

State Mental Health Agency Operation and Funding of Community-Based Mental Health Services: 2003

Major Findings:

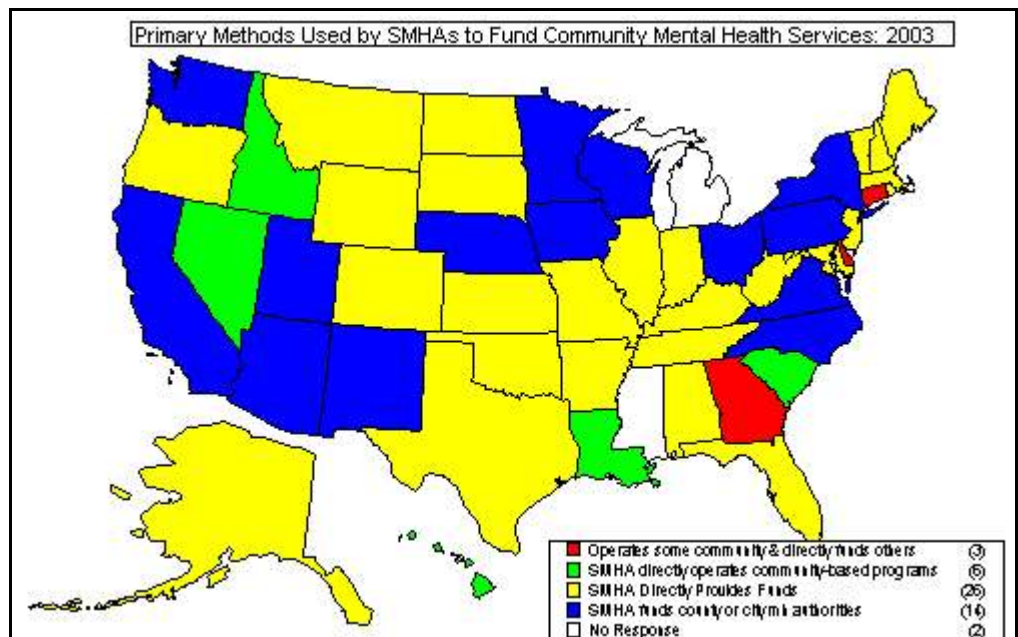
- ! 38 States provide community mental health services by directly contracting with local community mental health programs, 26 States use this approach as their primary means of funding community services.
- ! Most large population states provide community mental health services through direct contracts or through city, county, or multi-county mental health authorities, and smaller population States often directly operate community programs.
- ! The most commonly used methods to fund community services include: contracts (37 SMHAs); block grants (35 SMHAs); fee-for-service systems (35 SMHAs) and performance contracts (34 SMHAs).
- ! 40 States have community mental health programs perform gatekeeping functions to control admissions to state psychiatric hospitals.

Overview: In Fiscal Year 2001, the State and Territorial Mental Health Agencies (SMHAs) expended over \$15.4 billion (almost two-thirds of their mental health budgets) on community-based mental health services and provided community mental health services to millions of individuals each year. However, the methods used by states to organize, finance, and deliver community mental health services vary widely from state to state. This report highlights the major methods used by SMHAs to organize the operation and funding of their community mental health systems.

Organizing and Financing Community-Based Services:

Three major methods are used by SMHAs to provide community mental health services:

- SMHAs directly contract with local (usually not-for-profit) community-based mental health providers;
- SMHAs fund local governments (city, county, or multi-county) mental health authorities, which in turn, operate and contract for community mental health services; and
- Mental health services are provided in communities by SMHAs using their own state employees.



In many states, a combination of these mechanisms are used. Larger populated States tend to use local governments to organize the delivery of community mental health services, while smaller states often directly operate the community system with their own employees. (See Figures 1 and 2). Of the States directly operating community-based services, 2 (CT and GA) reported that they are involved with privatizing the SMHA-operated community mental health providers.

