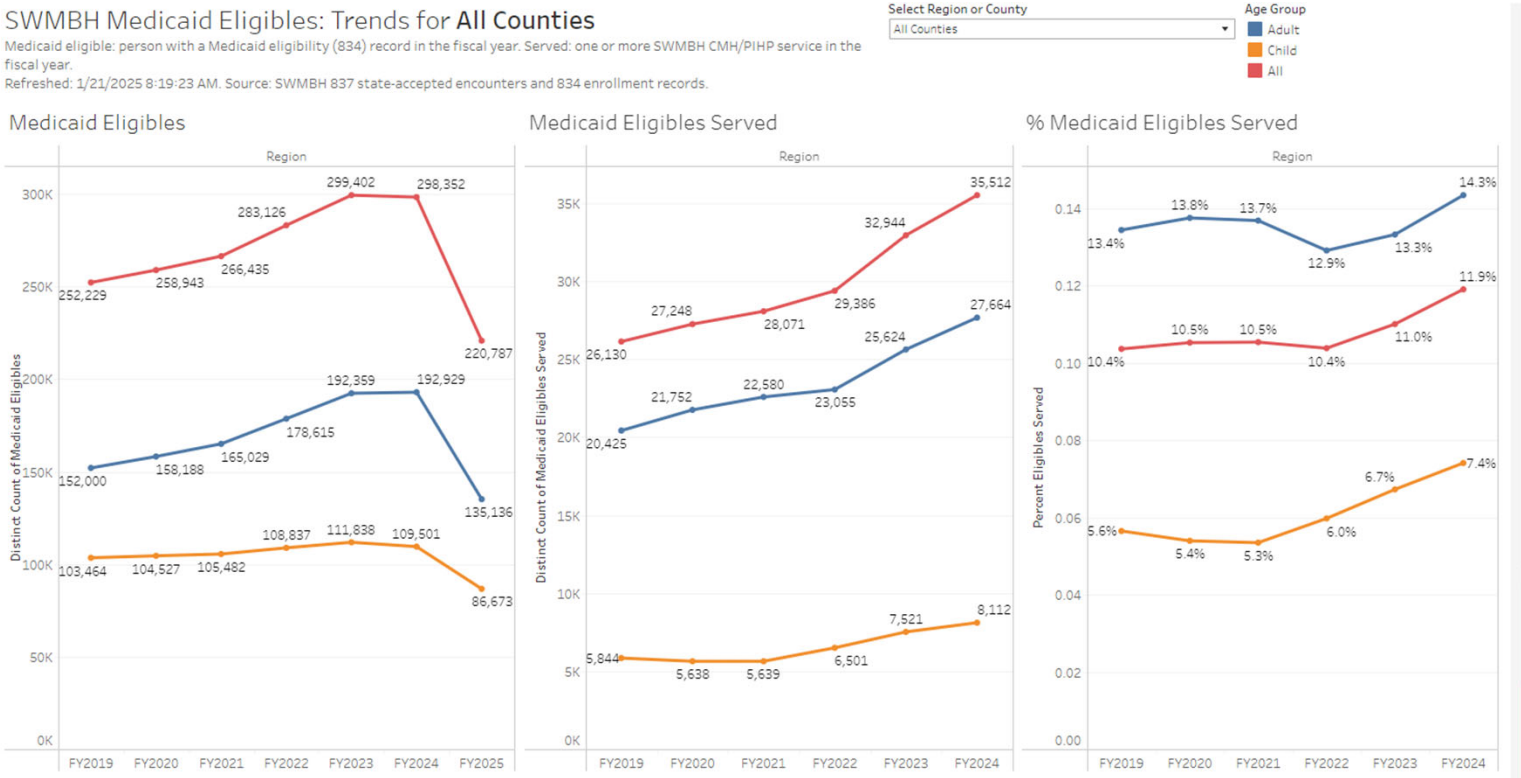
Observations:

- While MDHHS provided an 11% increase in rates per Milliman's Capitation Rate Comparison, Region 4's revenue from FY24 Q1 vs. FY25 Q1 shows only a 2.9% increase in payments, even after Region 4's BH Entity Specific Factor increased by 1.5% points for FY25. This suggests the decline in Medicaid eligibles, likely coupled with the reassignment of members to coverage plans with lower PEPM rates, has outpaced the increase provided.
- SWMBH has prepared an evaluation of Lost DAB months which identifies approximately $40,637,674 in potential lost revenue for FY2020 – FY2024 and can provide this report upon request.

