THE IMPACT OF INDIANA’S COMMUNITY MENTAL HEALTH CENTERS
EXECUTIVE SUMMARY

Indiana’s Community Mental Health Centers (CMHCs) provide comprehensive mental health care to persons of all ages who suffer from mental illness or substance use disorders. The 24 CMHCs focus on serving economically disadvantaged Hoosiers and those who typically encounter difficulties accessing care. The services CMHCs provide to their communities include inpatient and outpatient treatment, crisis services, child and adolescent services, services for the elderly, substance use services, residential services, peer-led services, and more.

CMHCs have a positive impact on Indiana’s economy. The overall economic footprint of CMHCs statewide is nearly $1.4 billion. Every $1.00 CMHCs invest in operations, supplies, and personnel generates another $0.59 in additional economic activity. CMHCs directly employ 11,829 Hoosiers, indirectly support the jobs of an additional 952 Hoosiers employed by the companies that supply the goods and services purchased by CMHCs, and further support 2,559 jobs through the income generated directly or indirectly by the CMHCs.

CMHCs provide other, non-economic benefits to their communities. CMHCs provide life-improving, critical mental health services to Hoosiers who otherwise might never receive care including the economically disadvantaged, persons involved in the criminal justice system, and persons who are experiencing

CMHCs provide the following benefits to their communities:

- access to high quality, comprehensive behavioral health care
- addressing the behavioral health care needs of underserved communities
- development of behavioral health workforce
- innovative service delivery approaches

Report prepared by The Center for Health Policy at IU Richard M. Fairbanks School of Public Health.
homelessness. CMHCs help improve the state’s mental healthcare workforce by providing internships to graduate students so they can learn the skills needed to be effective in a community mental health environment. CMHCs also face challenges, the biggest of which are acquiring and retaining a quality workforce, lack of adequate funding, and administrative burdens.

**BACKGROUND**

Behavioral health service providers address both mental illness and substance use disorders. Nationally, statewide, and locally, behavioral health is a serious and growing threat to public health. More than 1 in 5 adult Hoosiers, or 1.1 million residents of the state, have been diagnosed with a mental illness. Mental illness also burdens teens and children. Estimates suggest that nearly 100,000 teenagers in Indiana between 12 and 17 had a major depressive episode in the past year. Substance use disorders (SUDs) include abuse of or dependence on one or more licit or illicit drugs such as alcohol, marijuana, methamphetamine, and opioids. It is estimated that among Hoosiers, 28,000 adolescents and 415,000 adults have a substance use disorder [1].

Left untreated, mental illness, substance use, and ongoing psychological distress can result in harmful consequences including loss of employment, financial difficulties, homelessness, involvement with the legal system, and worsening of symptoms. Receiving appropriate and timely mental health and substance use treatment can help individuals avoid these negative outcomes. Unfortunately, a large percentage of individuals do not receive the treatment they need. Among adult Hoosiers with mental illness, more than 1 in 4 believed they needed mental health treatment but did not receive it. Access to treatment is significantly worse for those with SUDs. Among Hoosiers with a substance use disorder, only 5% of those who felt they needed treatment received it [1].

The most common reasons why people are unable to get needed services include being uninsured or underinsured, or having insufficient income to cover the costs of treatment (e.g., copays, uncovered treatment types, providers that do not take insurance) [2]. Sadly, it is precisely these groups that are more likely to need behavioral healthcare as rates of mental illness and substance use disorders are significantly higher among economically disadvantaged groups [1].

**Who are the Community Mental Health Centers?**

Indiana’s CMHCs serve as public safety-net providers for mental health and substance abuse services. CMHCs specifically offer services to individuals who are most in need of mental health care but unable to access it due to cost, being uninsured or underinsured, having a limited income, or being on Medicaid, as these Hoosiers often encounter difficulties in finding mental health providers willing to provide care [3].

