DEPARTMENT OF HUMAN SERVICES

Adult Mental Health Initiatives Reform: Funding Formula Detailed Summary

DHS partnered with an actuarial consultant and stakeholders 2019-2021 to create a funding formula that is transparent, defensible, equitable, and flexible. Over the next three years, DHS will continue to partner with stakeholders to develop a thoughtful and supportive implementation plan to transition from the current historical allocations to new allocations informed by the funding formula. Funding formula-based allocations are set to begin January 1, 2025.

The formula presented below is specific to county-based AMHIs. DHS is currently partnering with the White Earth Nation AMHI to develop and pilot a Tribal AMHI funding formula.

Formula variables values and weights

The funding formula model uses six data sources to create allocations. These data sources are all researched and reliably updated. The funding allocations created using this formula address each AMHI's level of service need and service accessibility, as well as health disparities. The funding formula allocations will be recalibrated in the future as new data become available. A timeline for recalibration will be set in partnership with stakeholders.

A workgroup of AMHI representatives advised DHS on the values to place on each variable and recommended specific weights or percentages for each variable.

In order of priority, as determined by the county-based AMHI workgroup, the funding formula variable weights are:

- Rural factor using rural urban commuting area (RUCA) codes – 25%
- Area deprivation index – 25%
- Social determinants of health and medical risk – 20%
    - Serious Mental Illness/Serious & Persistent Mental Illness (SMI/SPMI) – 30%
    - Substance Use Disorder (SUD) – 20%
    - Deep poverty – 20%
    - Homelessness – 15%
    - Medical Risk – 15%
    - Past Incarceration – 0%
- Population (adult only)
    - Statewide census population – 10%
    - Medicaid enrollee population – 10%
    - Medicare enrollee population – 10%

Funding allocations

AMHI	Current historical allocation	Per Capita (Adults)	Preliminary formula-based allocation	Per capita (Adults)
ABHI	$3,829,186	$15.41	$2,889,427	$11.63
Anoka	$765,075	$2.81	$1,370,917	$5.04
BCOW	$1,181,263	$9.44	$1,390,577	$11.11
Carver	$319,933	$4.13	$268,042	$3.46
CommUnity	$1,249,432	$3.83	$1,929,595	$5.92
CREST	$2,297,954	$6.92	$3,133,147	$9.43
Dakota	$482,776	$1.49	$1,440,388	$4.43
Hennepin	$5,809,267	$5.87	$5,355,162	$5.41
NW8	$1,453,914	$21.29	$964,816	$14.13
Ramsey	$4,466,053	$10.57	$2,805,213	$6.64
Region 2	$595,725	$9.62	$944,301	$15.24
Region 4S	$664,642	$12.37	$727,274	$13.54
Region 5+	$1,236,491	$8.67	$2,088,819	$14.65
Region 7E	$1,715,762	$13.04	$1,141,504	$8.68
SCCBI	$4,210,082	$17.23	$2,633,257	$10.78
Scott	$228,859	$2.11	$412,173	$3.79
SW18	$2,229,288	$10.70	$3,072,057	$14.74
Washington	$604,982	$3.04	$774,014	$3.89
White Earth Nation	$158,688	n/a	TBD	n/a
Total	$33,499,372		$33,499,372	

- Current allocations range from $1.49 to $21.29 per capita.
- Preliminary formula-based allocations range from $3.79 to $15.24 per capita.
- The per capita allocation was calculated by dividing the total 1-year award amount by the total number of adults (18+) in the region.
- The formula model was developed using population statistics from the 2010 US Census and will be updated with the most current US Census data prior to finalizing the allocations for the 2025-2026 funding cycle.

Frequently Asked Questions (FAQs)

Are these the confirmed new allocations?

> No, these are preliminary allocations using the formula model. The Tribal AMHI funding formula is still in development and will determine the allocation for White Earth Nation AMHI. When finalized, the Tribal formula may change the county-based AMHI allocations slightly since they all draw from the same pool of funding. Additionally, the implementation plan may impact the allocations depending upon the transition method recommended by the workgroup. It is also important to note that the statewide population data in the model will be updated with the most current US Census data once the formula is finalized. Finally, if the AMHI funding pot were adjusted by the legislature, allocations would be adjusted accordingly.

Why is MHIS data not included in the formula?

> MHIS data only measures current utilization and is a data source that continues to improve in its reliability. Including MHIS utilization data in the formula would not address equity, mental health service need, or access to services. MHIS data would limit the formula to only a small population currently reported as using AMHI grant services.

Does the formula take into consideration a region or county's other funding sources and existing mental health infrastructure?

> The area deprivation index and rural factor variables drill down to the 9-digit zip code level and look at infrastructure and access within a region. These variables take into account distance to urban centers, housing, employment, income, education, and other socioeconomic factors. During the research phase of AMHI Reform, DHS and Forma ACS reviewed available reports to look at county spending on mental health services from county, state, and federal sources. When these data were compared to BRASS code spending by AMHIs, it did not clearly connect AMHI spending to county or regional funding; this data was not included in the formula model.
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> It should also be noted that AMHI funding is for individuals with serious and persistent mental illness (SPMI) who are under- or un-insured. Many of the BRASS codes available to AMHIs are for MA-billable services. The grant funds are not infrastructure or standalone dollars, rather they are for filling in the gaps and enhancing the MH system to allow individuals with limited or no health insurance to access necessary mental health services.

When were the data sources updated? Does this include 2020 US Census data?

> Funding formula model development spanned 2019-2021, with the model tool finalized June 30, 2021. It does not include the 2020 US Census data at this time. The formula model will be updated with the most current US Census data prior to announcing the final allocations for the 2025-2026 funding cycle. The implementation plan, which is the next phase of AMHI Reform, will include timeframes for future data source updates and formula recalibration.

Why does the formula include both Medicaid and Medicare enrollee populations?

AMHI funds are designed to pay for services for adults with SPMI who are uninsured or underinsured. The funds can also go towards a set of services that do not have a corresponding MA benefit. Due to the coverage limitations of Medicare, AMHI funds are often used to pay for services for individuals with Medicare only; this population falls into the "underinsured" category. We recognize not all individuals on Medicaid or Medicare are in need of mental health services. This is a proxy for the "uninsured" population accessing services under AMHI funding. By including both Medicaid and Medicare populations in the funding formula, we can more easily approximate the total number of potential service recipients.

How is the formula addressing equity and what is being done to ensure the formula is addressing equity more strongly?

The formula includes the Area Deprivation Index (ADI), which is a measure of neighborhood disadvantage at the 9-digit zip code level. It takes into account multiple factors (housing, income, education levels, employment, etc.). This makes it an indirect measure of equity because it can see the neighborhood differences in disadvantage or deprivation within a city, county, and region. DHS recognizes this is not the stopping point. This concern was raised multiple times by the stakeholder workgroup that helped finalize the formula. DHS will continue to explore other data sources that could more directly measure equity issues related to adult mental health funding. DHS plans for the formula to be dynamic and able to respond to updated or newly available data and changing priorities in the future.

Supporting data:

- Statewide population data provided by the US Census Bureau (2010 US Census data, to be updated prior to finalizing formula-based allocations with the most current US Census data)
- 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 (last update in 2018)
- 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 (last update 8/17/2020)

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