AGENDA

BAY ARENAC BEHAVIORAL HEALTH
BOARD OF DIRECTORS
FINANCE COMMITTEE MEETING

Wednesday, March 12, 2025 at 5:00 pm

Room 225, Behavioral Health Center, 201 Mulholland Street, Bay City, MI 48708

Committee Members:	Present	Excused	Absent		Present	Excused	Absent	Others Present:
Tim Banaszak, Ch				Pam Schumacher				BABH: Marci Rozek, Chris Pinter, and Sara McRae
Sally Mrozinski, V Ch				Pat McFarland, Ex Off				
Jerome Crete				Robert Pawlak, Ex Off				
Christopher Girard				Richard Byrne, Ex Off				Legend: M-Motion; S-Support; MA-Motion Adopted; AB-Abstained
Kathy Niemiec								

	Agenda Item	Discussion	Motion/Action
1.	Call To Order & Roll Call		
2.	Public Input (Maximum of 3 Minutes)		
3.	Unfinished Business 3.1) None		
4.	New Business 4.1) Investment earnings reports for period ending February 28, 2025 4.2) Finance March 2025 contract list 4.3) 2025 Voluntary Employees' Beneficiary Association (VEBA) Trust Assets 4.4) Fiscal Year (FY) 2025 Budget Status		4.1) Consideration of motion to refer the investment earnings reports for period ending February 28, 2025 to the full Board for information 4.2) Consideration of motion to refer the Finance March 2025 contract list to the full Board for approval 4.3) Consideration of a motion to refer utilizing the VEBA trust assets for calendar year 2025 retiree health benefit costs to the full Board for approval 4.4) No action necessary

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	4.5) Credit Card Payments Received On Account 4.6) Federal and State Updates		4.5) No action necessary 4.6) No action necessary
5.	Adjournment	M - S - pm	MA

Bay-Arenac Behavioral Health Authority
Estimated Cash and Investment Balances February 28, 2025

Balance February 1, 2025	6,245,818.15
Balance February 28, 2025	5,661,971.85
Average Daily Balance	4,952,284.48
Estimated Actual/Accrued Interest February 2025	13,169.07
Effective Rate of Interest Earning February 2025	3.19%
Estimated Actual/Accrued Interest Fiscal Year to Date	86,013.48
Effective Rate of Interest Earning Fiscal Year to Date	3.52%

Note: The Cash and Investment Balances exclude Payroll and AP related Cash Accounts.

Cash Available - Operating Fund

	Rate	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Beg. Balance Operating Funds - Cash, Cash equivalents, Investments		3,167,316	6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598
Cash in		19,658,739	13,131,069	13,733,115	3,521,802	21,031,319	18,649,095	11,484,363	12,579,941	20,255,107	13,201,840	11,895,758	12,023,619
Cash out		(16,716,214)	(13,094,320)	(14,391,408)	(7,959,163)	(17,914,080)	(16,135,454)	(12,277,820)	(13,159,621)	(16,962,838)	(14,017,688)	(13,903,259)	(12,608,956)
Ending Balance Operating Fund		6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261
Investments													
Money Markets		6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261
90.00													
180.00													
180.00													
270.00													
270.00													
Total Operating Cash, Cash equivalents, Invested		6,109,840	6,146,590	5,488,296	1,050,935	4,168,174	6,681,815	5,888,358	5,308,678	8,600,946	7,785,099	5,777,598	5,192,261
Average Rate of Return General Funds		4.08%	4.08%	4.08%	4.08%	4.08%	4.08%	4.05%	3.70%	3.61%	3.57%	3.50%	3.48%
		4.24%	4.08%	4.05%	4.08%	4.05%	4.08%	3.72%	3.70%	3.52%	3.48%	3.30%	3.38%
average		6,050,472	6,064,203	5,992,215	5,443,183	5,315,682	5,439,876	5,477,250	5,308,678	6,954,812	7,231,574	6,868,080	6,532,916