CMHCs are funded through a mix of net patient service revenue (primarily Medicaid), federal block grants awarded to states by the Substance Abuse and Mental Health Services Administration, state funds, county dollars, and a variety of other sources (e.g., miscellaneous grants, donations) (see Figure 1).

The largest funding source for CMHCs is the Medicaid Rehabilitation Option (MRO). This allows for treatment extension services such as skills, case management and some care coordination through Qualified Behavioral
Health Professionals (QBHP) and Other Behavioral Health Professionals (OBHP).

Although anyone can seek services from a CMHC, due to federal regulations CMHCs primarily serve adults with serious mental illness, children with serious emotional disturbances, and individuals with chronic addictions. CMHCs offer a wide range of comprehensive, mental health and substance use services which include inpatient and outpatient treatment, emergency services, consultation and education services, alcohol and substance use services, screening services, and residential services among many others [4, 5]. As we look at the future sustainability of CMHCs, many have diversified their service lines and funding streams as the result of federal government providing funding for both the Federally Qualified Health Centers (FQHC) and the Certified Community Behavioral Health Clinics (CCBHC). It is crucial for Indiana to look at both models in addressing the mental health needs and wellbeing of Hoosiers.

Currently, the Indiana Division of Mental Health and Addiction oversees the 24 CMHCs serving Indiana’s 92 counties. Indiana’s CMHCs are community-based, offering services in traditional clinic settings as well as schools, shelters, and correctional settings. In 2019, CMHCs provided behavioral health care to 297,429 Hoosiers.

Not only do CMHCs play a critically important role as safety-net providers of mental health and addiction services, but they are also a vital part of Indiana’s economy. The financial investments in CMHCs generate not only direct economic benefits for the local economies in which they operate (e.g., hiring of staff, materials, services) but also two types of economic spin-off benefits: (1) indirect economic benefits to the businesses that support the operation of the CMHCs (e.g., suppliers of materials) and (2) induced economic benefits to the local economy from the increased spending by persons who have received either direct or indirect benefits from the operation of CMHCs. The size of these “ripple effects” can sometimes exceed the original direct benefit, particularly when the local economy is depressed or when unemployment is high.

Economic Footprint of CMHCs
The economic impact of CMHC expenditures was assessed using IMPLAN, an input-output software program. An input-output model estimates the total economic impact of an organization by considering the direct operational expenditures made by CMHCs as well as the economic activity, employment, and tax revenues elsewhere in the local economy.
economy related to the organization’s activities (i.e. the ripple effect). Indiana’s CMHCs provided financial data which included annual expenditures for purchases, total compensation for employees, and a count of full-time equivalent employees for fiscal year 2020. The analysis provides information on four types of economic impact. 1) Direct impact reflects those dollars spent on operations of CMHCs in Indiana. 2) Indirect impact is made up of those dollars realized by the supply chain and business-to-business spending. 3) Induced impacts represent household spending for everyone who is working for the CMHCs as well as employees who are working in businesses that support CMHC operations. 4) Tax impact includes federal, state, and local taxes.

CMHCs directly employ 11,829 Hoosiers (Table 1, column 1). CMHCs require psychiatrists, therapists, case managers, skills trainers, administrative support staff, and others to serve clients and maintain business operations. In addition, the operation of the CMHCs requires the labor of 952 employees of other organizations and businesses (i.e. “indirect” employment). That is, CMHCs purchase goods and services such as legal services, accounting services, and pharmaceuticals to support their operations. The contributions of the employees from these supplying organizations are indirectly supported by the existence of the CMHCs. Lastly, the incomes generated by both the direct and indirect spending by CMHCs supports downstream employment for an additional 2,559 Hoosiers (i.e. “induced” employment). Overall, for every worker directly employed by an Indiana CMHC, 0.30 additional jobs were supported through the CMHCs direct and indirect economic activity.

