

July 1, 2025

Dear Alpena County Commissioners,

On May 23, the Michigan Department of Health and Human Services (MDHHS) announced that they do in fact plan to move forward with a competitive procurement process for the state's Pre-Paid Inpatient Health Plan (PIHP) contracts. MDHHS plans to issue a request for proposals (RFP) for PIHPs in the summer of 2025 with the goal of a service start date of October 1, 2026.

Northeast Michigan Community Mental Health Authority (NeMCMHA) and the Northern Michigan Regional Entity (NMRE) remain deeply committed to improving Michigan's public behavioral health system. While we support meaningful reforms that enhance access and quality of care, we have serious concerns about MDHHS's recent announcement regarding a new procurement process for PIHPs.

Although MDHHS states this initiative will increase access, choice, and preserve current Community Mental Health (CMH) providers, the reality of the proposed plan tells a different story. This is another attempt to privatize our public behavioral health system. Two previous attempts to privatize the system were soundly defeated in the legislature and now this is an effort to accomplish the same goal outside of the legislative process.

Privatization Threatens Local Control and Accountability

The proposed competitive procurement process appears structured to favor large, private non-profit health plans—while excluding the very public PIHPs that have successfully managed Michigan's specialty behavioral health services for decades. These PIHPs, governed locally and accountable to county-elected officials, will be barred from applying in their current form. This marks a major shift away from local governance, transparency, and public accountability.

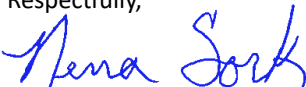
A Misguided Approach to System Challenges

This proposal does not address the root causes of access and timeliness challenges in the system—namely, workforce shortages and chronic underfunding. Instead, it risks diverting hundreds of millions of dollars away from direct care and into administrative overhead. Private plans often operate with 15% overhead costs, compared to the 2% of the current PIHPs. This could result in \$300–\$500 million in funds no longer reaching those who need services most.

Competitive procurement causes system chaos at a time when there is so much uncertainty at the federal level and does not address any of the core issues facing the system. We believe the State needs to take meaningful action, such as ensuring sufficient funding, protecting local voice, reducing administrative overhead, and increasing workforce and network capacity – all items that lead to improved access to care and services and none of which require a procurement process.

REQUEST FOR ACTION: We are asking that the Alpena County Commissioners pass this resolution opposing the PHIP bid out. This proposal appears to be an attempt to privatize the public mental health system at a time of already great uncertainty. Attached with this email you will find the resolution we are asking you to pass and additional information regarding the efforts to break apart the public behavioral health system. Only a publicly managed system protects local input. Privatization removes people's power, **shifting care decisions to out-of-state boards with no direct ties to Michigan communities**. Thank you for your time and attention to this matter, and I would be more than glad to meet with you to provide more information and answer any questions you may have.

Respectfully,



Nena Sork, Executive Director
NeMCMHA

