



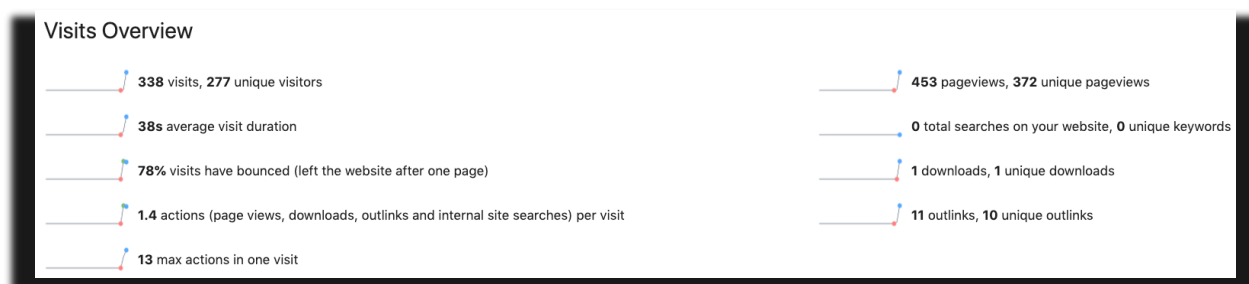
May 2021

### ***Social Marketing Campaign Update for the Gambling Disorder Prevention Project***

**Overview:** The LRE's Gambling Disorder Prevention Project is working to prevent gambling disorders throughout the region through partnerships with local providers and regional efforts such as the *stayouttathedangerzone.com* campaign. A regional marketing campaign to support the strategic plan is currently underway in partnership with Seyferth PR.

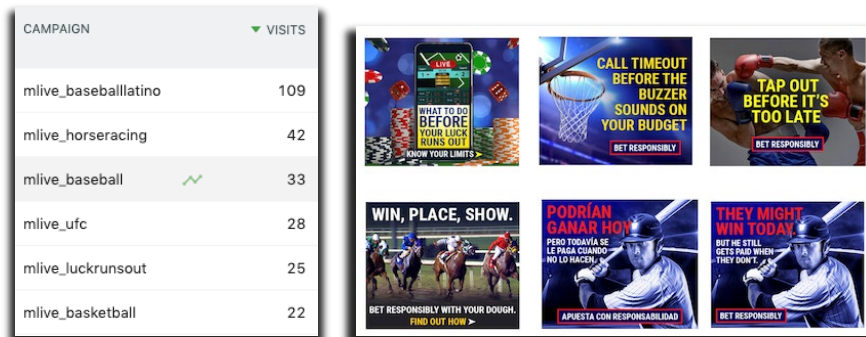
#### **Microsite: [StayOuttathedangerzone.com](http://StayOuttathedangerzone.com)**

- Online resource to help individuals gamble responsibly and find resources and support to prevent problem gambling.
- Located within the LRE website that offers risk reduction strategies, support for problem gamblers, and information to assist parents in preventing gambling problems among their children.
- In April, the site was visited more than 300 times. Other unique analytics from the site in April include:



#### **Digital Media Ads/Geofencing:**

- In April, ads that link users to the microsite began to appear for individuals visiting the MLive webpage who have downloaded internet sports gambling apps such as FanDuel.
- According to April's analytics, the Latino Baseball ad generated the most traffic to the microsite.



- In June, ads will appear for individuals who are on their mobile device near a fenced location such as a casino or lottery retailer.



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## Information Officer Report – June 2021

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### Summary:

1. **MCIS Software:**

No updates at this time.

2. **Data Analytics and Reporting:**

A contract has been signed with RUBIX Technology for development of the LRE Data Warehouse that will underpin the LRE Data Analytics and Reporting system. A development environment will come on-line within this next week where RUBIX will be able to begin their setup and configuration work.

Successful data analytics and data warehouse schemas from other PIHP and CMHSP installations are being reviewed to help LRE gain speed toward an initial implementation of the basic core elements that will be needed. Planning for longer term objectives is also underway.

