DEPARTMENT OF HUMAN SERVICES

Adult Mental Health Initiatives Reform: Funding Formula

Minnesota has 19 Adult Mental Health Initiatives (AMHIs) that are made up of regional groupings of counties or single metro countries. Additionally, White Earth Nation is a standalone AMHI region. AMHIs have been an effective mechanism for regional collaboration to build community-based mental health services in Minnesota since 1996. The structure and funding of AMHIs continue to give regions flexibility to respond to the unique needs and circumstances in their region.

Why create a funding formula?

- Initial funding determinations for AMHIs were not uniform, equitable, or transparent, and were based on proximity to state hospitals that closed in the 1990s.
    - In 1996, six regions were funded with a total of $1.849M.
    - Today, 19 AMHI regions receive a total of $33.5M per year in funding.
    - Current allocations range from $1.49 to $21.29 per capita.
- AMHI funding is vulnerable and has been reduced in the past (2003, 2005, and 2009) to cover costs of other services.

What is the timeline?

- October 2019: DHS issued a quick-call for a vendor to assist in the development of a funding formula.
- April 2020 through June 2021: DHS contracted with Forma ACS to assist in developing a funding formula.
- June 30, 2021: Forma ACS presented a final formula model with usage recommendations to DHS.
- June through November 2021: AMHI stakeholder workgroup reviews formula work and provides recommendations about weights of formula variables to DHS.
- October 2021-December 2022: DHS in partnership with White Earth Nation develops pilot Tribal AMHI Funding Formula and determines implementation plan of Tribal AMHI funding formula.
- February 2022: Final recommendations of the funding formula are due in a report to the Minnesota Legislature.
- June through December 2022: In partnership with AMHI stakeholders, DHS develops implementation plan for new formula allocations.
- February 2023: DHS releases final implementation plan and announces formula-based allocations. Note: regional allocations are subject to changes brought about by additions or reductions of AMHI fund.
- April 2024: DHS releases AMHI grant plan application for the 2025-2026 funding cycle.
- January 1, 2025: First contract round for formula-based allocations begins.

Stakeholder engagement:

Stakeholder engagement is a top priority for AMHI Reform. DHS could not do the work of developing an equitable funding formula without each AMHI's input and feedback. Two workgroups have been convened: County-based AMHI and Tribal AMHI. All county-based regions have one self-nominated, representative on the AMHI Reform Funding Formula Workgroup. This workgroup is providing feedback about the weights and values to place on the funding formula variables. The second workgroup is in partnership with representatives from White Earth Nation to develop a pilot Tribal AMHI funding formula for their AMHI. This formula may be used as the basis for a funding formula for other Tribal Nations if they were to become AMHIs in the future.

Throughout the AMHI Reform process, DHS has communicated with stakeholders and incorporated feedback gathered through a variety of methods into the funding formula development. Communication methods include Statewide AMHI Meetings; survey of all AMHI stakeholders; presentations at MACSSA, the State Advisory Council on Mental Health, and American Indian Mental Health Advisory Council meetings; gov delivery updates; publicized information on the AMHI website, and regular emails with workgroup members. DHS has also encouraged workgroup members to communicate all phases of AMHI Reform with stakeholders in their regions.

How was the funding formula developed?

Phase 1: Exploring population data

Because AMHIs cover the entire state, it was reasonable to first explore population data and measures. While population metrics can overshadow some information, it is an indicator of potential service need. Population is a reliable data source that can be recalculated as it changes over time.

Population data included in the funding formula model:

- Statewide population (based on US Census Bureau data)
- Medicaid population (based on DHS data)
- Medicare population (based on federal data)
- Risk-adjusted Medicaid population (based on DHS data)

Phase 2: Per capita spending

There is no universal measure of actual cost of services; however, it is possible to create a measure of how much counties spend per person. This information provides an indicator of where it may be more or less costly to provide services. Forma ACS used current funding allocations and a 2018 report of county spending from all funding sources for adult mental health services to determine the measure of per capita spending in each region.

Phase 3: Other factors – service need and access issues

There are many other factors that impact need for, access to, and cost of mental health services, but not all of these factors can be directly or indirectly measured. It was important to explore these other factors, as they would make the final formula more sensitive than using only population data.

Other factors researched include:

- Social determinants of health (serious mental illness, substance use disorder, past incarceration, deep poverty, and homelessness) and medical risk (based on DHS data)
- Area Deprivation Index (ADI)
- Rural factor using rural-urban commuting area (RUCA) codes

Final formula model structure
The funding formula was set up using population data, social determinants of health, ADI scores, and RUCA scores. The data sources used in the formula model capture a broader service base than using service utilization data. These variables can each have a different weight assigned that determines how much impact the variable has on the final funding allocation. The final weights are being recommended by a workgroup of AMHI stakeholders. The funding formula will be finalized by DHS and shared with the MN legislature through a legislative report due February 2022.

Workgroup review and recommendations
The funding formula structure is currently in development in partnership with representatives from each county-based AMHI region. The workgroup is reviewing the four key inputs to the formula – population, social determinants of health and medical risk, area deprivation index, and rural allocation – to provide recommendations to DHS on the weighting of these inputs.

Supporting data:

- Statewide population data provided by the US Census Bureau
- Medicaid data from Health Care Administration at the Minnesota Department of Human Services
- Medicare data from federal resources (Centers for Medicare & Medicaid Services Public Use File)
- Social determinants of health and relative risk data, collected and analyzed for the Medicaid population by Health Care Administration the Minnesota Department of Human Services
- Area Deprivation Index provided by Neighborhood Atlas, University of Wisconsin School of Medicine and Public Health
- Rural-urban commuting area (RUCA) codes, U.S. Health Resources and Services Administration, Office of Rural Health Policy in partnership with the U.S. Agriculture Department's Economic Research Service and the WWAMI Rural Health Research Center at the University of Washington

More information:

For more information about AMHI Reform, including an overview of AMHI Reform and timeline along with materials from workgroup meetings, please visit the AMHI Reform section of our website.

If you have any questions, contact MN_DHS_amhi.dhs@state.mn.us