Cash Available - Other Restricted Funds

	Rate	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Beg. Balance-Other Restricted Funds - Cash, Cash equivalents, Investments		448,169	450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220
Cash in		1,903	1,850	1,919	1,865	1,935	1,943	1,828	1,803	1,675	1,684	1,645	1,491
Cash out													
Ending Balance Other Restricted Funds		450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711
Investments													
Money Market		450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711
91.00	0.70%												
91.00	1.10%												
91.00	1.15%												
91.00	1.35%												
90.00	1.70%												
91.00	2.05%												
90.00	2.15%	-	-	-	-	-	-	-	-	-	-	-	-
365.00	80.00%												
Total Other Restricted Funds		450,072	451,922	453,841	455,706	457,642	459,585	461,413	463,216	464,891	466,575	468,220	469,711
Average Rate of Return Other Restricted Funds		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.99%	4.84%	4.84%	4.84%	4.84%	4.84%
		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	4.84%	4.84%	4.84%	4.84%	4.84%	4.84%
average		445,432	446,359	447,294	448,229	449,170	450,117	451,058	463,216	464,054	464,894	465,725	466,523
Total - Bal excludes payroll related cash accounts		6,559,912	6,598,512	5,942,137	1,506,641	4,625,816	7,141,400	6,349,771	5,771,894	9,065,837	8,251,674	6,245,818	5,661,972
Total Average Rate of Return		4.20%	4.19%	4.19%	4.18%	4.19%	4.19%	4.17%	3.84%	3.71%	3.63%	3.58%	3.52%

Bay-Arenac Behavioral Health
Finance Council Board Meeting
Summary of Proposed Contracts
March 12, 2025

			Old Rate	New Rate	Term	Out Clause?	Performance Issues? (Y/N) Risk Assessment Rating (Poor/Fair/Good/Excellent)
SECTION I. SERVICES PROVIDED BY OUTSIDE AGENCIES							
Clinical Services							
1	M	**Saginaw Psychological Services** DBT Training Reimbursement for 3 Clinicans; 1 at 3 separate trainings occurring	$0	$5,823	1/27/25 - 9/30/25	Y	N
2	M	**Hickory Hollow (Flint, MI)** CLS for BABHA indv. in need of 1:1 staffing for up to 16 hours per day	$7.81/unit	$12.06/unit	2/24/25 - 9/30/25	Y	N
3	M	**Flatrock Manor, Inc. (Flint, MI)** Addition of targeted case management services to the CLS contract	$0	$77.25/unit	10/11/24 - 9/30/25	Y	N
4	T	**Beacon at Sandhurst (Lansing, MI)** Contract termination due to the location closing.	$672/day	$0	Closing eff. 3/14/25	Y	N
5	M	**Flatrock Manor, Inc. - Burton East (Burton, MI)** Number of BABHA persons served at this location has been decreased to 1	$542.39/day	Same	2/28/25 - 9/30/25	Y	N
6	T	**Serenity House Residential Care Services (Grosse Pointe, MI)** Termination of the Contract for Residential Type A services	$530/day	$0	Terminated eff. 5/5/25	Y	N
7	M	**ABA Pathways** Single Case agreement arrangement for 1 BABHA individual - increase to the 97153 service code	$14.09/unit	$16.50/unit	11/1/24 - 9/30/25	Y	N
8	M	**ABA Providers (11 total)** Increase to the 97153 service code Autism Centers of MI Autism Systems BHS Bay City and Saginaw Plus Centria Encompass Therapy Flourish Therapy GameChanger Mercy Plus Paramount Positive Behavior Supports Corporation Spectrum Autism Center	 $14.09/unit $14.09/unit $14.09/unit $14.09/unit $14.37/unit $13.19/unit $14.09/unit $14.09/unit $14.09/unit $14.09/unit $14.09	 $16.50/unit	11/1/24 - 9/30/25	Y	N
Admin/Other Services							
9	D	**Verizon Wireless** Cell phone service for employees 211 lines	Max $154,000/year	$9,492.89/month & approx. $114,000/year	Eff. 2/24/25	Y	N
SECTION II. SERVICES PROVIDED BY THE BOARD (REVENUE CONTRACTS)							
SECTION III. STATE OF MICHIGAN GRANT CONTRACTS							
SECTION IV. MISC PURCHASES REQUIRING BOARD APPROVAL							
10	N	**Wood Law Firm, PLLC** Bay County Probate Court/Guardianship Matter	$0	$3,000 retainer fee $300/hour for attorney services $150/hour for support staff services	N/A	N/A	N/A
11	N	**The Flying Pig, LLC** BABHA Employee Picnic Venue	$0	$600	9/3/25	N/A	N/A

R = Renewal with rate increase since previous contract
D = Renewal with rate decrease since previous contract
S = Renewal with same rate as previous contract
ES = Extension
M = Modification
N = New Contract/Provider
NC = New Consumer
T = Termination

Footnotes:

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION

Scott Trepkowski
Secretary

Jennifer Davenport
Administrator
davenportj@baycountymi.gov

February 12, 2025

Ms. Jennifer Lasceski
Bay Arenac Behavioral Health
201 Mulholland
Bay City, MI 48708

Dear Jennifer,

On December 13, 2023, the VEBA Board of Trustees adopted the Bay County VEBA Board of Trustees Rules and Regulations Related to Trustee Assets ("VEBA Policy"). The enclosed VEBA Policy sets forth the procedure for use of the VEBA Trust Assets.

