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The community mental health services legislation New York State introduced in 1954 was eventually adapted, with certain variations, by every state in the nation. Reading # 1 categorizes the form such legislation has assumed in all 50 states.

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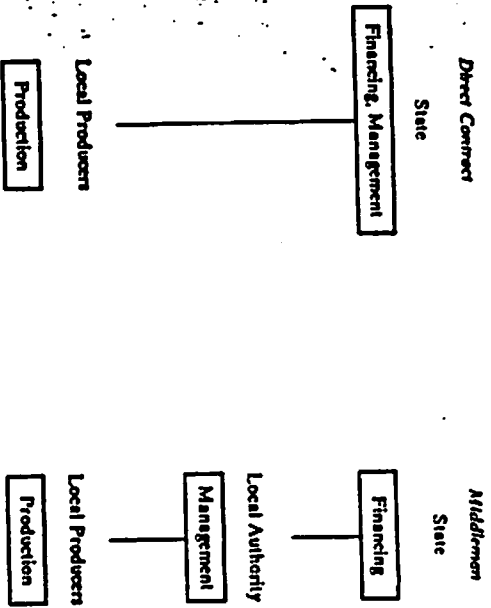


Figure 1. Hierarchical Structure of Direct Contract and Middleman Management Forms

States have chosen a number of different approaches to organizing local mental health services. We have recently completed a survey of the 50 state mental health authorities in the United States. A typology of the organization of local mental health systems that consist of four major categories has been developed. These categories are: (1) states which own and operate community care programs; (2) states which enter into direct contracts with privately owned provider agencies; (3) states which delegate management to some form of local government (e.g., a special district); and (4) a hybrid category that consists of states that, in part, contract directly and then either delegate to local government or own and operate local providers.

In groups 1 and 2 above, the state serves as the central mental health authority and chooses to either "make" services at the local level or to buy services from privately owned providers of service. Group 3 consists of states that delegate management authority to a local CMHA that in turn contracts with (or owns) local providers of service.³ Thus, an important difference between Groups 1 and 2 on the one hand and Group 3 on the other, is the reliance on hierarchies that consist of two versus three layers. In the former

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Table 1. Typology of Local Public Mental Health Systems (1990)

Own and Operate	Direct Contract	Middleman	Hybrid
Delaware	Alabama	California	Arkansas
Idaho	Arizona	Georgia	Conn.
Nevada	Colorado*	Iowa	Hawaii
North Dakota	Florida*	Michigan	Louisiana
South Carolina	Illinois	Mississippi	Maryland
Tennessee	Indiana	Nebraska	Missouri
	Kansas	New York	Oklahoma
	Kentucky	North Carolina	Texas
	Maine	Ohio	
	Massachusetts	Oregon	
	Montana	Pennsylvania	
	New Hampshire	Utah	
	New Jersey	Virginia	
	New Mexico	Washington	
	Rhode Island	Wisconsin	
	South Dakota		
	Vermont		
	West Virginia		
	Wyoming		

Note: * Changed to middleman in 1991.

Table 2. Organizational Form and State Characteristics

	Own and Operate	Direct Contract	Middleman	Hybrid
Population	1,979,000	3,683,000	7,760,009	5,124,000
Income	12,954	13,594	13,648	14,078
Urbanization	46.3%	64.2%	66.0%	61.3%

case, financing and management are both conducted at the same level, whereas in the latter case financing occurs at the highest level and management at an intermediate level. Figure 1 illustrates these hierarchical structures. Table 1 assigns each state to one of the classes in our typology of organizational forms that are used to manage local mental health systems. It is clear that the two main organizational forms used are the pure forms of direct contracting (19 states) and delegation to local government (16 states) (or what we will term the middleman approach).

Table 2 presents simple descriptions of three key characteristics of states by the major organizational approaches. These variables represent the size, income, and potential heterogeneity of state populations. It will be argued that all of these factors are potentially important to making choices among organizational forms. Table 2 suggests that larger states tend to delegate authority to lower level governments. Neither rates of urbanization nor per capita income appear to vary with organizational form.

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