3. **FY21 data reporting to MDHHS:**

**Encounters:**

FY21 encounter volumes appear to be on-track from Allegan CMH, Network180 and West Michigan CMH. For those 3 CMHSPs, April 2021 services are well represented in the PIHP data, which should normally be the case by mid-June (though they are certainly not complete yet due to claims lag). Volumes are still notably lower than normal for HealthWest and for Ottawa CMH.

Ottawa continues to experience delayed reporting of residential encounters due the manual application of **Direct Care Wage (DCW)** cost on a line-by-line basis. However, for services from 06/01/2021 and forward, the DCW cost will be blended into the contracted rates for Ottawa CMH providers, which should eliminate the need for the added administrative effort they have been experiencing each month.

HealthWest continues to experience slow reporting of data from their Cx360 EMR system. This issue remains under review.

There appears to be a spike up in inpatient encounter lines of service for Network180 beginning in FY21. Although inpatient claim lines have increased, total inpatient units of service have remained on-par with prior year volumes. Research on this has discovered that one large provider of inpatient services has changed their claims batching procedures and are now billing each date of service on a separate line instead of series billing each inpatient stay on a single claim line.

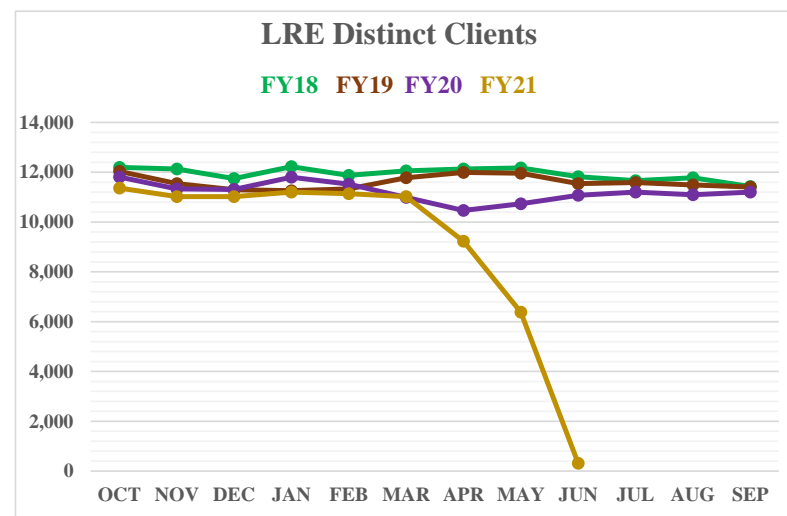
4. **FY20 Financial Year End Reporting** and the new **Encounter Quality Initiative (EQI)** report:  
Most issues reported by Milliman on their final FY20 “EQI-vs-Encounters” discrepancies list have already been identified and resolved. Some remaining issues are still being worked through at Network180 and Ottawa CMH. Final responses are due to MDHHS later this month.
  
5. **FY21 HSAG Performance Measure Validation (PMV) Audit:** LRE’s annual **HSAG** PMV audit review will occur on Monday June 14<sup>th</sup> (via virtual meetings). Any follow-up questions from our ISCAT will be clarified and reviewed. In addition to the random audit selections (case numbers) chosen in May and the corresponding proofs already submitted for those, additional random data selections will be presented by **HSAG**, and on-demand proofs will have to be dynamically looked-up and shown from the CMHSP systems. Last year HSAG invited 3 of our 5 CMHSPs to participate in this process. This year they have again asked 3 CMHSPs to attend (Allegan CMH, Network180, and West Michigan CMH were selected to participate this year).