Section R3(a) of the VEBA Policy provides that upon receipt of an Actuarial Report indicating that the Employer's Account has met the Super Funding Threshold, the Board Chairperson will contact the applicable Employer annually in writing to inform the Employer that the Trust assets held within the applicable Employer Account shall be utilized to pay for Retiree Health Benefit Costs, unless the Employer provides a compelling reason to not utilize the funds. Further, Section R3(b) of the VEBA Policy provides in part that the Employer shall respond, in writing, in the form and format (Employer Mandatory Use of Funds Form) requested by the Board within 60 days of receipt of the Board Chairman's letter.

Based on the most recent Bay County Retiree Health Care Plan Actuarial Valuation Report, your VEBA Employer Account has met the Super Funding Threshold (i.e. has a funded ratio of at least 120%). Since the Super Funding Threshold has been met, the assets held within your Employer Account shall be utilized to pay for certain Retiree Health Benefits Cost, unless you object and provide a compelling reason for not utilizing the funds.

The enclosed Employer Mandatory Use of Funds Form must be returned to the Retirement Administrator, Jennifer Davenport, within 60 days of receipt of this letter. Your response will then be reviewed by the Board at its next regularly scheduled Board meeting. If it is determined that the Employer Account funds shall be utilized to pay for Retiree Health Benefits Costs, the provision of Section R(5) of the VEBA Policy shall apply.

Please feel free to contact the Retirement Office if you have any questions regarding the VEBA Policy.

Regards,

Weston Prince
~~Bay County VEBA Board of Trustees, Chairman~~

BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION
Employer Mandatory use of Funds

Pursuant to §R3 of the Bay County Board of Trustees Rules and Regulations Related to Use of Trust Assets, you are receiving this form from the Bay County VEBA Board of Trustees ("Board") on behalf of the Bay County Voluntary Employees' Beneficiary Association ("Trust") because the Trust's most recent Actuarial Report determined that your Employer Account met the Super Funding Threshold (i.e., has a funded ratio of at least 120%). Since the Super Funding Threshold has been met, the assets held within your Employer Account shall be utilized to pay for certain Retiree Health Benefit Costs (i.e., up to 100% of the cost of Retiree Health Benefits (less the cost sharing portion required of the retirees under the plan, if any) unless you object and can provide a compelling reason to the Board why this should not happen . ***You must complete this form in its entirety and return it within 60 days of the date that you receive it to Jennifer Davenport, Bay County Building, 515 Center Avenue, Suite 301, Bay City, Michigan 48708; or davenportj@baycountymi.gov.***

Employer Name: _____

Employer Contact Person:_____
(Name) (Phone) (Email)

Do you acknowledge that assets held within your Employer Account will be utilized to pay for Retiree Health Benefit Costs? _____Yes _____No

Do you object to use of assets held within your Employer Account to pay for Retiree Health Benefit Costs? _____ Yes _____ No. If "yes", you must attach supplemental pages explaining in detail your compelling reason objecting to the use of the assets held within your Employer Account to pay for Retiree Health Benefit Costs. The Board will review your objection and documentation at a meeting and will thereafter make a determination regarding whether you have provided a compelling reason not to utilize the assets held within your Employer Account for Retiree Health Benefit Costs. The Board will thereafter notify you of its determination. If the Board determines that you have not provided a compelling reason not to utilize the assets held within your Employer Account for Retiree Health Benefit Costs, the assets held within your Employer Account shall be utilized to pay for Retiree Health Benefit Costs.

You acknowledge and affirm that:

- You are only eligible to utilize assets held within your Employer Account to pay for Retiree Health Benefit Costs that have been fully and totally substantiated in accordance with the applicable requirements of the Bay County Board of Trustees Rules and Regulations Related to Use of Trust Assets;
- The Board has the right to and will deny all or part of your expense request if the request relates to expenses not covered by the Trust and/or Internal Revenue Code §501(c)(9) and its related regulations; and
- You must affirmatively respond to any and all notices received from the Board related to use of assets held within your Employer Account.

