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**Stephan W. Currie, Executive Director**

May 15, 2025

Hon. Gretchen Whitmer  
Governor of Michigan  
111 S. Capitol Ave.  
Lansing, MI 48933

Re: Opposition to MDHHS proposal to bid out PIHP contracts

Dear Gov. Whitmer,

I am writing to express the Michigan Association of Counties' (MAC) strong concern regarding the Michigan Department of Health and Human Services (MDHHS) proposal to solicit bids for the state's Prepaid Inpatient Health Plan (PIHP) contracts. This initiative threatens to privatize the management of Michigan's public mental health system, potentially shifting oversight from locally governed, county-based entities to private for-profit or nonprofit health plans. Such a change could undermine service access and quality, erode local governance and reduce transparency.

County governments in Michigan have been instrumental in the development and oversight of the public mental health system. Since 1997, counties have played a pivotal role in the formation and governance of PIHPs, ensuring that services are tailored to the unique needs of their communities. This local involvement has fostered a system that is responsive, accountable and deeply connected to the populations it serves.

The proposed procurement process threatens to dismantle this local governance structure. If management is transferred to private health plans, county governments would lose their direct role in overseeing the allocation and use of Medicaid mental health dollars. This shift could lead to decisions driven by profit motives rather than the best interests of Michigan residents, particularly those with mental illnesses, developmental disabilities and substance use disorders.

Additionally, the financial implications of this proposal are concerning. Private health plans typically operate with significantly higher overhead costs — approximately 15 percent — compared to the 2 percent overhead of the current public PIHP system. Such an increase would divert over \$500 million annually from direct services to administrative expenses, exacerbating existing funding shortfalls and diminishing the quality and accessibility of care.

Rather than pursuing this bid-out approach, MDHHS should collaborate with stakeholders — including counties, Community Mental Health Services Programs (CMHSPs), PIHPs and advocacy groups — to implement concrete reforms that address the real challenges facing Michigan's public mental health system.



These reforms should focus on closing the gap in the mental health workforce, increasing funding for services and reducing administrative burdens.

We urge you to instruct MDHHS to halt the PIHP procurement process and work with Michigan counties and other stakeholders to redesign the public PIHP structure. Together, we can develop solutions that strengthen local governance and ensure the continued delivery of high-quality, person-centered care to those who need it most.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Currie", with a stylized flourish at the end.

Stephan W. Currie  
Executive Director

SWC/jj