

Meeting Agenda
Board of Directors Work Session
April 26, 2023, 11:00 AM
GVSU Muskegon Innovation Hub
200 Viridian Dr, Muskegon, MI 49440

1. Welcome and Opening Comments – Mr. DeYoung
2. Public Comment
3. Historical Deficit Funding Presentation – Ms. Marlatt-Dumas/Ms. Chick
4. Board Member Comment
5. Public Comment
6. Adjourn



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Historical Deficit Funding

April 26, 2023



Historical Deficit

- \$29.4 million total
- Carried forward from FY18 & FY19
- Contributing causes
 - Data quality issues
 - Utilization

Current Deficit

- HealthWest
 - FY22 spent \$1.1 million above PMPM allocation, resulting in corrective action plan
 - FY23 projected \$2.8 million deficit based on February FSR year-to-date actual spending
 - Projected \$5.5 million surplus based on February FSR year-to-date revenue projections
 - Spending plan shows \$5.9 million surplus
- Network180
 - FY22 managed within PMPM allocation, but spent \$7.7 million designated for risk reserve contribution
 - FY23 projected \$151,281 deficit based on February FSR year-to-date actual spending
 - Projected \$1.2 million deficit based on February FSR year-to-date revenue projections
 - Spending plan shows \$1.9 million surplus
 - Informal request for additional \$6.6 million not included above



Risk Reserves

- Necessary to protect service delivery
- Board approved withholding funds to pre-fund FY22 risk reserves

FY22 Risk Reserve Contributions in Millions

CMH	Projected	Actual	Variance
OnPoint	\$ 2.5	\$ 3.4	\$ 0.9
HealthWest	\$ 5.9	\$ (1.1)	\$ (7.0)
Ottawa	\$ 3.9	\$ 3.9	\$ -
Network180	\$ 14.0	\$ 6.3	\$ (7.7)
West Michigan	\$ 2.0	\$ 1.6	\$ (0.4)
Total	\$ 28.3	\$ 14.1	\$ (14.2)

- FY23 is not pre-funded because risk reserves were projected to be fully funded after FY22



Current Risk Reserve Balances

- ISF* \$25.4 million
- Medicaid Savings* \$14.1 million
- Funding due from MDHHS
 - FY22 PBIP \$2.82 million – to be distributed proportionally to all CMHs
 - FY18 & FY19 Cost Settlement \$4.3 million

*Preliminary, subject to change with CMH and LRE compliance examinations and pending finalized FY22 reports



Risks

- Current deficit spending
- Reliability and consistency of expense projections
- End of PHE eligibility redeterminations beginning in FY23
 - Funding based on eligibility expected to decrease
 - Demand for services expected to remain the same
 - Uncertainty regarding MDHHS rate adjustment
- Expected FY24 rate reductions
 - 2.5% decrease based on FY21 utilization
 - Continuation of PHE eligibility redeterminations
- Legal
 - MDHHS may appeal Declaratory Action
 - Network180 and Muskegon County lawsuits



Redetermination Revenue Impact

- Eligibility redeterminations begin June 2023, expected to continue through May 2024
- Capitation revenue expected to decrease based on eligibility
 - Projected month-over-month eligibility changes
 - Medicaid (DAB -1%, TANF -2.5%)
 - Healthy Michigan -5%
- FY23 Revenue projected to decrease \$3.15 million
 - \$5.9 million projected decrease due to eligibility
 - \$2.75 million projected DCW rate increase
- MDHHS plans to adjust FY23 rates in September to account for changes in eligibility
 - Amount and effective period to be determined



Risk Management Strategies

- Weakly risk reserve analysis to include FY22 data
- Retain FY23 incentives until reserves are fully funded
- Review FY22 compliance audits
- Understand MDHHS FY23 and FY24 rate adjustments and timeline
- LRE requested 25 additional HSW slots from MDHHS



Repayment Options*

1. Pre-determined payments over multiple years, if the region maintains a surplus and CMH manages spending within PMPM allocation
2. Significantly deplete reserves to pay out lump sums
3. Mediation
4. No repayment

*All options contingent upon active litigation

LRE management does not currently have a recommendation due to the unknowns

Questions?



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