**LRE  
Behavioral Health**

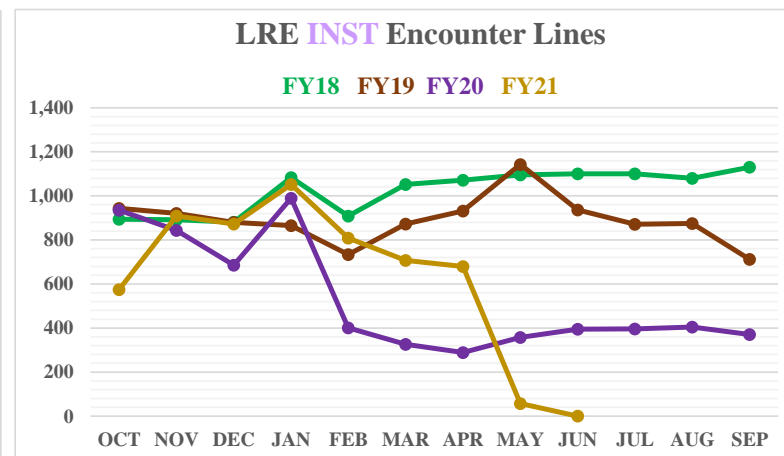
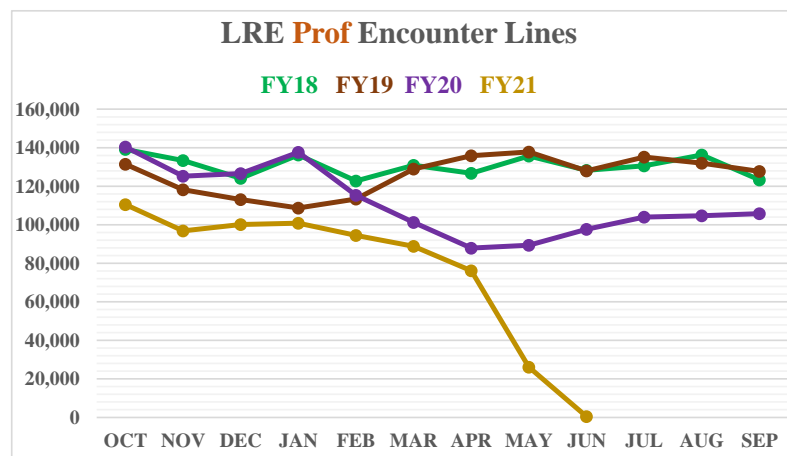
**Compares FY18  
thru Current  
FY21**

**Encounters**

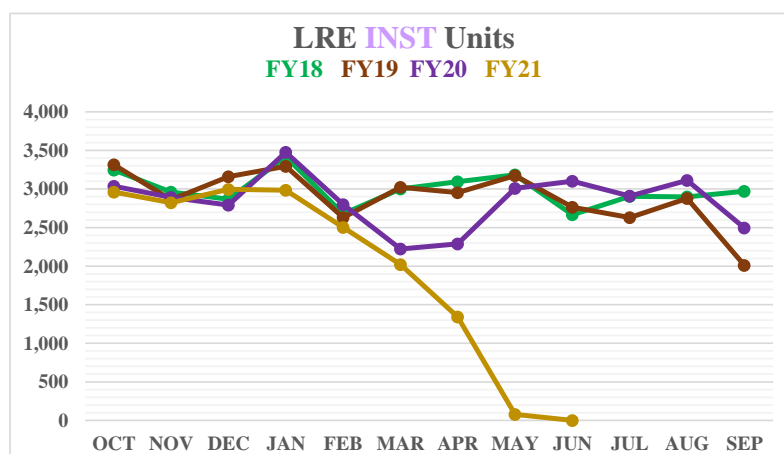
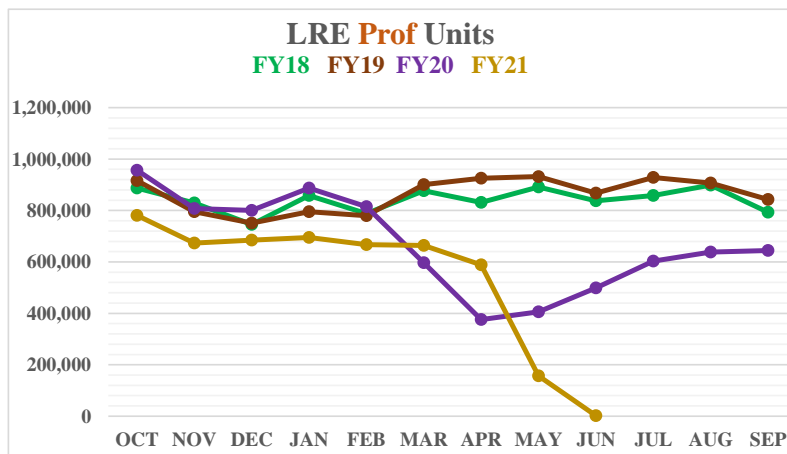
**Distinct Client Count**



