

**CEO Report**  
**April 26, 2023**

Hello and good afternoon, it is a Great Day to be a part of the Lakeshore Regional Entity!

**PIHP/REGIONAL Update**

1. **LRE Updates**

- The New LRE sign has been installed.



- **LRE CEO Evaluation Process**  
Mr. Bill Riley is working with the LRE Executive Committee to update the CEO evaluation process to be more streamlined. A draft will be brought to the full Board for review when it is complete.
- **Behavioral Health Workforce Stabilization Support Grant** – LRE applied for a grant that was offered to PIHPs to support workforce stabilization. The grant was originally \$68,000 to be spent over 3 years. Due to lack of PIHP participation the the amount that was granted was increased and is now \$68,000 per year for 3 years rather than \$68,000 spread out over 3 years. The LRE has established 3 metrics that must be met prior to staff receiving any disbursement from the grant.

The objectives for this year include the following:

- LRE will provide a retention bonus for any full-time employee (prorated for part-time) in order to offset rising inflation costs and to support improved staff morale.
- LRE will allow each employee to earn a one-time incentive bonus payment for full-time employees (prorated for part-time) following successful completion of an implicit bias training.
- LRE will offer a one-time incentive bonus payment (prorated for part-time) for employees who successfully participate in one wellness activity offered by the LRE, with the objective of promoting a culture of wellness within the organization.

## 2. **Regional Updates**

*Recap:* Network180 provided a presentation to the Ops Council regarding the unmet needs in Kent County for residential living and CLS services. The CMH CEO/Directors agreed to gather the same information Network180 presented to compare if this is a regional concern or just a Kent County issue. It does not appear that this is just a Kent County concern, but it is unclear how large the regional unmet needs are currently, but there will be more on this in the weeks to come.

*Update:* CMHs continue to work on this. Other CMHs in the region are challenged to provide the same data as Network180. It is critical that they understand how Network180 demonstrated their needs. More work is needed to complete this task to ensure we are comparing apples to apples.

## 3. **Historical Deficit Update**

*Recap:* The Court of Claims heard the cross motions for summary disposition on January 23, 2023. The hearing lasted over 1.5 hours and legal counsel reported that the Court asked very tough questions of all parties. Judge Shapiro requested the parties submit a joint glossary defining a few terms by February 3, 2023. A joint glossary was submitted by the deadline for the terms that there was agreement on the definitions. The Attorney General submitted a supplement to the joint document with an expanded definition on “Surplus Funds”. Our legal did file a follow-up document that stated that we are not in agreement with the supplement information submitted by the AG.

*Update:* Honorable Judge Shapiro ruled on the Declaratory Action. The ruling states that the LRE is allowed to use its Internal Service Fund, MA Savings, or current year revenue to pay historical deficits. The Board Work Session will be used to discuss challenges moving this forward within the region. LRE leadership, CMH leadership and the LRE Board of Directors Executive Committee are establishing weekly meetings to evaluate scenarios of how funding can be disbursed to address the historical deficit.

#### 4. **Network 180 Lawsuit**

*Recap:* On February 28<sup>th</sup>, Network 180 filed a two-count complaint alleging breach of contract (count I) and seeking a temporary restraining order (count II).

- In Count I, Network180 claims LRE breached the parties' October 1, 2018, contract by failing to pay \$14,010,195.69 that it says LRE owes for services provided by Network180 in 2018 and 2019. The Regional Entity denies that it has any legal responsibility to pay Network180 for the deficit Network180 incurred.
- In Count II, Network180 is seeking an injunction prohibiting LRE from withholding funds from Network180 to offset an (approximately) \$4 million cost settlement amount from FY 20/21.
- Network180 points to the action LRE filed in the Court of Claims seeking a declaration that LRE would not be in breach of its contract with MDHHS if it uses certain funds to pay the deficit. Network180 confuses Lakeshore's *desire* to pay the deficit with having an *obligation* to pay it. LRE has never stated it has a legal obligation to pay the deficit; only that it desires to do so to help bring financial stability to the region. As part of this lawsuit, they also filed an Ex Parte Motion for Temporary Restraining Order (TRO).
- March 1, 2023, the Ex Parte Temporary Restraining Order was denied.
- March 21, 2023, Scheduled hearing regarding the preliminary injunction.

*Update:* The LRE counsel has filed for a change of venue to move the lawsuit from Kent County to Muskegon County.

#### 5. **FY 21 Finance Audit – Letter from MDHHS Update**

*Recap:* As previously discussed, on January 18<sup>th</sup>, LRE received a non-compliance letter follow-up from Jeff Wieferich at MDHHS. At the time of the letter LRE was 202 days delinquent on the Financial Statement Audit, Compliance Exam. The letter notified LRE that MDHHS intends to withhold \$200,000 from the LRE as allowed by the PIHP contract. The letter also confirmed that although MDHHS does not agree with the MDHHS/LRE contract hearing requirement in this case, they will provide that opportunity prior to acting. MDHHS will honor LRE's request for a hearing before the penalty is imposed.

