



March 13, 2013

Dear Treatment Provider:

I have recently become aware that there are false rumors circulating about decreased funding available for treatment as a result of increased administrative costs. As you are aware, there have been challenges with funding cuts imposed by both the State and the City since October 1, 2011. The City of Detroit Coordinating Agency (CA) and its Delegated Agent, the Institute for Population health (IPH) have experienced significant, cumulative budget decreases. The following is a summary of non-Medicaid funds available before the cuts and what we can expect in the near future:

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	FY11	FY12	FY13	FY14	FY15
SAMHSA (block grant)	\$16.1 M	\$14.9M	\$13.7 M	\$12.5M	\$11.3
City of Detroit	\$ 1.0 M	\$0	\$0	\$0	\$0

On top of the cuts mentioned above, the sequester has been signed into law by President Obama and has been in place since March 1, 2013. If the sequester cut amounts to 5% of the SAMHSA block grant funds, that equates to an additional \$685,000 cut to Detroit in the current fiscal year.

To deal with these cuts, the following has been instituted:

Board Members

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- 1) IPH is only charging 4.55% for indirect costs instead of the 14.55% allowable. This frees up approx. \$1 million for services.
- 2) Some administrative positions have been eliminated and work absorbed by other staff.
- 3) A waiting list has been implemented for residential treatment.
- 4) Length of stay has been reduced.
- 5) Some services have been “unbundled” to reduce costs.
- 6) A request has been sent to the Detroit Wayne County Community Mental Health Agency for additional funds.
- 7) Staff are searching and applying for grants that can impact substance abuse services.

The IPH continues to analyze utilization data with the intent of instituting additional service modifications as necessary in order to provide substance abuse services for the remainder of the fiscal year. In prior communications, it has been stressed that providers manage their budgets. The IPH cannot count on any additional funding from any source for this fiscal year. Therefore, providers must not expect any increases in funding and the possibility of additional decreases.

Please be clear that the current reductions have nothing to do with administrative costs but with budget cuts from the state and local level. If you feel that the funding formula change is unfair to Detroit where the demand is so high, you may want to do some advocacy around this issue with legislators and state policy makers.

Please contact me at (313)324-9550, if you have any questions.

Sincerely,

Kanzoni Asabigi, PhD, MD, MPH, MBA, CPH
Coordinating Agency-Director/VP
DHWP/IPH

cc: Loretta V. Davis, President and CEO, IPH
Vernice Anthony, Health Officer, City of Detroit
Betsy Pash, COO, IPH