**# of Encounter Lines**



**Total Units of Service**

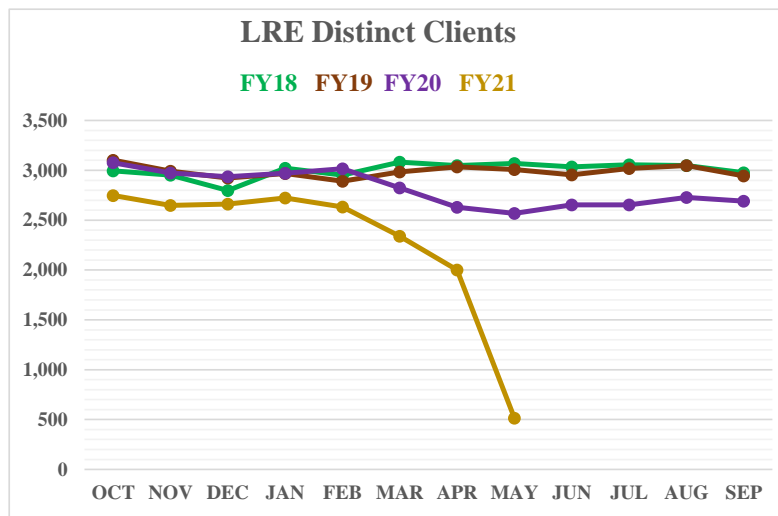


**LRE  
Substance Use Disorder**

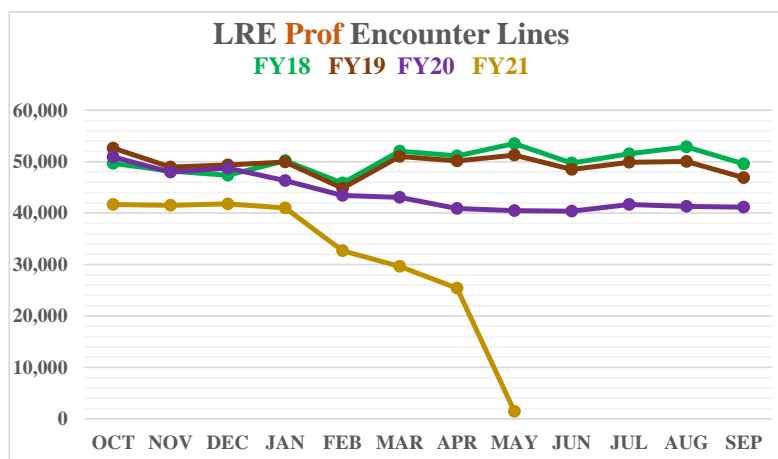
**Compares FY18  
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FY21  
Encounters**

6/10/2021

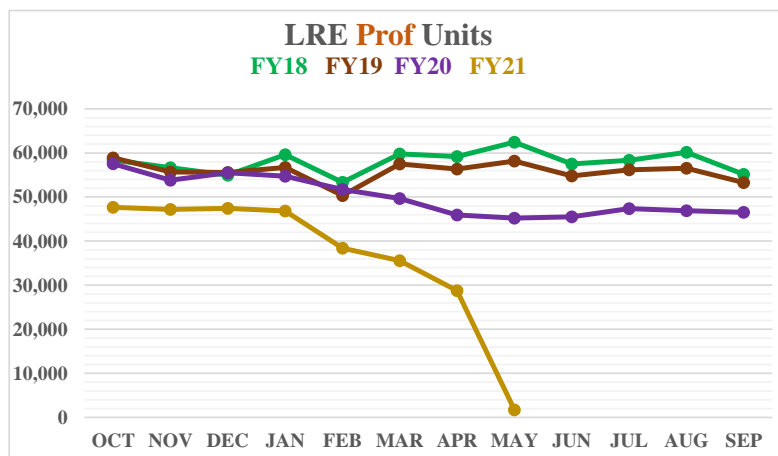
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**# of Encounter Lines**



