



## Mental Health Governance: A Review of State Models & Guide for Nevada Decision Makers

Nevada faces great challenges in its behavioral health system and is exploring how to move from a governance system that is centrally controlled by the state to one that provides more local input and is responsive to community needs. This report reviews governance models throughout the United States and looks in depth at seven states: Arizona, Missouri, North Carolina, Ohio, Oregon, Virginia, and Washington. This analysis provides insight into how other states have addressed similar challenges and which strategies have been more successful than others.

While Nevada's mental health system is unique on many fronts, this review shows that the Silver State is not alone in reexamining its governance structure. Other states are also looking at how to restructure their mental health systems to integrate physical and behavioral health, address rising costs, and adapt to Medicaid changes arising out of the Affordable Care Act.

Nevada decision makers should follow four guiding principles in redesigning the governance structure of the mental health system:

1. Provide the best care at the lowest cost;
2. Encourage savings across programs and agencies;
3. Ensure that money follows the client from the hospital to community; and
4. Hold providers accountable for positive outcomes.

Nevada will also need to consider several key decision points as it develops a new governance system. These decisions can be grouped into several categories: overall structure, governing board structure, funding, and outcomes/information technology.

### Overall Structure

1. What should be the role of the state in community mental health? Decision makers will need to determine if the state should transition from a provider role to an oversight role. If responsibility for services is given to local providers, the state will need to decide how to maintain standardization, consistency, and accountability.
2. Should Nevada be divided into regions to provide services? Regions need to be small enough to be responsive to local needs but large enough to run a fiscally viable behavioral health program.
3. What type of entity should manage services? Nevada will need to decide whether to devolve authority to local governments or private providers (nonprofit or for-profit).
4. What are the human resources implications of changing the entity providing services? The state will need to address personnel issues for state staff wishing to transfer to the new entities providing services, including salary levels, retirement credit, sick time, and vacation time.
5. Should there be a pilot project before moving to the whole state? Implementing a pilot project may help work out all the elements that should be included in a contract before statewide implementation.
6. How should physical and behavioral health services be integrated? To address healthcare needs holistically, the state will need to develop a system that integrates behavioral health and physical healthcare while ensuring that behavioral health needs are adequately addressed.

## Governing Board Structure

7. How should governing boards be organized to facilitate coordination across agencies? The state will need to decide whether to have regional governing boards, whether the boards should have operating authority or advisory authority, what types of people should be on boards, how to address rural areas, and whether there should be local advisory councils.
8. What is the appropriate role for providers on governing boards? To avoid potential conflicts of interest, the state should consider creating an advisory role for providers.

## Funding

9. What funding sources should be part of the system? Decision makers will need to determine whether the new system should be solely focused on Medicaid or whether it should also include state General Funds and grant funding.
10. Should there be a local match? A local match requirement can lead to more locally responsive services. The state will need to determine how a local match should be funded, either from existing funds or a new required or optional tax approved at the county level.
11. How should Medicaid-funded behavioral health services be administered? The state will need to determine what Medicaid payment model to use, such as fee-for-service, managed care organizations, or accountable care organizations.
12. What funding will be available to transition to a new governance structure? The state should consider what grant funding or federal waivers may be available to help offset the cost of planning and implementing a new governance structure.

## Outcomes and Information Technology

13. How can the state create incentives to achieve positive outcomes with the least expensive, most appropriate care? Decision makers will need to determine whether incentives should be structured as rewards or penalties, whether to build formulas and requirements to discourage hospital use, whether to create programs to ensure that funds follow clients after leaving a psychiatric hospital, whether to implement incentives that reward agencies for reducing costs only if they also improve outcomes, how to encourage innovation, and which outcomes to track.
14. How can the behavioral health system provide supportive housing services? The state should consider how it can more effectively coordinate with existing housing authorities and how it can leverage resources to meet housing needs.
15. What information technology changes are needed to implement a new governance system? Moving towards a more decentralized, outcome based behavioral health system will require development of a well-designed information technology system that provides consistent data throughout the state.

Redesigning Nevada's mental health system will take careful planning and foresight. Several states are using a multi-year approach to transition to a new governance structure. In addition, implementation of the Affordable Care Act and Medicaid expansion have generated an era of constant evolution, uncertainty, and opportunity. Nevada will need to design a behavioral health governance system that is robust and flexible enough to adapt to new situations, while emphasizing quality outcomes. Nevada's decision makers can draw from guiding principles and lessons learned from other states to design a system that works for Nevada's unique situation.