This form shall remain in force and effect until the earliest of the following to occur:

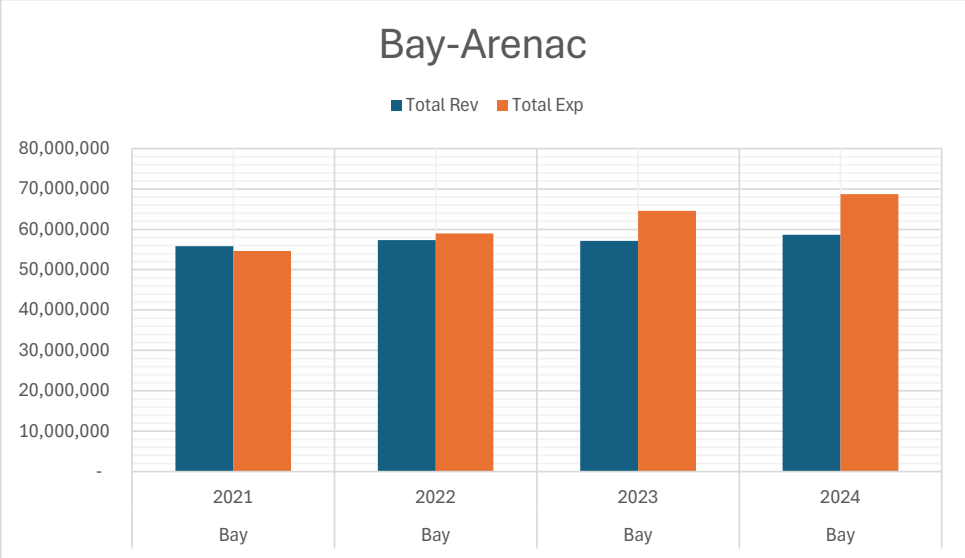
- You provide a subsequent form to the Board providing a compelling reason not to utilize assets held within your Employer Account to pay for Retiree Health Benefit Costs, which is approved by the Board;
- You provide a new form to the Board after the Board receives a subsequent Actuarial Report; or
- Your Employer Account drops below the Super Funding Threshold (i.e., a funded ratio of at least 120%).