**Total Units of Service**

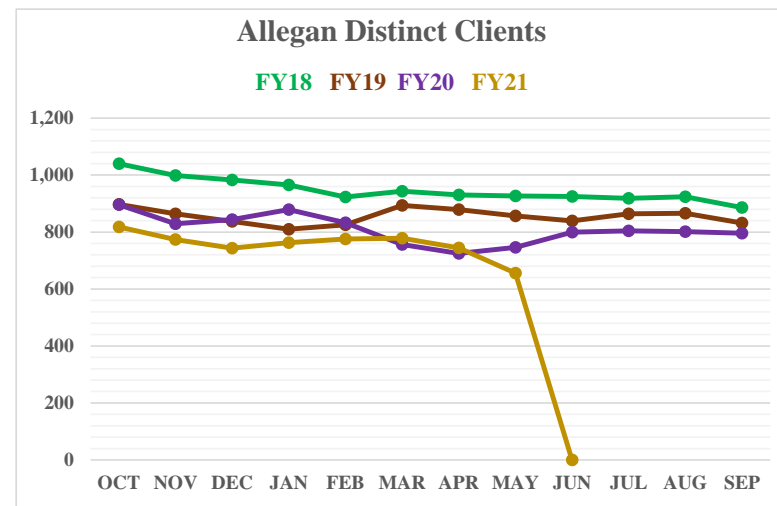


**Allegan Behavioral Health**

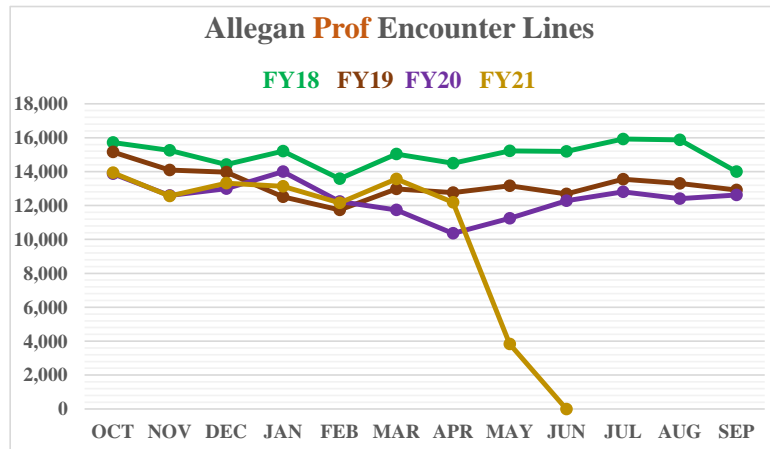
6/10/2021

**Compares FY18  
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FY21  
Encounters**

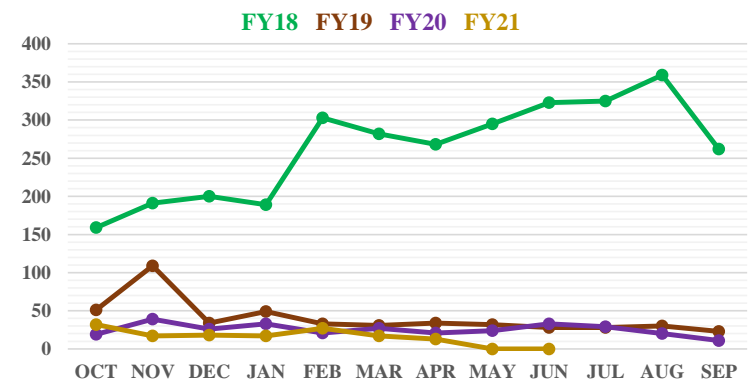
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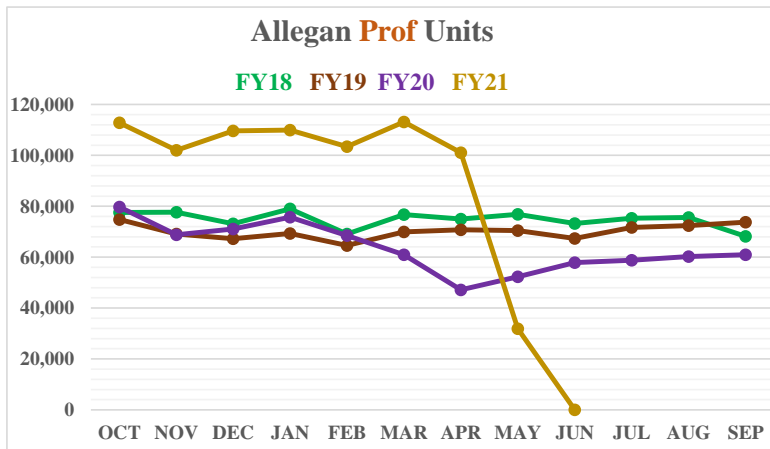