*Update:* On the Sanction issue, there was a pre-hearing telephone conference on March 14<sup>th</sup> scheduled, however it was adjourned because the State's attorney had a conflict. No new date has been scheduled at the time of this report. Regarding the status of the completion of FY21 financial compliance audit, there are three outstanding issues at the present time preventing the completion of this matter. First, the reconciliation process has been challenging as there have been items left open on the general ledger since 2017. The finance department is digging into each one of these and resolving them in the general ledger, however that takes time. Secondly, there is an issue with the trial balance. This issue is not on the LRE end or due to an LRE error but is a software issue. The LRE CFO and finance team have met several times with the vendor and progress is occurring, however it is slow. Finally, there is missing information from MDHHS that we are working with MDHHS to receive to complete the audit. The Sanction Hearing has been rescheduled for June 6<sup>th</sup>, 2023.

*Update:* A revised Schedule of Expenditures of Federal Awards (SEFA) had to be submitted due to a provider notifying us that they overbilled us for FY21. Auditors now must review major program determinations and update planning documents as needed. Should the changes to the

SEFA result in changes to the major program(s) selected for testing, it may be necessary to test additional major programs which could result in significant additional time being incurred. The estimate for completion is 2-4 weeks.

6. **Wakely Update**

*Recap:* Wakely is an actuarial firm that the LRE contracted with to assist Region 3 with items such as rate analysis and ISF analysis. The work that Wakely is doing for Region 3 provides some interesting analysis and understanding of what is occurring. I would like to caution all that the analysis is not complete; however, it shows some elements for us to begin to work on immediately to try to prevent another 5% drop in our rates in the next rate setting analysis.

*Update:* LRE met with the new assigned actuary to get him up to speed. Weekly meetings are back on the schedule and LRE will be wrapping up the work with Wakely over the next few months. The contract has been extended to 9/30/2023 to assure that all work is complete, and any follow up work that might be needed once the LRE receives the report from Wakely.

7. **Medicaid Enrollment and the Public Health Emergency Unwind**

*Recap:* Michigan provides Medicaid enrollees with information about options as eligibility requirements restart following recent federal legislation. Medicaid beneficiaries will have to renew their coverage this year, starting in June, as Michigan resumes Medicaid eligibility redeterminations to comply with federal legislation.

During the federal COVID-19 Public Health Emergency, Congress enacted the Families First Coronavirus Response Act that required state Medicaid agencies continue health care coverage for all medical assistance programs, even if someone's eligibility changed. Michigan's Medicaid caseload grew by more than 700,000 people during the public health emergency. This requirement was ended by the federal Consolidated Appropriations Act of 2023 signed Dec. 29, 2022.

Michiganders who no longer qualify for Medicaid will receive additional information about other affordable health coverage options available, including on HealthCare.gov. Affected Michiganders will be able to shop for and enroll in comprehensive health insurance as they transition away from Medicaid, and many Michiganders can purchase a plan for less than \$10 per month.

Renewals for traditional Medicaid and the Healthy Michigan Plan will take place monthly starting in June 2023 and run through May 2024. Monthly renewal notices will be sent three months prior to a beneficiaries' renewal date starting with June renewal dates. Beneficiaries can check their renewal month at [www.michigan.gov/MIBridges](http://www.michigan.gov/MIBridges). This link has more information regarding what Michigan Medicaid beneficiaries need to prepare for.

*Update:* The LRE has been conducting analysis on the decline in the MA enrollment. It is important to state that this information is an educated guess with some areas that we do not have answers on. The BOD will continue to get updates monthly as we know more. The areas that impact our ability to project include: unclear what percentage of the general Medicaid population will be disenrolled, what type of a rate adjustment will there be if any to offset the decrease in

enrollments, change in Direct Care Wage process, and the reduction in the 2024 Region 3 rates (2 year rate cycle and 2024 will be year two of the overall 5%, which is 2.5% each year).

**STATE OF MICHIGAN/STATEWIDE ACTIVITIES**

**8. CCBHC Demonstration**

On April 20, 2023, MDHHS sent out a letter announcing an opportunity to join the CCBHC Demonstration beginning October 1, 2023 (FY24). This letter details that MDHHS is requesting funds to expand the CCBHC demonstration to allow any new CMHSPs to participate in the demonstration. This letter also includes a timeline and requirements that CMHSPs seeking to join the demonstration must meet prior to joining on October 1, 2023. Please note that current CCBHC demonstration sites will also be permitted to expand for FY24, and that MDHHS intend to seek additional funding to support further expansion in the future.