Indiana CMHCs’ employment and spending supports the overall economic well-being of the state. Annually, CMHCs contribute $829 million in terms of employee earnings statewide through direct, indirect, and induced jobs (Table 1, column 2). CMHCs provide more than $668 million in income to Hoosiers and CMHCs have a cascading effect on employee earnings across the state. For every dollar of labor income earned by an employee of a CMHC, an additional $0.24 is earned either by workers who support the operation of CMHCs or by workers in the larger economy who then provide goods and services purchased with the extra income generated directly or indirectly by the CMHCs (represented by multiplier of 1.24 in Table 1). Through direct employment, taxes, and purchases, CMHCs contribute more than $872 million to the Indiana economy (Table 1, column 3). However, the total economic impact of CMHCs in the state of Indiana is greater, totaling nearly $1.4 billion through indirect and induced employment and spending. CMHCs have a strong, net positive contribution economically. For every $1 of output from CMHCs, an additional $0.59, on average, is added to the state’s economy.

CMHCs are non-profit institutions as such, they do not pay federal, state, or local income taxes. However, CMHCs are still required to pay federal payroll taxes and make contributions toward social security and Medicare. In addition, CMHCs may still pay state and county taxes for select purchases and expenses. The tax table (Table 2) represents the impact those taxes that are paid by CMHCs have on the broader economy. The direct economic contribution of Indiana’s CMHCs supports $11 million in direct local county and state taxes combined; $4.6 million in indirect subcounty, county, and state taxes combined; and nearly $20 million in induced local, county and state taxes combined. The multiplier for combined local, county, and state taxes is $3.18 and indicates that every
### Table 1. Economic Indicators by Impact

<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employment</td>
<td>Labor Income</td>
<td>Total Output</td>
</tr>
<tr>
<td>Direct</td>
<td>11,829</td>
<td>$668,157,746</td>
<td>$872,080,068</td>
</tr>
<tr>
<td>Indirect</td>
<td>952</td>
<td>$47,196,946</td>
<td>$147,159,498</td>
</tr>
<tr>
<td>Induced</td>
<td>2,559</td>
<td>$113,738,862</td>
<td>$363,209,805</td>
</tr>
<tr>
<td>Total Impact</td>
<td>15,340</td>
<td>$829,119,887</td>
<td>$1,382,449,371</td>
</tr>
<tr>
<td>Multiplier</td>
<td>1.30</td>
<td>1.24</td>
<td>1.59</td>
</tr>
</tbody>
</table>

Notes: The employment column estimates the economic output per workers directly involved in CMHCs. This primarily includes labor from CMHC operations. The labor income reflects a combination of employee compensation and proprietor income. The last column is referred to as output and reflects the total value of the goods and services including labor income, taxes on production and imports, other property income, and the cost of all purchases including everything from supplies to electricity. The rows specify which type of economic impact is estimated. A direct impact is those dollars spent on operations of CMHCs in Indiana. The indirect impact encompasses those dollars realized by the supply chain and business to business spending. The third row, induced impact, represents household spending for everyone who is working in both the direct and indirect businesses. All results have been inflation adjusted to 2021 dollars.

### Table 2. Tax Results

<table>
<thead>
<tr>
<th>Type of Impact</th>
<th>Local General</th>
<th>Local Special Districts</th>
<th>County</th>
<th>State</th>
<th>Total of Local, County and State</th>
<th>Federal</th>
<th>Total</th>
</tr>
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<tbody>
<tr>
<td>Direct</td>
<td>$500,936</td>
<td>$141,269</td>
<td>$539,516</td>
<td>$9,965,015</td>
<td>$11,146,736</td>
<td>$120,016,663</td>
<td>$131,163,399</td>
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<td>Indirect</td>
<td>$565,456</td>
<td>$577,067</td>
<td>$310,717</td>
<td>$3,118,240</td>
<td>$4,571,479</td>
<td>$8,500,135</td>
<td>$13,071,614</td>
</tr>
<tr>
<td>Induced</td>
<td>$2,426,426</td>
<td>$2,757,913</td>
<td>$1,627,408</td>
<td>$12,958,313</td>
<td>$19,770,060</td>
<td>$22,123,361</td>
<td>$41,893,421</td>
</tr>
<tr>
<td>Total</td>
<td>$3,492,818</td>
<td>$3,476,249</td>
<td>$2,477,641</td>
<td>$26,041,568</td>
<td>$35,488,275</td>
<td>$150,640,158</td>
<td>$186,128,433</td>
</tr>
<tr>
<td>Multiplier</td>
<td>$6.97</td>
<td>$24.61</td>
<td>$4.59</td>
<td>$2.61</td>
<td>$3.18</td>
<td>$1.26</td>
<td>$1.42</td>
</tr>
</tbody>
</table>