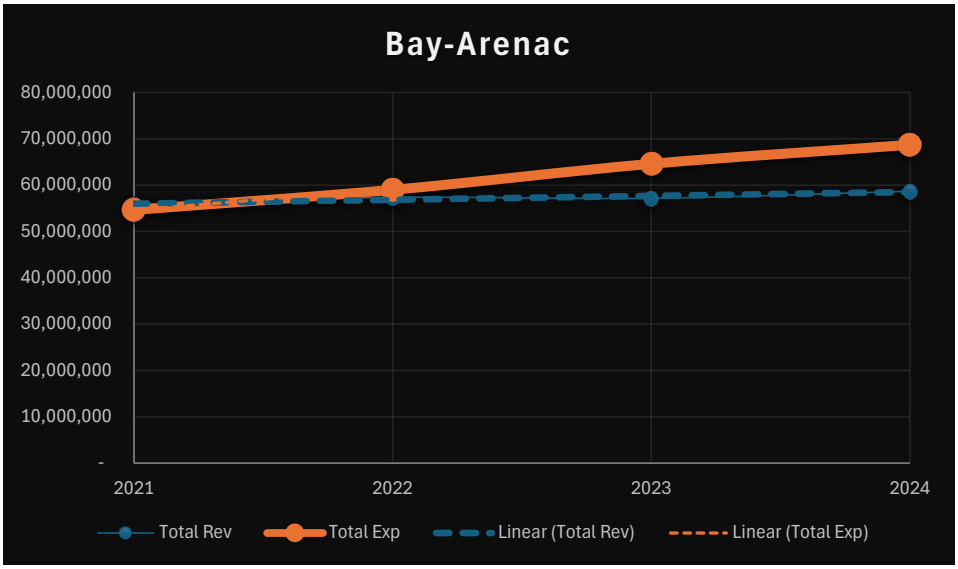
_____ _____
Employer Name Name

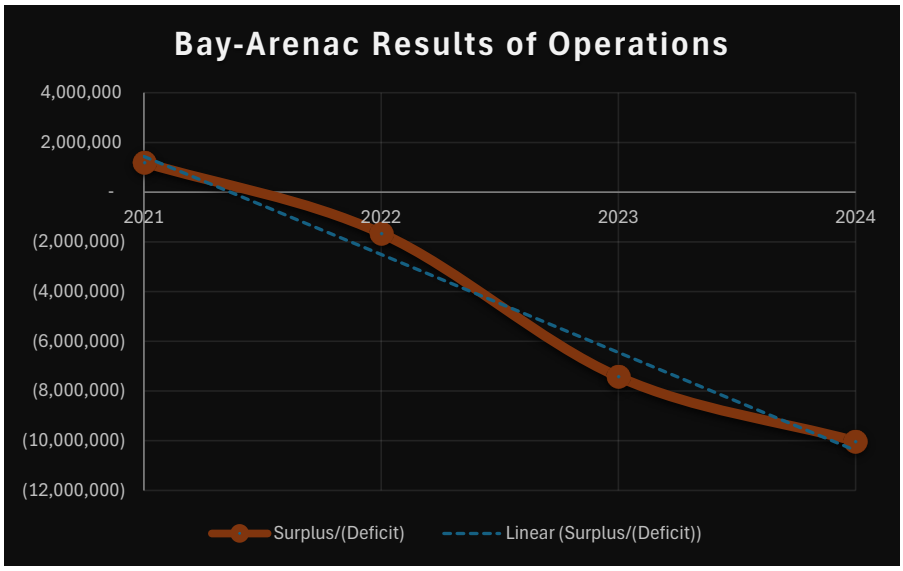
_____ _____
Signature Title

Adopted by the Board 12/13/2023, Revised Form (add signature line) Adopted by the Board in September 2024

CMHSP	Fiscal Year	Total Rev	Total Exp	Surplus/(Deficit)	Expense Growth		Revenue Growth	
Bay	2021	55,829,892	54,637,605	1,192,287				
Bay	2022	57,337,701	58,990,663	(1,652,962)	4,353,058	7.97%	1,507,809	2.76%
Bay	2023	57,169,076	64,597,775	(7,428,699)	5,607,112	9.51%	(168,625)	-0.29%
Bay	2024	58,678,950	68,701,302	(10,022,352)	4,103,527	6.35%	1,509,874	2.34%






Bay-Arenac Results of Operations
4,000,000
2,000,000
-
(2,000,000)
(4,000,000)
(6,000,000)
(8,000,000)
(10,000,000)
(12,000,000)
2021
2022
2023
2024
Surplus/(Deficit)
Linear (Surplus/(Deficit))

Merhant Services - Credit Card Payments Received & Fees

	July	August	September	October	November	December	January	February	TOTALS
Payments on Self Pay Accounts	223.00	279.38	669.62	964.73	807.50	100.00	1,399.00	135.00	**4,578.23**
# of Payments	2	3	7	5	6	3	8	4	**38**
Monthly Fees	27.95	27.95	27.95	37.90	37.90	37.90	37.90	37.90	**273.35**
Merchant Fees	8.04	12.16	18.79	32.82	15.91	6.12	37.99	7.87	**139.70**
Total Fees	35.99	40.11	46.74	70.72	53.81	44.02	75.89	45.77	**377.06**
Merchant fee % of transaction	3.6%	4.4%	2.8%	3.4%	2.0%	6.1%	2.7%	5.8%	**3.1%**

NOTE: Merchant fees vary based on amount of transaction, # of transactions, type of card used, etc.

"March 31, 2025, $22,500,000" and inserting "September 30, 2025, $30,000,000".

(c) AGING AND DISABILITY RESOURCE CENTERS.—Subsection (c)(1)(B)(xiv) of such section 119 is amended by striking "March 31, 2025, $8,500,000" and inserting "September 30, 2025, $10,000,000".

(d) COORDINATION OF EFFORTS TO INFORM OLDER AMERICANS ABOUT BENEFITS AVAILABLE UNDER FEDERAL AND STATE PROGRAMS.—Subsection (d)(2)(xiv) of such section 119 is amended by striking "March 31, 2025, $22,500,000" and inserting "September 30, 2025, $30,000,000".

SEC. 2206. EXTENSION OF THE WORK GEOGRAPHIC INDEX FLOOR.

Section 1848(e)(1)(E) of the Social Security Act (42 U.S.C. 1395w–4(e)(1)(E)) is amended by striking "April 1, 2025" and inserting "October 1, 2025".

SEC. 2207. EXTENSION OF CERTAIN TELEHEALTH FLEXIBILITIES.

(a) REMOVING GEOGRAPHIC REQUIREMENTS AND EXPANDING ORIGINATING SITES FOR TELEHEALTH SERVICES.—Section 1834(m) of the Social Security Act (42 U.S.C. 1395m(m)) is amended—

(1) in paragraph (2)(B)(iii), by striking "ending March 31, 2025" and inserting "ending September 30, 2025"; and

(2) in paragraph (4)(C)(iii), by striking "ending on March 31, 2025" and inserting "ending on September 30, 2025".

(b) EXPANDING PRACTITIONERS ELIGIBLE TO FURNISH TELEHEALTH SERVICES.—Section 1834(m)(4)(E) of the Social Security Act (42 U.S.C. 1395m(m)(4)(E)) is amended by striking "ending on March 31, 2025" and inserting "ending on September 30, 2025".