# Medicaid Eligibles & Members Served

Observations:

- While we are experiencing a decrease in overall Medicaid Eligibles for whom we receive a PEPM, we are serving more members.
- The graphs below count each person once per year, no matter how many months the individual was eligible.



# Service Analysis – Inpatient Psychiatric

| Row Labels | Sum of Total Units | Sum of Total Net Expen | Clients Served | YOY % inc/(dec) Cost |
|---|---|---|---|---|
| FY21 | 22,003 | $ 20,073,496.51 | 1,766 | - |
| FY22 | 24,326 | $ 21,560,377.78 | 1,872 | 7% |
| FY23 | 29,968 | $ 27,760,022.60 | 2,397 | 29% |
| FY24 | 34,193 | $ 32,569,789.04 | 2,481 | 17% |
| **Grand Total** | **110,490** | **$ 101,963,685.94** | **8,516** | **7%** |

*SFY 21-23 EQI, Source data*

**FY24 is a full year projection utilizing the SFY P2 EQI*

SWMBH Psychiatric Inpatient

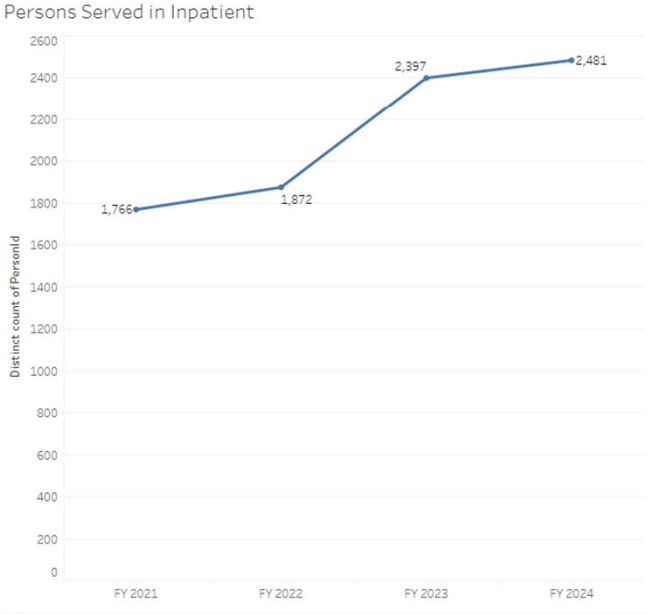
Trends for All Counties. All Funding Sources.

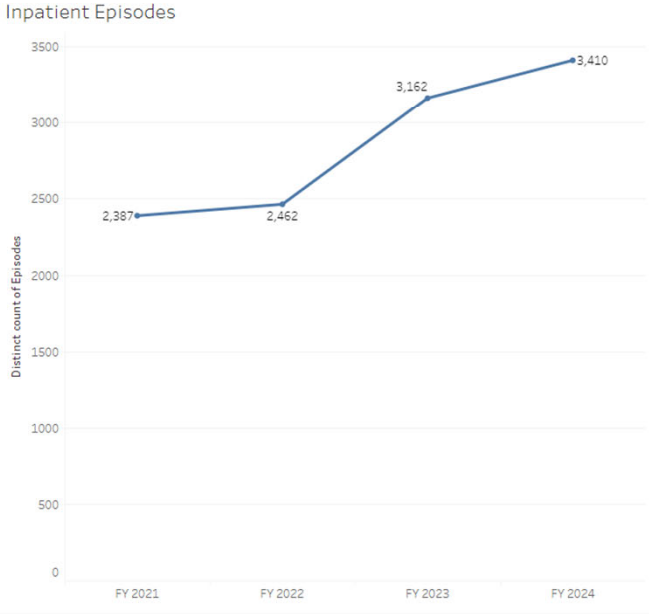
Includes revenue codes 0100, 0114, 0124, 0134, 0154.

Refreshed 1/21/2025 8:27:58 AM. Sources: SWMBH 837 state-accepted encounters.

