July 10, 2019

Robert Gordon
Director of Michigan Department of Health and Human Services
333 S. Grand Ave
P.O. Box 30195
Lansing, Michigan 48909

Dear Mr. Gordon:

The decision by the Michigan Department of Health and Human Services (MDHHS) to terminate the public Lakeshore Regional Entity (LRE) Pre-paid Inpatient Health Plan (PIHP) contract and transition it to Beacon Health Options, a privately held, for-profit entity, without stakeholder input poses a serious threat to our state’s public mental health system. In addition to the lack of stakeholder participation, this action was taken without adhering to the typical and proper procurement procedures.

Further, citing LRE’s financial deficit as one of the key reasons for the contract termination is especially concerning as the systemic underfunding of public mental health services and ongoing reductions are creating operational challenges for most of the State’s Prepaid Inpatient Health Plans (PIHP). This includes rebasing that began in 2012 and most recently the impact of people who are Disabled, Aged, and Blind (DAB Population) being transferred from traditional Medicaid to Healthy Michigan. The estimated total in public mental health funding reductions since 2012 for the State is approximately $500 million.

Holding the State’s 10 PIHPs and 46 Community Mental Health Service Providers (CMHSP) accountable for managing budgets that are significantly underfunded defies logic. Finally, and most importantly, we are first and foremost a state that has historically prided itself on listening to the voices of the people we serve, their allies, and family members. They said no to privatization during the Affinity group sessions, as well as in other statewide work groups facilitated by MDHHS.

Our state’s most important stakeholders continue to advocate to protect a publicly funded system. After reading the Department’s announcement they will no doubt wonder why their opinions were ignored and why they were not included in this crucial conversation about LRE’s contract, and its future implications for the entire system.

We are respectfully requesting you work with us and those we serve to ensure Michigan’s public mental health system is funded appropriately, instead of taking a punitive approach to resolve financial stressors created by reoccurring reductions. The LRE region should remain publicly governed and managed by a properly constituted public PIHP, under section 204(b) of the Michigan Mental Health Code, as exists in all other parts of the state.
Dr. Tim Kangas, Executive Director
Northcare Network

Eric Kurtz, CEO
Northern MI Regional Entity

Greg Hoffman, CEO
Lakeshore Regional Entity

Bradley Casemore, Executive Director
Southwest MI Behavioral Health

Joseph Sedlock, CEO
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James Colaianne, Interim Director
CMH Partnership of Southeast MI

Willie Brooks, CEO
Detroit Wayne Mental Health Authority

Annette Downey, Executive Director & CEO
Oakland Community Health Network

Dave Pankotai, Executive Director
Macomb CO CMH Services

Jim Johnson, Executive Director
Region 10 PIHP

cc:  Governor Gretchen Whitmer
Michigan Legislature
Sarah Esty, Senior Deputy Director, Policy and Planning Administration
Meghan Groen, Health Policy Advisor
Elizabeth Hertel, Chief Deputy Director for Administration