

**CEO Report**  
**January 23, 2023**

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

**1. Happy Belated New Year!!!**

A New Year means new opportunities. The coming of a new year provides an opportunity for reflection on the previous years' accomplishments and to set new goals for the coming months ahead.

**2. Historical Deficit**

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. Counsel anticipates receiving a ruling sometime shortly after.

**3. Working Relationship**

Although Network 180 has postponed the mediation process and has been only communicating in writing, meetings have been scheduled to discuss areas of concern. I am confident that the two entities can move forward and foster a positive working relationship. I will continue seeking guidance from the Executive Committee and Bill Riley on this matter. I welcome any feedback from the whole Board on how to improve the relations with Network180 for the good of the region as a whole. It continues to be my goal to ensure the success of each CMH within the LRE region.

**4. Rate Analysis Request from MDHHS**

The LRE team completed the rate analysis that MDHHS requested related to regional provider network rates and the process in which it is determined to give an increase or to decline a rate increase request. The final report was due Tuesday January 17, 2023. MDHHS agreed to a presentation of the report on January 27, 2023 @ 2:00 PM. I would like to take a moment to recognize all the staff efforts that went into completing this report. The CMH staff were accommodating in providing the LRE staff with necessary policies and procedures as well as answering questions as the analysis progressed. The LRE team which included multiple departments worked diligently and did an excellent job. I will provide this report to the Ops Council, as well as the LRE Board of Directors after meeting with MDHHS.

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

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 taking action. MDHHS will honor LRE's request for a hearing before the penalty is imposed.

It is at the discretion of MDHHS if they withhold the payment until LRE comes into compliance. However, it appears that they plan to keep the withhold after the audit is complete in January 2023. Also a point of interest relating to timeliness, this is not the first time LRE was late, as well as other PIHP/CMHs. However, this is the first time that MDHHS has sanctioned an organization regarding this matter.

## 6. Wakely Update

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.

### LRE SFY 2021 Encounters Gap Summary by CMH

**DRAFT - FOR LRE INTERNAL REVIEW ONLY; FURTHER REVIEW ONGOING**

#### Data Sources

##### Encounters

Summary encounter extract provided to Wakely on  
1/13/23  
Represents paid amounts from  
encounter claims

##### EQI

SFY 2021 EQI report dated 5/4/22 (*SFY 2021 BH EQI Template - Lakeshore revised 5-4-22.xlsx*)  
Tab "Service Cat  
UNC - CMHSP"

CMH	SFY 2021 Comparison			
	Encounters	EQI	Difference	% Difference
Allegan County CMH Services	\$22,845,119	\$28,375,345	(\$5,530,226)	-24.2%
CMH of Ottawa County	\$38,371,646	\$44,899,171	(\$6,527,524)	-14.5%
HealthWest	\$46,880,109	\$59,098,836	(\$12,218,728)	-20.7%
Network180	\$137,720,210	\$160,279,929	(\$22,559,719)	-14.1%
West Michigan CMH System	\$19,515,144	\$21,860,860	(\$2,345,716)	-10.7%
<b>Total</b>	<b>\$265,332,228</b>	<b>\$314,514,141</b>	<b>(\$49,181,913)</b>	<b>-15.6%</b>

## **ANNOUNCEMENTS:**

### **SAVE THE DATE: DISABILITY ADOVACY DAY**

The Michigan Developmental Disabilities Council and the Self Advocates of Michigan present:

#### **DISABLITY ADVOCACY DAY**

Tuesday, March 7, 2023

Join us in Lansing as we meet with state legislators to discuss the issues impacting people with disabilities. Disability Advocacy Day will take place on Tuesday, March 7, 2023 in the Mackinaw Room, 5th Floor, at the House Office Building.

More information will be coming in the future.

For now, save the date on your calendar!

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