Region / County: All Counties

Funding Type: All



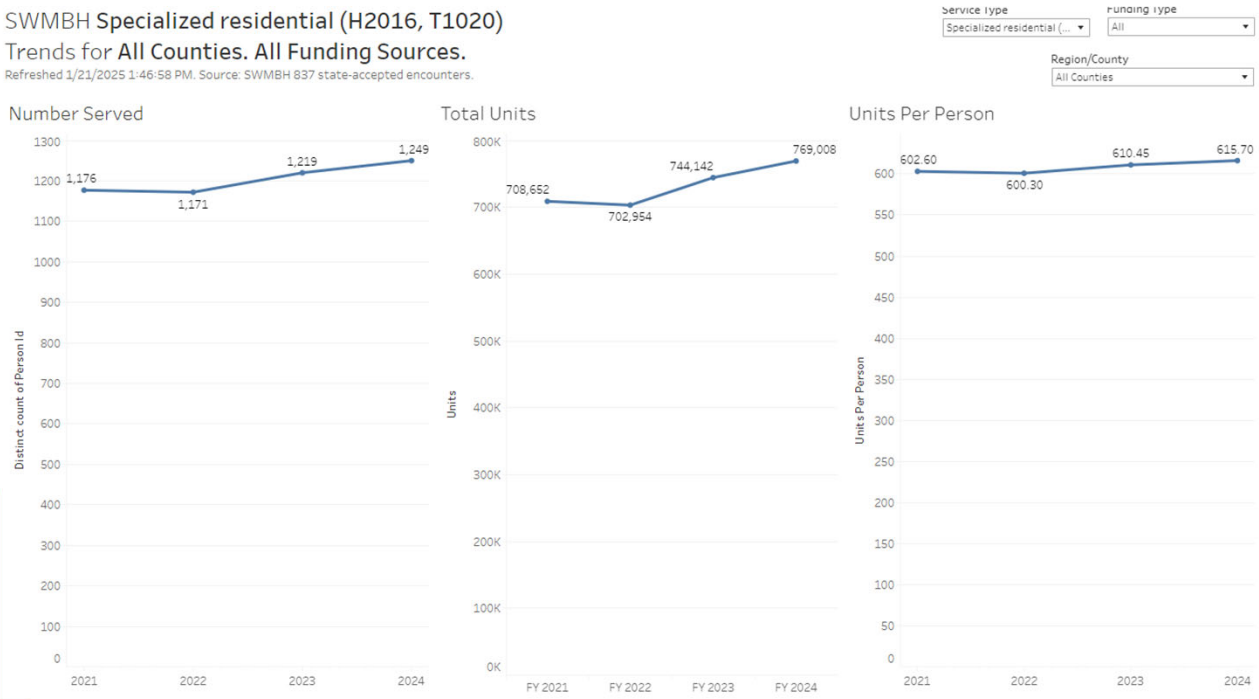




- Year over year increases in number of members receiving inpatient services and the total number of inpatient units (days).
- We have experienced increased difficulty in securing appropriate placements for members, particularly those with a primary IDD diagnosis who exhibit highly acute behaviors that cannot be safely treated in community-based settings.
- Shift in cost from State hospitals to community hospitals and increased Specialized Residential rates.
- 9 referrals to ICTS (4) & PRTF (5) - 4 were approved but never placed due to no bed availability or no willing provider, 1 was admitted, 3 were denied and 1 decision outstanding.

# Service Analysis -Specialized Residential

| Row Labels | Sum of Total Units | Sum of Total Net Expen | Clients Served | YOY % inc/(dec) Cost |
|---|---|---|---|---|
| FY21 | 697,530 | $ 86,557,928.61 | 1,176 | - |
| FY22 | 703,498 | $ 89,578,641.86 | 1,171 | 3% |
| FY23 | 739,463 | $ 102,949,520.86 | 1,219 | 15% |
| FY24 | 766,049 | $ 113,505,390.59 | 1,249 | 10% |
| **Grand Total** | **2,906,540** | **$ 392,591,481.92** | **4,815** | **7%** |

*SFY 21-23 EQI, Source data*
**FY24 is a full year projection utilizing the SFY P2 EQI*