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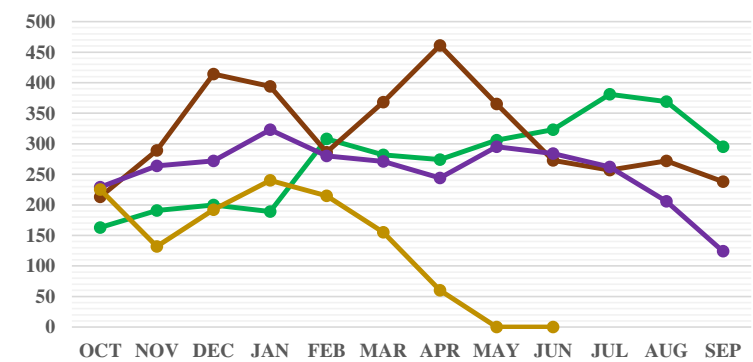
### Allegan INST Encounter Lines



**Total Units of Service**



### Allegan INST Units

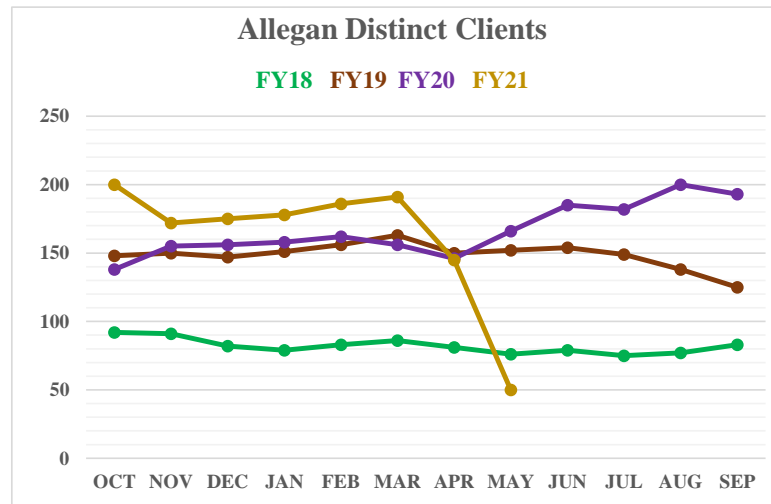


**Allegan  
Substance Use Disorder**

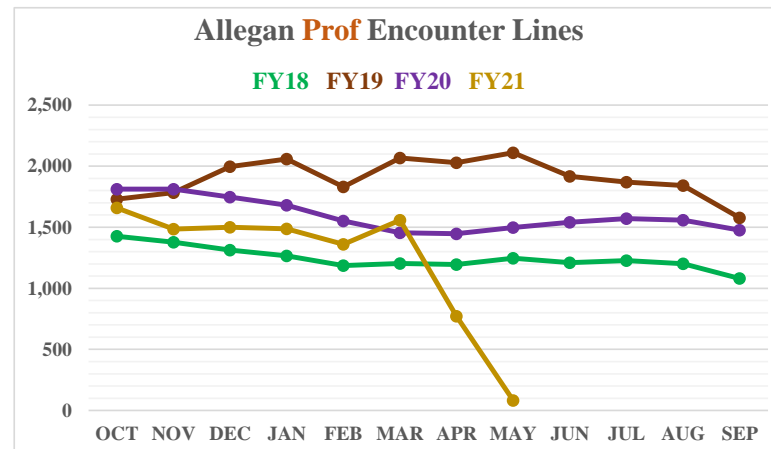
**Compares FY18  
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Encounters**