CCBHC Expansion Timeline

<i>Requirement</i>	<i>Deadline</i>
Attend Informational Session (optional)	April 24, 2023
Complete Intent to Submit Certification Application Survey	May 5, 2023
CCBHC OMB Cost Report Due	July 1, 2023
CCBHC Needs Assessment Due*	July 1, 2023
CCBHC Certification Application Due	July 1, 2023
Attend CCBHC Kick-Off	September 2023 (date TBD)
New Sites Begin CCBHC Services	October 1, 2023

**9. Michigan Health Integration Updates**

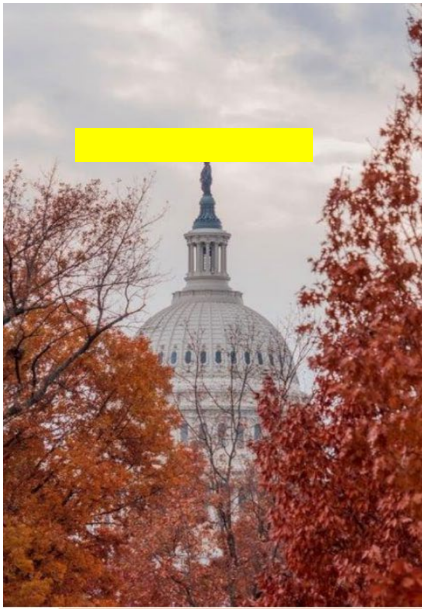
Please see the attached update on the status of these many initiatives directly related to State Integration Initiatives.

**10. Michigan Psychiatric Care Improvement Project**

Please see the attached update on the status of these many initiatives directly related to Psychiatric Care Improvement.

**FEDERAL/NATIONAL ACTIVITIES**

**Federal Policy Update:**



 TheNationalCouncil.org

## Public Policy Mission Statement

**National Council advocates for assertive public policies that:**



Ensure equitable access to high-quality services;



Build the capacity of mental health and substance use treatment organizations; and



Promote a greater understanding of mental wellbeing as a core component of comprehensive health and health care.

*To make mental wellbeing, including recovery from substance use challenges, a reality for everyone.*

NATIONAL  
COUNCIL  
for Mental  
Wellbeing

## Assertive Public Policy Priorities for 2023

**Strengthen the mental health and substance use workforce** through initiatives aimed at improving reimbursement rates, supporting value-based contracting, removing barriers to employment and reimbursement, increasing workforce diversity, recruitment, and retention and creating a pipeline for the future workforce

**Bolster substance use disorder prevention, care, and recovery** by expanding access to medication-assisted treatment, overdose prevention, and recovery supports

**Protect and grow funding** for mental health and substance use programs, mental health awareness training programs such as Mental Health First Aid, and prevention and treatment initiatives including recovery and housing supports

**Increase equitable access to high-quality services by expanding CCBHCs** through initiatives that ensure ongoing SAMHSA grant support, define CCBHCs in the Social Security Act, and provide adequate funding for data collection

**Promote comprehensive 988 implementation** that ensures a robust crisis care continuum, including enhanced mobile crisis response, coordination with CCBHCs, sustainable funding, and a strong workforce

**Elevate initiatives impacting justice-involved populations** that focus on prevention from entering the system, pre-entry, care while in the system, re-entry and warm handoffs, and recidivism prevention

**Support mental health and substance use disorder parity** implementation and enforcement, including consideration of enforcement mechanisms

**Expand access to mental health and substance use disorder services provided via telehealth**, ensuring the provision of high-quality, effective care

**Support youth and maternal mental health and substance use prevention and treatment**, including school-based initiatives to support mental health awareness and increased coverage for prenatal and postnatal care

**Address social determinants of health** through improving access to supportive housing, including re-entry and recovery housing and additional community support

 TheNationalCouncil.org

*To make mental wellbeing, including recovery from substance use challenges, a reality for everyone.*

NATIONAL  
COUNCIL  
for Mental  
Wellbeing

## **OTHER**

### 11. **Board Works Videos Available Online:**

The CMHA BoardWorks program was developed to assist Board members in fulfilling their obligations as CMH leaders, directors of policy, and advocates for those they serve. Traditionally, these modules have been offered at conferences and through DVDs. CMHA now offers updated modules available for viewing on our website. The following BoardWorks modules are currently available with more to come! Click [here](#) to view.

- Foundations – Intended Beneficiary Command
- Foundations – Public Policy
- Management – Systems
- Current and Future Funding for CMHSPs and PIHPs (formerly Budgets)
- Leadership – Participatory Governance and Ethical Implications (formerly Character)

Report by Mary Marlatt-Dumas, CEO, Lakeshore Regional Entity