(c) EXTENDING TELEHEALTH SERVICES FOR FEDERALLY QUALIFIED HEALTH CENTERS AND RURAL HEALTH CLINICS.—Section 1834(m)(8)(A) of the Social Security Act (42 U.S.C. 1395m(m)(8)(A)) is amended by striking "ending on March 31, 2025" and inserting "ending on September 30, 2025".

(d) DELAYING THE IN-PERSON REQUIREMENTS UNDER MEDICARE FOR MENTAL HEALTH SERVICES FURNISHED THROUGH TELEHEALTH AND TELECOMMUNICATIONS TECHNOLOGY.—

(1) DELAY IN REQUIREMENTS FOR MENTAL HEALTH SERVICES FURNISHED THROUGH TELEHEALTH.—Section 1834(m)(7)(B)(i) of the Social Security Act (42 U.S.C. 1395m(m)(7)(B)(i)) is

amended, in the matter preceding subclause (I), by striking "on or after April 1, 2025" and inserting "on or after October 1, 2025,".

(2) MENTAL HEALTH VISITS FURNISHED BY RURAL HEALTH CLINICS.—Section 1834(y)(2) of the Social Security Act (42 U.S.C. 1395m(y)(2)) is amended by striking "April 1, 2025" and inserting "October 1, 2025".

(3) MENTAL HEALTH VISITS FURNISHED BY FEDERALLY QUALIFIED HEALTH CENTERS.—Section 1834(o)(4)(B) of the Social Security Act (42 U.S.C. 1395m(o)(4)(B)) is amended by striking "April 1, 2025" and inserting "October 1, 2025".

(e) ALLOWING FOR THE FURNISHING OF AUDIO-ONLY TELEHEALTH SERVICES.—Section 1834(m)(9) of the Social Security Act (42 U.S.C. 1395m(m)(9)) is amended by striking "ending on March 31, 2025" and inserting "ending on September 30, 2025".

(f) EXTENDING USE OF TELEHEALTH TO CONDUCT FACE-TO-FACE ENCOUNTER PRIOR TO RECERTIFICATION OF ELIGIBILITY FOR HOSPICE CARE.—Section 1814(a)(7)(D)(i)(II) of the Social Security Act (42 U.S.C. 1395f(a)(7)(D)(i)(II)) is amended by striking "ending on March 31, 2025" and inserting "ending on September 30, 2025".

(g) PROGRAM INSTRUCTION AUTHORITY.—The Secretary of Health and Human Services may implement the amendments made by this section through program instruction or otherwise.

SEC. 2208. EXTENDING ACUTE HOSPITAL CARE AT HOME WAIVER AUTHORITIES.

Section 1866G(a)(1) of the Social Security Act (42 U.S.C. 1395cc–7(a)(1)) is amended by striking "March 31, 2025" and inserting "September 30, 2025".

SEC. 2209. EXTENSION OF TEMPORARY INCLUSION OF AUTHORIZED ORAL ANTIVIRAL DRUGS AS COVERED PART D DRUGS.

Section 1860D–2(e)(1)(C) of the Social Security Act (42 U.S.C. 1395w–102(e)(1)(C)) is amended by striking "March 31, 2025" and inserting "September 30, 2025".

SEC. 2210. MEDICARE IMPROVEMENT FUND.

Section 1898(b)(1) of the Social Security Act (42 U.S.C. 1395iii(b)(1)) is amended by striking "$1,251,000,000" and inserting "$1,804,000,000".

SEC. 2211. MEDICARE SEQUESTRATION.

Section 251A(6)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901a(6)(D)) is amended—

(1) in clause (i), by striking "8 months" and inserting "10 months"; and

< BACK

Medicare has a behavioral health and substance use treatment access problem. Particularly since the COVID-19 pandemic, the percentage of older adults reporting concerns <https://www.kff.org/medicare/issue-brief/one-in-four-older-adults-report-anxiety-or-depression-amid-the-covid-19-pandemic/> about their mental health has increased substantially. Additional research shows Medicare beneficiaries are at a higher risk for opioid misuse and subsequent hospitalization <https://www.ncoa.org/article/how-to-improve-access-to-mental-health-and-substance-use-care-for-older-adults/> , due to lack of access to treatment, partly attributable to Medicare coverage limitations. According to a report from the Center on Health Policy at Brookings (2024) <https://www.brookings.edu/wp-content/uploads/2024/06/20240702_CHP_Frank_OlderAdultsMH.pdf> , older adults with any mental illness or substance use disorder were most commonly covered under Medicare and a supplement, while those with serious mental illness (SMI) were most commonly covered under Medicare only (with Medicare and Medicaid coverage being the next most common insurance status for this population).