6/10/2021

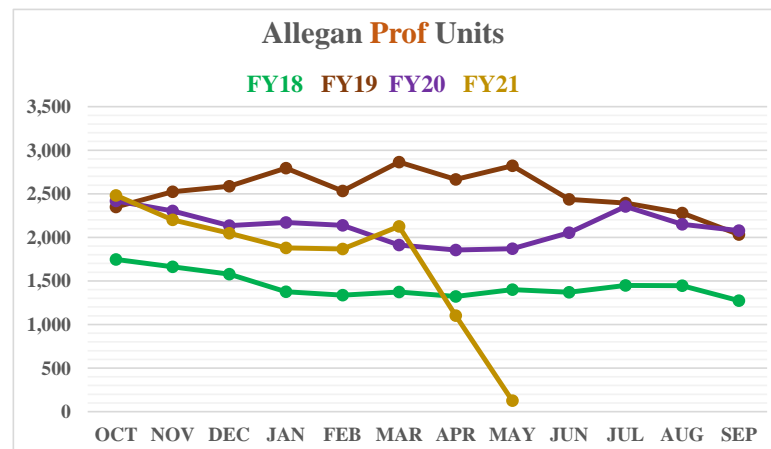
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**# of Encounter Lines**



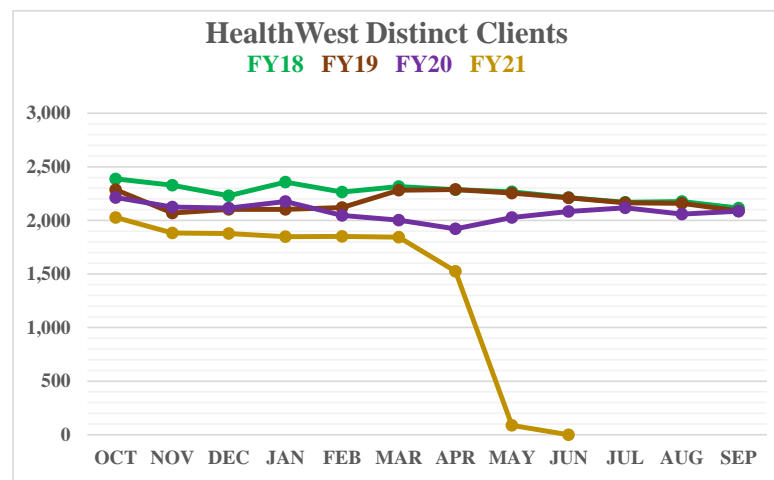
**Total Units of Service**



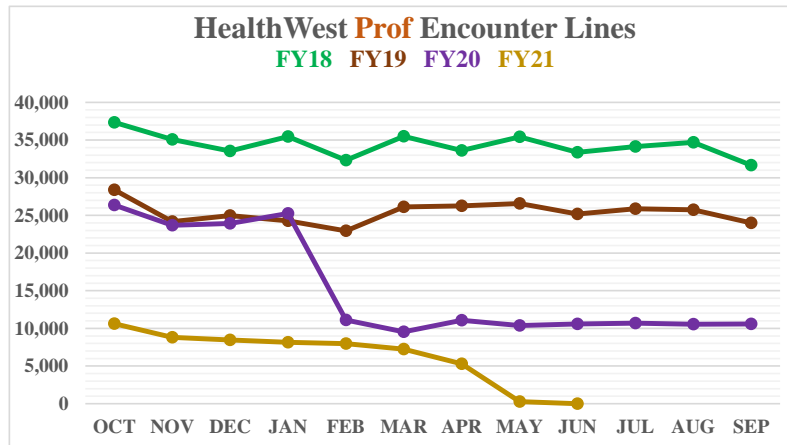
Compares FY18  
thru Current FY21

Encounters

