

## **Section 453 Department of Community Health Substance Abuse Block Grant Work Group Report**

**By December 1, 2004, the department shall share with the senate and house appropriations subcommittees on community health and the senate and house fiscal agencies the findings of their federal substance abuse block grant work group.**

The Department of Community Health, Office of Drug Control Policy, established a work group comprised of eight of the sixteen Regional Substance Abuse Coordinating Agency (CA) directors and department staff. The purpose of the work group was to review, analyze and suggest possible changes to the formula for allocating public funds for substance abuse services. The charge to the work group was to consider whether changes to the current allocation formula are needed, and recommend a proposed funding distribution model to the replace current allocation formula including an implementation plan.

The work group met over the course of several months but they were unable to achieve unanimous support for a new funding distribution model. There was general agreement on selected criteria and factors to consider in the allocation formula, but they did reach consensus on how much weight should be accorded to specific criterion and factors. Some CAs also expressed concerns that need to be addressed regarding the equity of the proposed allocation formula changes. These concerns focused on the validity of the selected criteria and factors and whether local needs and conditions would be adequately reflected in the proposed formula.

### **Summary of Work Group Discussion**

#### **Formula Criteria**

The work group generally agreed that the criteria and factors to be used in an allocation formula meet the following conditions:

- Be available from an authoritative source
- Have relative stability over time and be re-considered if the methodology for collecting the data element changes
- Be relatively simple to maintain and apply
- Have a clear relationship to financial need or ability to pay
- Have a demonstrated relationship to substance use/abuse/dependence
- Simplify the formula if a need-related data element is highly correlated to another need-related data element

#### **Formula Application**

General agreement was reached regarding the following principles related to the application of an allocation formula:

- Use a single formula for both prevention and treatment allocations
- Exclude specific allocation items:
  - Early Intervention Program/HIV/AIDS funding that is based of HIV prevalence

- State Disability Assistance funding
- Statewide services funding - allocated to individual CA
- Medicaid, Adult Benefit Waiver, Public Act 2 funding
- Retain a portion of funding for an RFP based allocation available to CAs as a mechanism to address special, short term local needs; formula transition costs; or capacity-building for an enhanced continuum of care, etc.

### **Proposed Formula Framework**

Thirty-four criteria and factors were identified and reviewed for possible use in an allocation formula, including correlations between each criteria and factors. The majority of the group endorsed an allocation formula based upon the following two factors, however, there was not consensus regarding how each factor should be weighed:

- The number of individuals at or below 150% of the Federal Poverty Level
- The number of persons unemployed

### **Proposed Implementation**

The work group determined that any change to the allocation formula would require a lengthy transition period. This transition period would provide time for the CAs to make the necessary adjustments in their provider network capacity and to determine the impact and appropriate action as a result of the formula based allocations to minimize any potential adverse consequences.

### **Next Steps**

The Department plans to:

- Seek additional input from Regional Substance Abuse Coordinating Agencies not participating in the work group as well as other stakeholders.
- Obtain broader input on the work group's recommendation
- Consider the recommendation for an independent, research-based study to develop an allocation formula
- Analyze the implications of any allocation formula changes on CA operations - local cost and service demand, provider network viability, and impact on other funding sources and providers of substance abuse services