This is concerning. The lack of a supplemental (or Medigap) policy for those enrolled in traditional Medicare likely means that the individual is subjected to higher cost-sharing obligations if seeking treatment for the SMI. This further raises concerns about those who are economically disadvantaged and their access to mental health treatment—which echoes a finding from the Brookings report <https://www.brookings.edu/wp-

the association between mental illness and significant economic disadvantages.

For those who can afford to seek mental health treatment, finding a provider poses additional challenges. Both Medicare and Medicare Advantage tend to have lower reimbursement rates than private insurers, and a majority of Medicare Advantage plans have prior authorization requirements in place for mental health specialty services <https://healthpolicy.usc.edu/article/medicares-mental-health-care-problem/>. Additionally, Medicare provider policies are stricter than the private insurance market, leading to a good portion of behavioral health providers not being considered "billable providers" by Medicare for mental health services.

Finding a solution to this issue will likely require an innovative approach that addresses these challenges related to reimbursement, particularly for lower-income Medicare beneficiaries. Fortunately, the Certified Community Behavioral Health Clinic (CCBHC) model already exists and serves as a foundation to build upon for strengthening the quality of mental health services available for those covered under Medicare.

There are two key recommendations outlined within this article: Medicare should designate CCBHCs as eligible provider types; and create and implement a Medicare Prospective Payment System (PPS) methodology similar to the Medicaid PPS methodology that currently exists for CCBHCs under the Section 223 Medicaid demonstration.

Background

Many CCBHCS are funded through a Medicaid demonstration project <https://aspe.hhs.gov/sites/default/files/documents/6b9cdcb7cb75ec2c59a029b40d6b2e63/ccbhc-report-congress-2023.pdf> authorized under Section 223 of the Protecting Access to Medicare Act of 2014. CCBHCs participating in the demonstration project are required to offer specified mental health and substance use services for all who seek care, and they oftentimes rely on relationships with designated collaborating organizations to access and provide services to their target populations. As of 2023, eight states participate in the CCBHC demonstration <https://aspe.hhs.gov/sites/default/files/documents/6b9cdcb7cb75ec2c59a029b40d6b2e63/ccbhc-report-congress-2023.pdf>.

According to the National Council for Mental Wellbeing, CCBHCs provide a comprehensive range of mental health and substance use services for all patients <https://www.thenationalcouncil.org/program/ccbhc-success-center/ccbhc-overview/>

report shows the challenges with providing services to Medicare populations (including dual-eligible and Medicare-only populations), as this was found to be the least frequently reported service expansion population under the CCBHC program.

The Problem

While the CCBHC program has made great strides for the Medicaid and uninsured population, it really isn't designed to address the reimbursement limitations that have plagued Medicare and led to suboptimal outcomes for older adults. The Section 223 Medicaid demonstration establishes a PPS methodology for Medicaid populations, which largely excludes Medicare with the exception of improvements for dual eligibles. For patients that are dually eligible for Medicare and Medicaid, the demonstration project requires the state to reimburse up to the PPS rate for all eligible services <https://www.medicaid.gov/medicaid/financial-management/downloads/section-223-ccbh-pps-prop-updates-022024.pdf> . For example, for qualified Medicare beneficiaries (low-income Medicare beneficiaries eligible for Medicaid assistance) in particular, states must pay the applicable cost-sharing obligation but have the flexibility to use the "lesser of" logic to ensure payment is equal to the PPS rate. This requirement is in place to ensure the CCBHC is not paid below (or above) the PPS rate for any eligible service.

For those who are not dually eligible, there really isn't anything in the current CCBHC model that would help expand access to mental health or substance use treatment services (which makes sense, as the CCBHC model is a Section 223 Medicaid demonstration project). The data from the 2024 CCBHC Impact report supports this <https://www.thenationalcouncil.org/resources/2024-ccbhc-impact-report/> , as the dual-eligible and Medicare-only populations were the least frequently reported service expansion areas for CCBHCs (reported at 31.3 percent and 28.7 percent, respectively) (note 1).