Figure 2: Methods SMHAs use to Provide Community Mental Health Services

	SMHA Directly Contracts with Community providers	SMHA Funds City/County/Multi-County Mental Health Authorities	SMHA Operates Community Mental Health Services with State Employees
Mechanism is used for at least a portion of the system	38 SMHAs/ Average State Pop = 5,498,500	20 SMHAs/ Average State Pop= 8,127,548	15 SMHAs/ Average State Pop= 4,804,316
Primary mechanism used	26 SMHAs/ Average State Pop=4,743,129	14 SMHAs/ Average State Pop= 8,890,517	7 SMHAs/ Average State Pop= 2,302,041

Contracting for Community-Based Services: SMHAs use a variety of contracting mechanisms to finance community-based mental health services including, but not limited to:

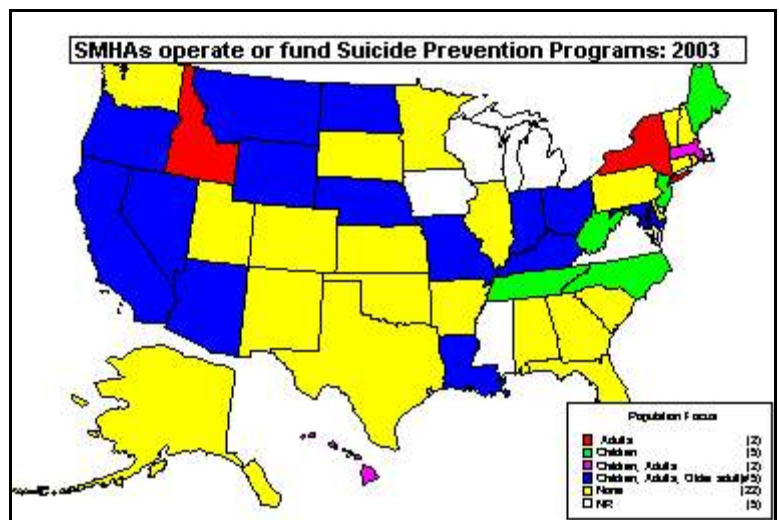
- Contracts 37 States
- Block grants 35
- Fee for service 35
- Performance contracts 34
- Program grants 31
- Retroactive reimbursement for services provided 19
- Local/County Funds/Taxes 16
- Per capita allocation 12
- Formula Grants 12

Controlling State Psychiatric Hospital Utilization: 40 SMHAs have community programs perform a gatekeeping function over admissions to state psychiatric hospitals, including pre-discharge planning (36 States); hospital-community liaison activities (36 States); and preadmission screening (35 States). Gatekeeping services are established by SMHA policy in 26 states, by SMHA regulations in 15 states, and by state statute in 16 states. Virtually all states (45 of 46) report that community programs operate crisis programs to reduce the number of admissions to state psychiatric hospitals.

Restructuring of Community Mental Health Services: 30 SMHAs reported that they are undertaking initiatives to restructure their community mental health system. Nine (9) states give community programs control over the utilization or budgets of state psychiatric hospitals (CA, NC, ND, NH, OH, PA, UT, VT, and WI). Eight (8) states give community mental health programs financial incentives/rewards for reducing state hospital utilization (CA, CO, DE, NC, NH, OH, PA, and SC).

Rural/Frontier Mental Health Services: 29 SMHAs report that they have special initiatives to provide mental health services to individuals in rural or frontier areas. These types of initiatives include: outreach services, transportation, telemedicine, and other initiatives. 23 SMHAs reported that they are using telemedicine to provide services in rural or frontier areas.

Mental Health Prevention/Screening: 32 States reported that they fund community mental health programs to provide Prevention and/or Early Intervention services. These services were oriented towards children in 31 states, toward adults in 10 states, and older adults in 6 states. 21 SMHAs reported that they fund or operate suicide prevention programs. Suicide prevention programs are most often focused on all age group populations. Seven SMHAs reported operating or funding hotlines or help lines for suicide prevention.



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