HEALTH SYSTEM TRANSFORMATION - What Oregon counties should know about mental health and addiction funding

Funding for mental health and addiction services is changing

Counties will continue to directly administer state-contracted funds and county general funds, but Coordinated Care Organizations (CCOs) will assume the direct authority to administer Oregon Health Plan funds for mental health and addiction services.

- **Oregon Health Plan dollars** – Currently, funding for those mental health services covered by OHP go to mental health organizations (MHOs). In an effort to integrate behavioral and physical health through health systems transformation, this funding will go to the CCOs instead. In addition, current funding for the adult mental health care coordination portion of AMHI will be routed through CCOs. Those counties that want to continue providing these services and preserve their safety net will have the opportunity to contract with the CCOs.

- **Non-Oregon Health Plan dollars** – Through Addictions and Mental Health System Change, this funding will continue to go directly to the counties; however, a portion of this budget will be provided to counties in “flexible funding budgets” to spend in the most appropriate ways to meet the needs of their community. During the first year of the new contracts, approximately 45 percent of the current non-OHP funding will go the flexible funding budgets with the goal of increasing that percentage in the next biennium.
  - Funding for adult mental health residential treatment is one of the primary exemptions from the flexible funding budgets. Effective January 2013, funding for adult mental health residential treatment will be routed through the CCOs.
  - The other exemptions include funding for specific projects, such as supported employment and Early Assessment and Support Alliance (EASA). The state will work with the counties to eventually integrate this funding into the flexible funding budgets while maintaining these important programs.

**Written agreements between CCOs and counties**

HB 3650 requires CCOs to have written agreements with each county in which they operate, unless an agreement is not feasible or the county opts out. The written agreements:

- May not limit the ability of CCOs to contract with other public or private providers for mental health or chemical dependency services;
- Must include agreed-upon outcomes; and
- Must describe the authorization and payments necessary to maintain the mental health safety net system and to maintain the efficient and effective management of the following responsibilities of counties, with respect to the service needs of members of the CCO:
  - Management of children and adults who are at risk of entering or who are transitioning from the Oregon State Hospital or from residential care;

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o Care coordination of residential services and supports for adults and children;

o Management of the mental health crisis system;

o Management of community-based specialized services including but not limited to supported employment and education, early psychosis programs, assertive community treatment or other types of intensive case management programs and home-based services for children; and

o Management of specialized services to reduce recidivism of individuals with mental illness in the criminal justice system.

Recommendations for counties

• Talk with others in your community. In many parts of the state, counties are already playing a leadership role in convening local agencies, providers, Medicaid managed care plans and health advocates across communities and even across regions to build a community-based health system that delivers better health and better care at lower costs.

• Take advantage of the opportunities for growth and fiscal savings that may present themselves as Oregon moves into new territory.

• Where possible, collaborate with other counties to best serve the populations that live and work in your area.

• Be flexible and work with local partners — including public and private providers and community-based organizations — to assess the needs and strengths of your community.

• Get to know your local service delivery partners. These relationships form the fabric of the new health care delivery system.

• Seek a range of opportunities to implement evidence-based strategies to prevent or control the leading causes of illness

To learn more about health system transformation and coordinated care organizations, visit http://health.oregon.gov. Read about the Addictions and Mental Health division’s system change efforts and what they mean for local mental health authorities at www.oregon.gov/OHA/mentalhealth/system-change.