

# MICHIGAN'S MEDICAID SYSTEM: PRIORITIZING CARE



Cut the Red Tape, Not the Care

# MICHIGAN MEDICAID BEHAVIORAL HEALTH: SHARED VALUES AND A PATH TO CHANGE

We represent the interests of Medicaid recipients who rely on Michigan's behavioral health system.

This overview outlines our **core values**, **concerns with the current system**, and **key reforms** needed to improve care.

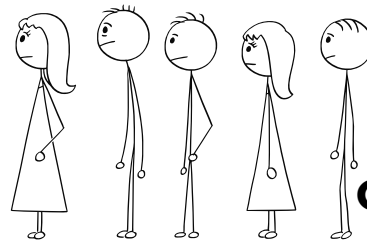
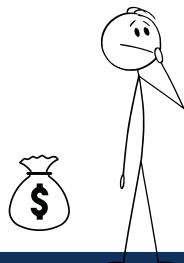
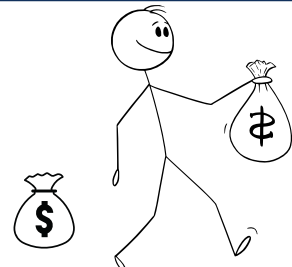
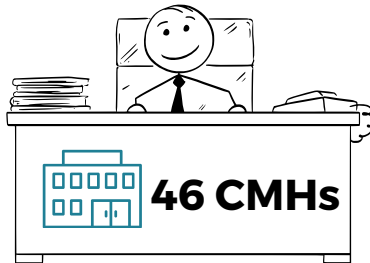
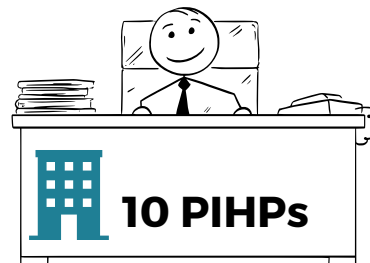
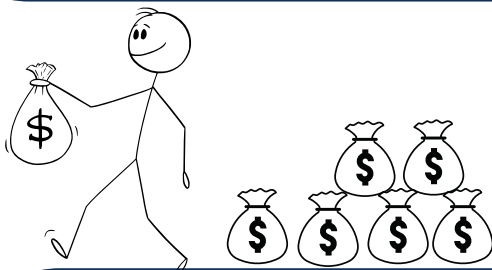
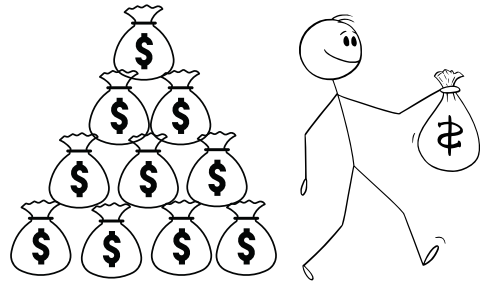


# Administrative Layers

Michigan's Medicaid behavioral health system has **3 layers of administration** (excluding direct providers and the federal government) **before funds reach the people who need care.**

## Paperwork over People

State of Michigan

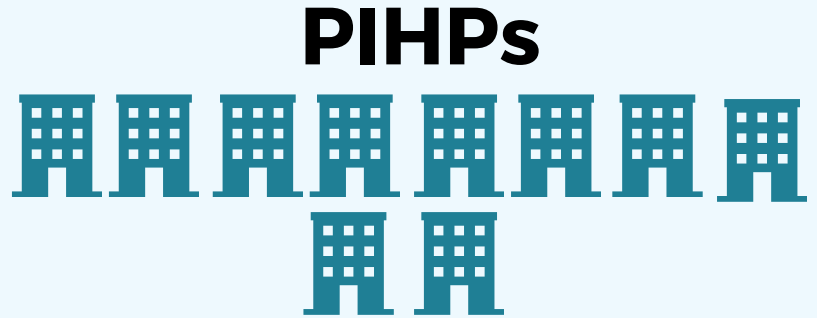


Consumers

Michigan must **prioritize care over bureaucracy.** It's time to put Medicaid dollars where they belong —**helping people.**

# Put More Money Into Services, Not Administration

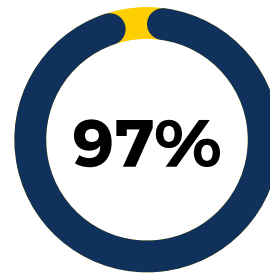
The PIHP layer is unnecessary and wasteful.