The Solution

Given the success of the CCBHC program in expanding behavioral health and substance use services for Medicaid populations, CMS should strongly consider recognizing CCBHCs as eligible provider types and creating a Medicare PPS reimbursement methodology that includes CCBHC-eligible services. This solution would greatly enhance the ability of CCBHCs to expand service offerings by addressing the well-known Medicare reimbursement issues for mental health and substance use treatment while also providing financial stability to CCBHCs in serving this population.

qualified health centers (FQHCs), and rural health clinics (RHCs), have been paid under a Medicare PPS methodology since 2014 <https://www.medpac.gov/wp-content/uploads/2021/11/medpac_payment_basics_21_fqhc_final_sec.pdf>. This methodology primarily reimburses mental health services under two basic PPS methods for new or established mental health patients. However, there are treatment limitations for FQHCs in comparison to CCBHCs, as FQHC mental health services typically fall under psych diagnostic evaluation or individual therapy services <https://www.cms.gov/medicare/medicare-fee-for-service-payment/fqhcpps/downloads/fqhc-pps-specific-payment-codes.pdf>. CCBHCs are better equipped to provide a deeper range of mental health and substance use treatment services. Supporting a Medicare PPS methodology for CCBHCs would result in a much broader range of behavioral health and substance use treatment services being available for Medicare beneficiaries.

A proposed Medicare PPS methodology would also need to ensure that CCBHCs are financially supported in treating Medicare Advantage patients as well. Medicare Advantage plans tend to have narrow mental health provider networks, and access to treatment for serious mental illness tends to be limited. A 2022 Special Needs Plan (SNP) comprehensive report found only four of 1,200 SNPs include serious mental illness as a focus <https://www.commonwealthfund.org/publications/explainer/2023/mar/medicare-mental-health-coverage-included-changed-gaps-remain>. In designing a potential Medicare PPS methodology for CCBHCs, CMS should again follow the lead of the FQHC/RHC program <https://med.noridianmedicare.com/web/jea/provider-types/fqhc/medicare-advantage-wrap-around-payment> in creating a "wraparound" requirement to ensure CCBHCs are reimbursed up to the PPS rate in instances where the Medicare Advantage contract rate is lower than the Medicare PPS rate.

Conclusion

While this article primarily focused on the older adult perspective in summarizing the potential service expansion benefits of a Medicare PPS methodology for CCBHCs, it is important to note this is not the only population that would likely see improvements in access to care for mental health and substance use treatment. CCBHCs have established relationships with collaborating organizations to provide mobile and in-home treatment services <https://www.thenationalcouncil.org/resources/2024-ccbhc-impact-report/>, which would be particularly advantageous for those who qualify for Medicare due to a

social determinants (Note 1).

Access-to-care concerns for Medicare beneficiaries with mental health and substance use conditions are not a "new" issue; this problem is not going to resolve itself. Given how well the CCBHC model works for Medicaid populations (and in the FQHC and RHC contexts as well), there is no need to reinvent the wheel in finding innovative solutions to this problem.

Note 1

Editor's Note: When this article was originally drafted, the link embedded in this sentence directed readers to the full 2024 CCBHC report. Since then, the full report has been removed. A document featuring "highlights <https://www.thenationalcouncil.org/resources/2024-ccbhc-impact-report/>" remains accessible; however, it does not include all relevant data originally cited by the author.

Chris Pinter

From: Alan Bolter <ABolter@cmham.org>
Sent: Thursday, March 6, 2025 1:42 PM
To: Ryan Painter; ~Operations Council
Subject: RE:

This is a FY24 adjustment, so things that have already happened. My interpretation or understanding of the various reductions would be money the department did not spend in those areas so that amount is being reduced from the "books" (meaning they keep those funds and did not send out), the increases would be adjustments they (MDHHS) needed to make to balance the books.

Includes a net reduction of $59.8 million Gross ($36.4 million GF/GP) for various programmatic cost increases and reductions, of which a portion of the GF/GP reductions would be used to offset the GF/GP shortfall within the Health Services unit.

BTW – all of these figures/number came from MDHHS (this was not proposed by the legislature)

Increases:
- Certified Community Behavioral Health Clinics: $45.0 million Gross ($10.9 million GF/GP)
- Autism Services: $23.0 million Gross ($7.5 million GF/GP)
- Federal Mental Health Block Grant: $1.9 million Federal
- Nursing Home PAS/OBRA: $1.8 million Gross ($443,700 GF/GP)
- Family Support Subsidy: $73,200 TANF

Reductions:
- Medicaid Mental Health Services: $53.5 million Gross ($19.4 million GF/GP)
- Behavioral Health Community Supports and Services: $25.7 million Gross ($19.4 million GF/GP)
- Health Homes: $25.6 million Gross ($6.6 million GF/GP)
- Healthy Michigan Plan – Behavioral Health: $22.7 million Gross ($5.7 million GF/GP)
- Community Substance Use Disorder Prevention: $2.5 million GF/GP
- Mental Health Diversion Council: $1.0 million GF/GP
- Medicaid Substance Use Disorder Services: $580,000 GF/GP

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