Notes: The subcounty general, subcounty special districts, and county columns estimate subcounty general, subcounty special districts, and county taxes paid directly by CMHCs and includes city and/or township taxes as well as taxes paid to cover police and fire departments and school districts. The state column estimates the total amount of taxes directly paid by CMHCs across all levels. The rows specify which type of tax-related impact is estimated. A direct impact are those taxes paid directly by CMHCs in Indiana. The indirect impact reflects taxes paid by activity in the supply chain and related to business-to-business spending. The induced impact represents taxes paid by everyone who is working in both the direct and indirect businesses. All results have been inflation-adjusted to 2021 dollars.
dollar of county and state taxes paid by CMHCs supports an additional $2.18 in taxes within the state’s economy.

In terms of federal tax, the direct economic contribution of Indiana’s CMHCs supports $120 million in direct federal taxes, $8.5 million in indirect federal taxes, and $22.1 million in induced federal taxes. The multiplier for federal taxes is $1.26, indicating that every dollar of federal tax paid by CMHCs supports an additional $0.26, on average, in federal tax in the larger economy. Overall, CMHC's economic impact on taxes was over $186 million (see Table 2).

In sum, Indiana’s CMHCs have a strong net-positive impact on the state’s employment, economics, and taxes.

Community Impact
CMHCs’ contributions to Indiana, and their respective communities, extend beyond the economical\(^1\). First and foremost, CMHCs provide life-improving, critical mental health services to Hoosiers. In 2019, CMHCs provided behavioral health services to 297,429 Hoosiers across the state. These services included traditional mental health and substance use disorder treatment services as well as more specialized services. For example, in direct response to one of the negative consequences of the opioid epidemic, CMHCs in Indiana offer maternal substance use disorder treatment programs and care for babies born with neonatal abstinence syndrome (i.e. exposed to addictive substances during pregnancy). Likewise, CMHCs offer residential addiction and recovery centers, which provide individuals with safe, drug-free housing in conjunction with various types of treatment.

"This program has improved my life. I now have the tools I need to stay clean and sober the rest of my life” – CMHC Client
"This place is the best thing that has ever happened for me, when it comes to getting help for all fields of recovery” – CMHC Client

Critically, the CMHCs are accessible to Hoosiers in need across the state. For those with a lack of income or insurance coverage, CMHCs are the state’s safety net for mental health and substance use services. Likewise, in many rural counties, the CMHC is often the only mental health provider in the service area. Without the local CMHC, Hoosiers would face the costly and time-consuming barrier of travel to larger cities for care.

CMHCs directly contribute to their communities by helping to develop and grow the capabilities of the Hoosier workforce. Working in community mental health is rewarding, but requires skills, knowledge, and a unique consumer-focus. The exceptional value and skills of these Hoosiers is attested by the clients they serve.

“"The staff cares greatly about the people here and what they do. Would definitely recommend to family or friends who are struggling. This was the best option to help me.” – CMHC Client

\(^1\)Note: The following quotes come from key informant interviews conducted the by the Indiana University Richard M. Fairbanks School of Public Health’ Center for Health Policy and from the Indiana Division of Mental Health and Addiction’s annual consumer surveys.
While recent college graduates may have the desire to be a part of community mental health, they may not always have the requisite skills. In response to this challenge, some CMHCs have developed “internship pipelines”. The CMHCs collaborate with academic programs (e.g., School of Social Work) to offer internships opportunities to students and to teach the critical skills necessary for working in community mental health. These students are then more likely to work for CMHCs after graduation. Such collaboration with academic training programs benefits the programs, the students and helps the CMHCs meet their need for a qualified workforce.