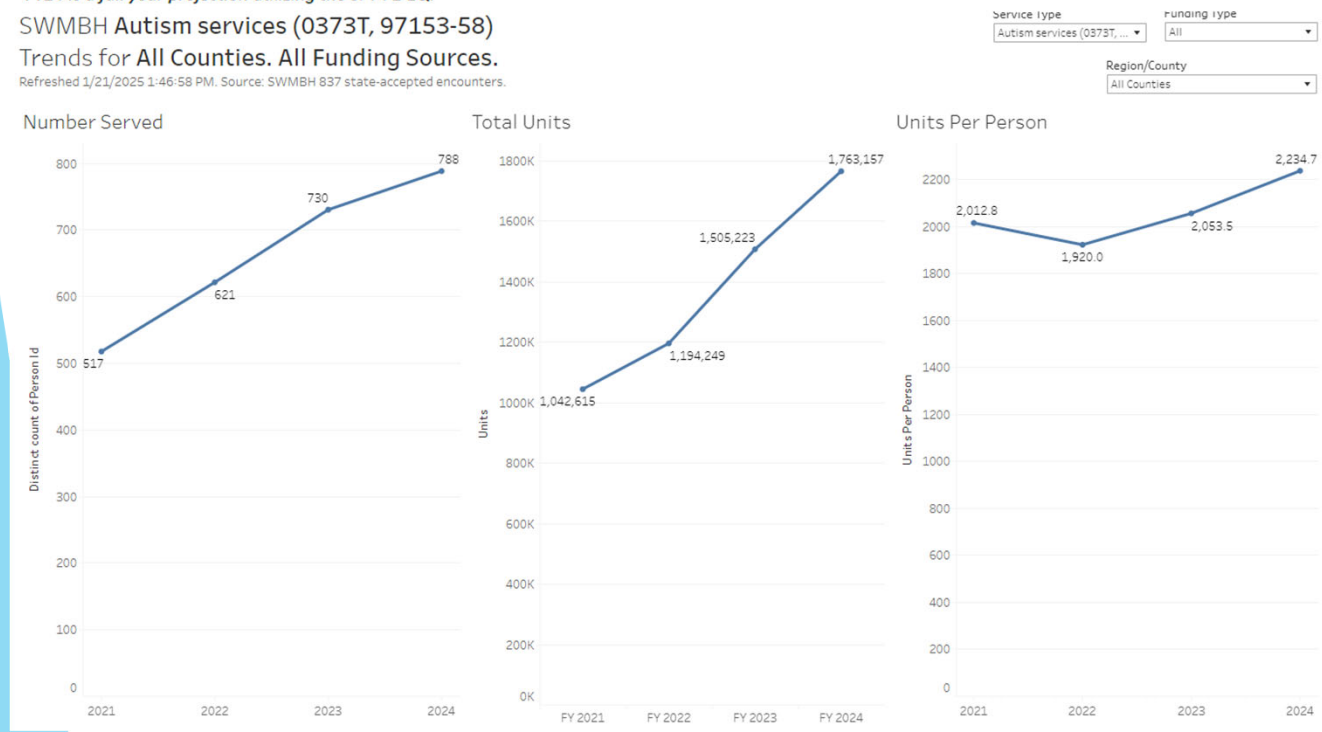


# Service Analysis - Autism

| Fiscal Year | Sum of Total Units | Sum of Total Net Expenditures | Clients Served | YOY % inc/(dec) Cost |
|---|---|---|---|---|
| FY21 | 1,040,472 | $ 16,812,538.84 | 517 | - |
| FY22 | 1,193,711 | $ 18,837,844.39 | 621 | 12% |
| FY23 | 1,504,260 | $ 23,738,491.82 | 730 | 26% |
| FY24 | 1,698,633 | $ 27,675,057.99 | 788 | 17% |
| **Grand Total** | **5,437,076** | **$ 87,063,933.04** | **2,656** | **14%** |

