PERFORMANCE STANDARDS AND ALLOCATION OF FUNDS IN COMMUNITY MENTAL HEALTH PROGRAMS

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ABSTRACT: Performance measurement of mental health services has become a trend in managing public mental health services. This paper describes a process that measures the varying performance of county mental health systems in achieving goals. Performance and relative need are then used to make differential allocation of state funds for services.

INTRODUCTION

The differential funding of community mental health services is one of the most perplexing problems facing state funding agencies. State mental health authorities must deal with an array of conflicting demands for services, local vs. state priorities, political considerations, and general economic pressures. Reasonable allocation of resources also requires some attempt to maintain cost effective services, reward sound management, reinforce certain types of service systems development at the local level and attempt to meet real needs. The complexity of these variables and difficulty in the allocation process increases with the level of funding and the number of administrative units involved.

This article describes an attempt by the Office of Mental Health in Pennsylvania to develop a system to allocate resources for community mental health services. Since 1978 the Office of Mental Health has been using a system based on performance and need indicators to compute the measures should be addressed to the senior author at the above address.
provided through a county/state partnership in which the state funds 43 county mental health programs that provide mandated services directly or through contracts with private providers. In addition to the state effort, there are 39 federally funded community mental health centers in Pennsylvania. These centers have both contractual and funding relationships with the county MH/MR Programs. Federal medicaid and social service funds, patient fees, third party insurance, and county matching funds are other sources of revenue. In 1969, the first year in which state funds became available, $15 million was appropriated for mental health and mental retardation services. With other sources of revenue, the program totaled $35 million. In contrast, state funds appropriated for fiscal year 1980-81 for mental health services exceeded $80 million and the total program including other revenues now exceeds $200 million per year. Given the size and complexity of such a program, the reasonable allocation of state funds becomes a critical issue.

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The Pennsylvania MH/MR Act of 1966 required that funds be allocated to the counties on the basis of a formula that would ensure an equitable provision of services. In 1969 the Department's tentative allocation was based on a complex formula that took into consideration the population of the county, the number of persons receiving services and the poverty level in the county. This formula, unfortunately, did not take into consideration the existing service delivery patterns. Providers were concentrated in urban areas and most funds were already going to the most populous counties. The proposed formula failed to deal satisfactorily with this issue and after much public outcry was withdrawn.

In the years between 1970 and 1979 Pennsylvania's allocation system settled into an incremental pattern that used a percentage increase over the previous year's expenditures as the allocation strategy. Additional funds were allocated based on the subjective needs for "new programs," problems in counties, or on political considerations. Little attention was given to need factors; none was given to the management performance of the counties. Over the nine year period, the per capita gap in funding between rural, low population counties and the urban, high population counties actually increased.

In 1978 the Office of Mental Health began to develop a more rational data based system of resource allocation. The decision was made at that time to design a process that would allocate equitably, reward sound performance and be responsive to need. Performance evaluation and needs assessment were