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**LAKESHORE REGIONAL ENTITY ASKS JUDGE TO STOP STATE'S TAKEOVER OF
WEST MICHIGAN PUBLIC MENTAL HEALTH SYSTEM**

The Lakeshore Regional Entity (LRE) has requested a hearing with an administrative law judge to stop the Michigan Department of Health and Human Services (MDHHS) from canceling its contract managing more than \$250 million in Medicaid and other funding for individuals with behavioral health needs and intellectual/developmental disabilities.

The LRE is also asking the judge to void the cancellation of the contract between MDHHS and the LRE, and to proceed with contracting in FY2020.

A Sept. 3 pre-trial phone conference has been scheduled in the case.

The LRE is the publicly managed Prepaid Inpatient Health Plan (PIHP) that manages the Medicaid behavioral health benefit for Muskegon, Allegan, Kent, Lake, Mason, Oceana, and Ottawa counties.

In June, MDHHS issued a proposal to terminate its contract with the LRE effective Sept. 30 citing financial problems within the region. However, the financial difficulties are not limited to the LRE as chronic underfunding of the state's mental health system has left 9 of the 10 PIHPs in Michigan projecting funding deficits for FY2019.

"This is a problem of the state's making and cancellation of the LRE contract does not recognize the state's responsibility to adequately fund the Medicaid program," said LRE CEO, Greg Hofman. "Our regional plan combined with anticipated increases in state funding for FY2020 will place our region in a very strong position moving forward."

Between FY2015 and FY2018, the LRE has only received a 1.26 percent increase in funding as compared to a state-wide average of 6.9% over the same period. The state has recognized these funding shortfalls as evidenced by preliminary estimates showing the region receiving a substantial funding increase in FY2020.

The LRE has already made strides to improve its services to West Michigan residents, including partnering in February with private managed care organization Beacon Health Options to assist in management of the behavioral health benefit. Over the past three years the region has continued to increase the number of individuals served. Through the collaboration with Beacon the region is experiencing a reduction in the length of stay for higher-cost services such as inpatient and crisis-residential care.

"The state's plan would remove local, public oversight in West Michigan's public mental health system," Hofman said. "This has been a cornerstone of our state's mental health system and is protected by law."

The Lakeshore Regional Entity is a Pre-Paid Inpatient Health Plan serving the needs of people with behavioral health needs and intellectual/developmental disabilities in seven counties in West Michigan. It manages the application of over \$250 million in Medicaid and other funding to serve the needs of eligible individuals in Allegan, Kent, Lake, Mason, Muskegon, Oceana and Ottawa counties.

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