*SFY 21-23 EQI, Source data*

**FY24 is a full year projection utilizing the SFY P2 EQI*



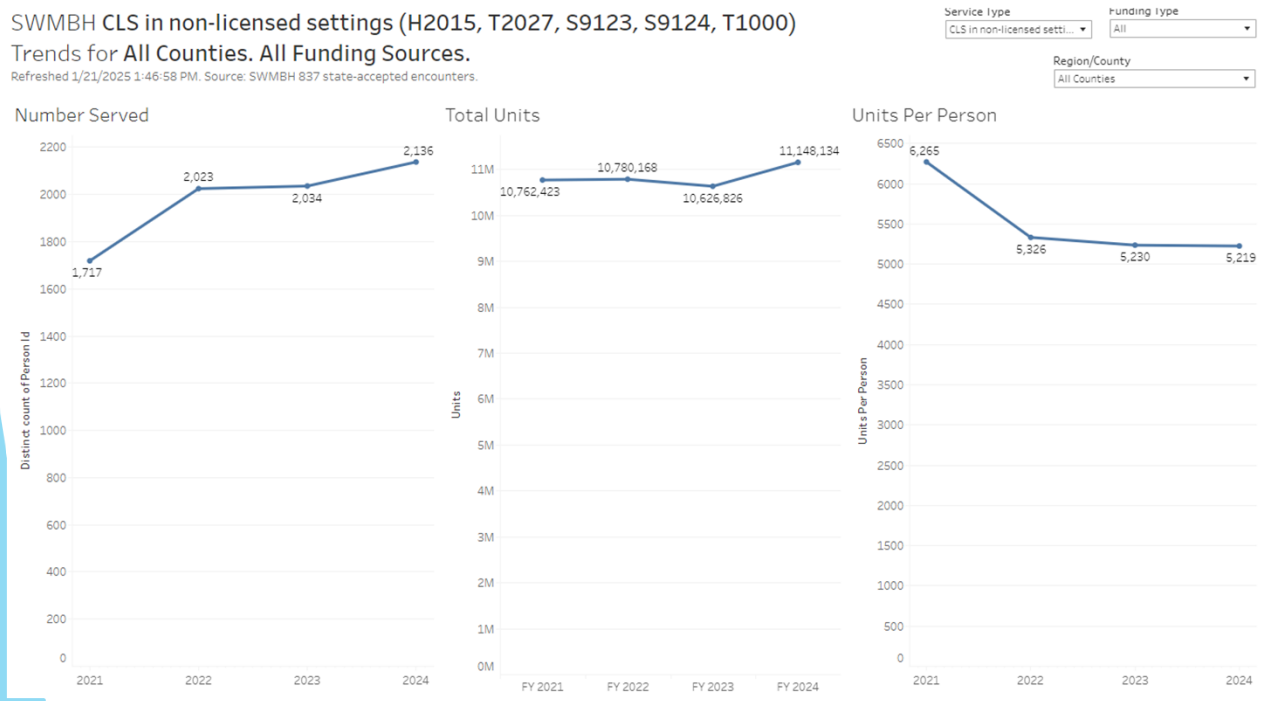

- Year over year increases in clients served and units of service.
- Increased provider network - FY22:16, FY23:28; FY24:26.

# Service Analysis – CLS in non-licensed setting

| Row Labels | Sum of Total Units | Sum of Total Net Expen | Clients Served | YOY % inc/(dec) Cost |
|---|---|---|---|---|
| FY21 | 10,707,699 | $ 41,461,818.62 | 1,717 | - |
| FY22 | 10,755,681 | $ 46,423,722.11 | 2,023 | 12% |
| FY23 | 10,619,901 | $ 52,722,052.09 | 2,034 | 14% |
| FY24 | 10,991,285 | $ 57,327,785.16 | 2,136 | 9% |
| **Grand Total** | **43,074,566** | **$ 197,935,377.97** | **7,910** | **7%** |

*SFY 21-23 EQI, Source data*

**FY24 is a full year projection utilizing the SFY P2 EQI*




- Removal of CLS per diem rate 10/01/20 increased the administrative burden and cost – more expensive to document and bill 15-minute units; lost providers staffing SIPs/SILs due to increased administrative burden of billing, resulting in members having to receive services elsewhere including from multiple providers to deliver the necessary service volume.
- FY22 to FY23 – FY23 was start of $2.35/hr. DCW increase.
- Evaluating potential opportunity in H2015 group rates moving closer to Independent Rate Model rates, including potential impact on providers, impact on members including possibility of providers discharging higher acuity members to higher cost services (essentially just shifting the costs).
- Beginning evaluation of members being served in independent settings (least restrictive) who can maintain independent living through increased CLS versus residence in a Specialized Residential (more restrictive) at a lower overall cost.
- SWMBH is not aware of any cases where a SIL or SIP was needed and the CMH could not arrange for one, suggesting affordable housing options to support independent living arrangements with appropriate CLS services.