CMHCs further contribute to health and well-being of Indiana through active collaboration with other state, local, and non-profit agencies. For example, many CMHCs work with local law enforcement by providing treatment programs in local jails, which help reduce recidivism; and with the judicial system in drug courts, veteran’s courts, and family recovery courts. Some CMHCs also offer much needed crisis intervention programs to support the work of emergency medical services, law enforcement, and fire departments when responding to citizens with behavioral health issues. In the past, first responders would take the individual to jail or the emergency department, which proved to be ineffective, costly, and frustrating. Furthermore, CMHCs frequently collaborate with community partners to help the economic, physical, and mental well-being of community members; e.g., offering services at shelters, such as shelters for survivors of domestic abuse; or “run a program with the city around supported employment for people who are homeless, transient, and providing them with a livable wage and a job.”

Some CMHCs also have close connections to the local school system, placing therapists and family support specialists in schools, which has been shown to lower school dropout rates; or staffing a school-based health clinic, bringing the full continuum of care into schools and to families. Supporting students’ ability to stay, and be successful, in school is a benefit to the entire community. Furthermore, raising awareness, reducing stigma, and educating the community on “whole person health” are activities that CMHCs endorse.

CMHCs also bring innovative service delivery to Hoosiers. In response to the increased demands for services during, and the challenging delivery situation of the COVID-19 pandemic, CMHCs

“They are great, wonderful, caring people that have helped me change my life for the better. They are doing amazing work.”  
– CMHC Client

“(My provider) is a life saver. Throughout this whole process I feel she actually cares about me, which in my life is rare. I can tell it’s not just a job, but a calling.”  
– CMHC Client

“The services have been exceptional. The counselor is amazing. The doctor listens to my concerns and provides helpful information. I’d not trade them for anyone.”  
– CMHC Client

“...helping the community at-large, not just with our own consumers, but, offering that service to our community partners.” – CMHC leader
utilized telehealth and offered “virtual groups” to provide both one-on-one and group therapy. To improve access to services, CMHCs also use mobile vans to make sure consumers had access to medication-assisted treatment (MAT) and/or other mental health-related medications.

Finally, and most importantly, CMHCs directly improve the quality of life and well-being for their clients.

Challenges facing CMHCs in Indiana

Interviews with representatives from CMHCs in the state identified three major challenges:

- Workforce recruitment and retention
- Reimbursement rates and funding
- Administrative burden

Workforce recruitment and retention: Key informants consistently reported that there is a workforce shortage in CMHCs, which has gotten progressively worse over the years, especially since the COVID-19 pandemic. CMHCs are understaffed, specifically needing more therapists to keep up with the work. This workforce shortage often leads to “access to care issues” and longer waiting times for consumers until they can be seen by a provider. Longer waits can be problematic, as many consumers who attempt to get an appointment at a CMHC are in crisis mode, needing more immediate assistance. As one key informant succinctly stated:

“Imagine if you had a really sore tooth and you have a lot of pain. So, you call and they can’t get you in for two weeks. So, you’re suffering with your pain for two weeks. You come in, you fill out – literally 30, 40 pages of information – on your first visit; the dentist is just going over all that information and putting a treatment plan together. But your tooth issue doesn’t get addressed. And at the end of that appointment they say, well now we’ll refer you to a dentist, but there’ll be another couple of weeks before you can see him.” – CMHC Service Director

Another noted:

“And so we are triaging, who’s the highest risk, who needs to be seen the most. And that’s really difficult when we know the need is there for all of our consumers that we’re seeing.” – CMHC Service Director

Furthermore, not having enough staff often leads to an increased workload and additional hours for existing employees, which can contribute to “burnout” for a job that is meaningful and rewarding, but also challenging.