## A Better System Exists

Replacing the **10 Prepaid Inpatient Health Plans (PIHPs)** with a **small number of Administrative Services Organizations (ASOs)** would cut unnecessary costs.

## It Works Elsewhere



In Connecticut, switching to ASOs meant **97.5% of Medicaid dollars** went directly to services instead of administrative costs.

**More funding for services**



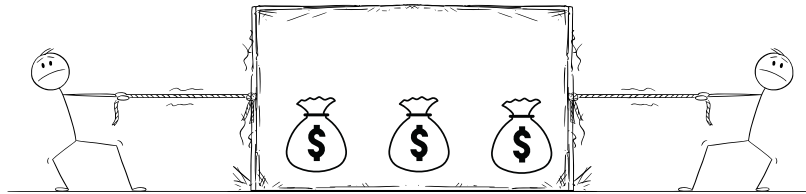
**Better care**

*Stronger provider networks mean **more choices, better access, and the ability for people to stay in their communities.***

# End the Conflict of Interest in Michigan's Medicaid System

## The Problem

The same organizations that **authorize** Medicaid services are also responsible for **paying for them**—creating a built-in conflict of interest.



PIHPs



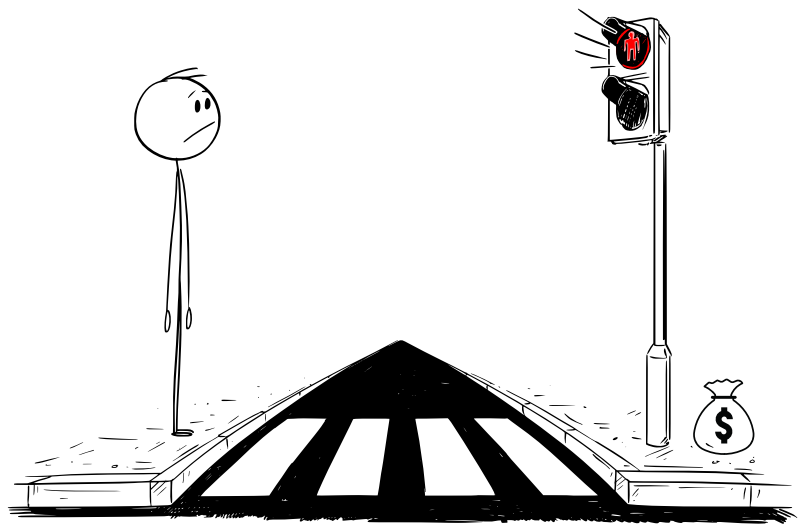
CMH

## Financial Incentives Over Care

PIHPs and CMHs decide what services to approve while trying to stay under budget.

### This leads to:

- Unjustified service denials
- Waitlists due to low provider reimbursement
- Secretive decision-making about medical necessity



*It's time for a system that works for Medicaid recipients and providers  
—not just administrators.*

# The Model

Adopt a model like **Connecticut's**, where **Administrative Services Organizations (ASOs)** handle authorizations **without financial bias**.

