



STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
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MDHHS announces Section 298 pilots have come to an end

LANSING, Mich. – Today, the Michigan Department of Health and Human Services (MDHHS) announced the end of the Section 298 pilots following the governor's veto and the pilot participants' inability to reach an agreement on a path forward.

"These pilots were supposed to be built on agreement among all participants," said Robert Gordon, MDHHS director. "After years of work to reach consensus, it has become clear that agreement will not be reached. We remain committed to making our behavioral health system work better for all Michiganders, and it is time to look for new ways to achieve this goal."

The Section 298 Initiative was a statewide effort to improve the integration of physical health services and specialty behavioral health services in Michigan. It was based upon Section 298 in Public Act 268 of 2016. The Michigan legislature approved a revised version of Section 298 as part of Public Act 207 of 2018.

As part of the initiative, the Michigan legislature directed MDHHS to implement up to three pilots to test the financial integration of Medicaid-funded physical health and specialty behavioral health services. The pilots were announced in March 2018 and were to be implemented by Oct. 1, 2019. Implementation was delayed to Oct. 1, 2020 to allow more time to complete design of a financial integration model.

However, the parties ultimately could not agree on two fundamental issues, the automatic statewide scaling of the model and startup costs. Despite the cancellation, Gordon said much has been learned from the Section 298 pilot design development process that will inform future redesign efforts.

"In the coming weeks, I will be sharing the department's vision for a stronger behavioral health system," he said. "Designing a system that works for all Michiganders will take careful planning and extensive collaboration with legislators, families and individuals served by the system and stakeholders. Through this process, we can chart a commonsense path that improves Michiganders' lives."

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