Reimbursement rates and funding: Current reimbursement rates and funding mechanisms also present major challenges to CMHCs, and significantly contribute to the workforce shortages. Medicaid reimbursement rates “haven’t changed in years”, and given the effects

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Reimbursement rates and funding: Current reimbursement rates and funding mechanisms also present major challenges to CMHCs, and significantly contribute to the workforce shortages. Medicaid reimbursement rates “haven’t changed in years”, and given the effects
of inflation, have not kept up with the true cost of services. Medicaid rates for clinic-based services have not increased since the 1990’s, and Medicaid rates for out-of-clinic, community-based services have not increased since 2010.

“We are always running into reimbursement obstacles of finding the financial support we need to provide the services the community deserves.” – CMHC Leader

Also, low public funding does not allow CMHCs to pay competitive salaries to staff. CMHCs are in competition with other local providers that can offer higher salaries. Additionally, mental health professionals can go into private practice. In response to this challenge, some CMHCs are trying to find “alternative funding sources”; e.g., having grant-writers on staff who apply for state or federal grants that allow them to provide needed services.

Administrative burden: Administrative burden was also mentioned as a considerable challenge to the mission of the CMHCs. The amount of documentation that is required by payers and by state and federal government agencies has become burdensome and difficult to manage, requiring a significant amount of time, and sometimes even additional staff for monitoring and compliance.

“The forms are different for every Medicaid payer. Their number of sessions that we get is different. Timeframes are all different. And so, that’s really difficult to manage for a provider that’s giving the care to consumers.” – CMHC Service Director

“The federal government and the state keeps requiring more and more of our providers. Every year there’s more and more documentation, more and more data that’s required. And all of that takes time and sometimes additional hires to monitor and manage these kinds of things. But of course, we don’t get anymore, we don’t get any additional reimbursement for all these new requirements.”

Suggested ways to support Indiana CMHCs

The following policies and resources would assist CMHCs efforts to provide Hoosiers with access to behavioral and substance use disorder services in an effective and timely manner:

- Reauthorize allowing Peers, Skills Trainers, and Masters-level providers to provide services via telehealth, in addition to face-to-face services, as they were allowed to do in the first year of the Covid-19 pandemic.
- Increase Medicaid reimbursement rates to reflect the true cost of service.
- Develop a plan for the continuation and expansion of the Certified Community Behavioral Health Center (CCBHC) grantee program, while developing infrastructure and implementation of Prospective Payment System rate methodology along with transition of all current CMHCs to the CCBHC model over a period of 3 years. CCBHC service requirements shall be considered an emerging best practice for comprehensive behavioral health service providers accredited by the Division of Mental Health & Addictions. Transition to CCBHC model implementation shall consider needed support to Medicaid Rehabilitation Option during this transition and determining where it fits within this new payor structure.
• Provide federally or state-funded incentives to work at CMHCs, such as student loan repayment or tuition reimbursement, where individuals who work toward a mental health-related degree consent to working at a CMHC for a minimum number of years.
• Improve the licensure process through reciprocity, improving the length of time for a license, removing the educational class requirements in order to get a license.
• Reduce the administrative burden to CMHC staff by streamlining the intake process, forms, timelines, prior authorizations, etc.
• Allow reimbursement of support services for consumers, such as transportation to and from the CMHC
• Improve Indiana’s Mental Health Literacy so individuals can recognize, manage and prevent mental health and substance use disorders.
REFERENCES

4. Stephens, J.D., Brief history of community mental health centers in Indiana. no date, Indiana Council of Community Mental Health Centers: Indianapolis, IN.

Report prepared by The Center for Health Policy at IU Richard M. Fairbanks School of Public Health. https://fsph.iupui.edu/research-centers/centers/health-policy