Care over Cost-cutting



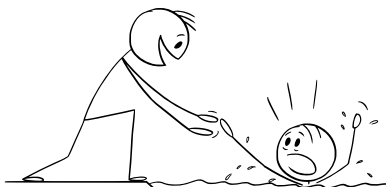
## State of Michigan



## 46 CMHs AND Other Providers



## Consumers



## Authorization Contract



**ASO (s)**

### Why It Works:

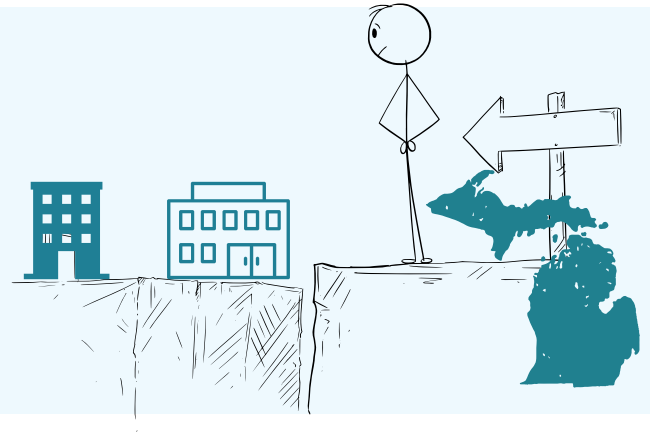
- ASOs **have no financial reason** to deny services.
- Fee schedules ensure fair, **transparent** payment rates based on actual costs.
- **People get the care they need—without bureaucratic interference.**

### Why It Works:

- Providers **contract directly with Medicaid** and receive fair rates.
- CMHs return to their original role—**providing direct services, not managing care.**

# Michigan Medicaid Must Follow Federal Law

**MDHHS is responsible for Michigan's Medicaid program.** Federal law requires each state to have a **single state agency** in charge—MDHHS must fully oversee and enforce Medicaid policies.



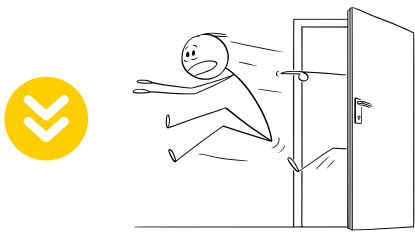
## The Current System is Broken

- **No real accountability:** MDHHS cannot hold PIHPs and CMHs accountable for non-compliance.
- **Medicaid recipients are left without options.** People shouldn't have to file lawsuits to get the care they're entitled to—most can't afford legal help.
- **CMHs and PIHPs fight back and resist efforts to fix problems.** MDHHS only contracts with PIHPs, but PIHPs don't enforce rules against CMHs—and MDHHS isn't enforcing rules against PIHPs.

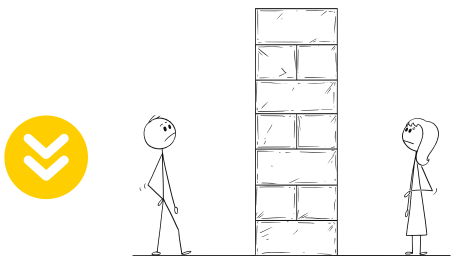
# The Solution: A Direct, Enforceable System



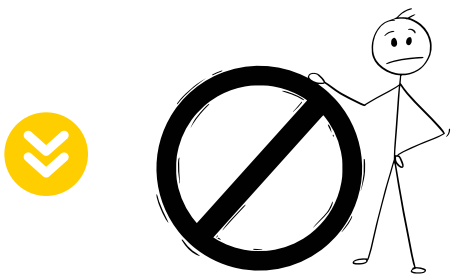
- MDHHS should **contract directly** with Administrative Service Organizations (ASOs) and providers. This ensures transparency and real accountability.



- Enforceable contracts mean better oversight. MDHHS must have the power to **replace contractors** if they fail to meet their obligations.



- **Clear separation of costs.** Dividing administration and service costs will bring full transparency to Medicaid spending.



- **The buck stops with MDHHS.** MDHHS must be directly responsible for ensuring Medicaid recipients receive the care they need.

*Michigan must fix its broken Medicaid system and **prioritize accountability, transparency, and access to care.***