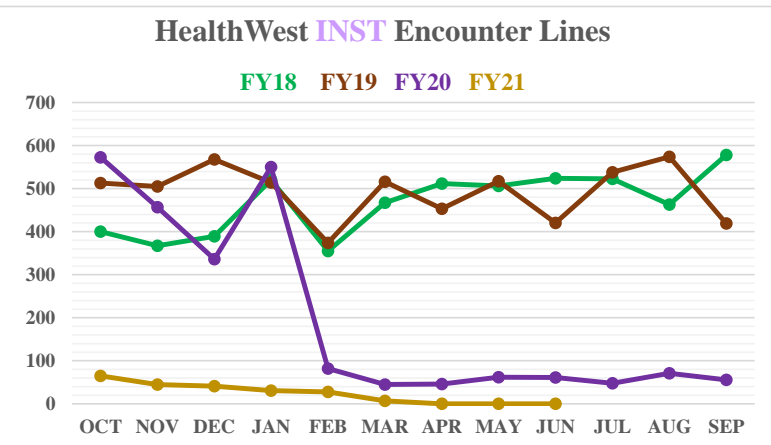
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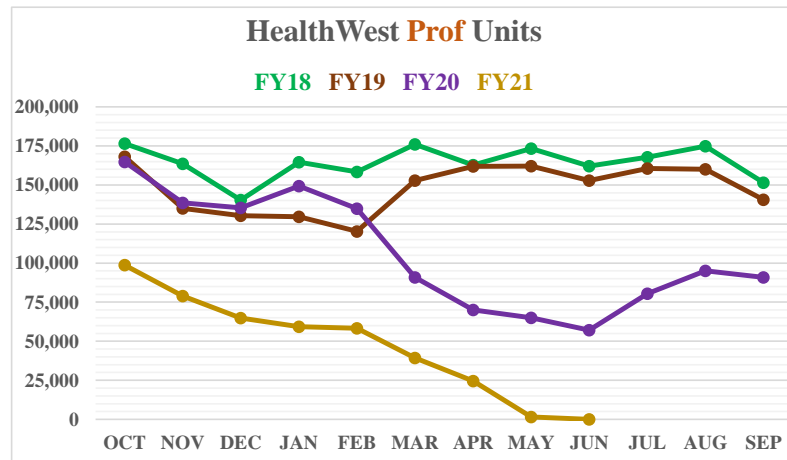
# of Encounter Lines



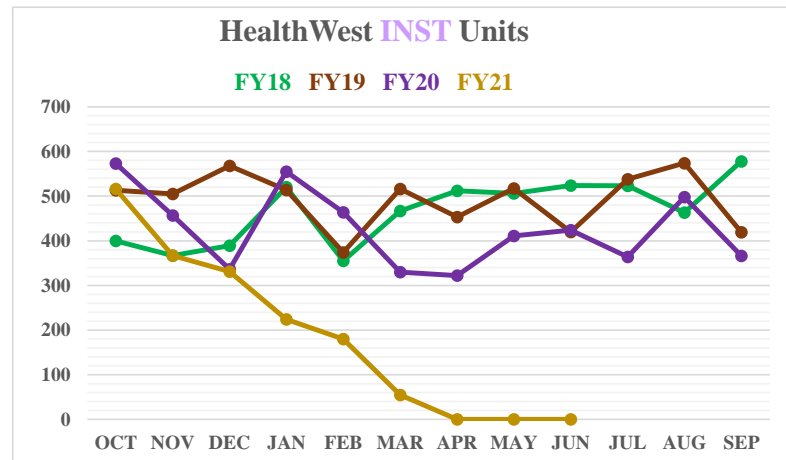
HealthWest INST Encounter Lines



Total Units of Service



HealthWest INST Units



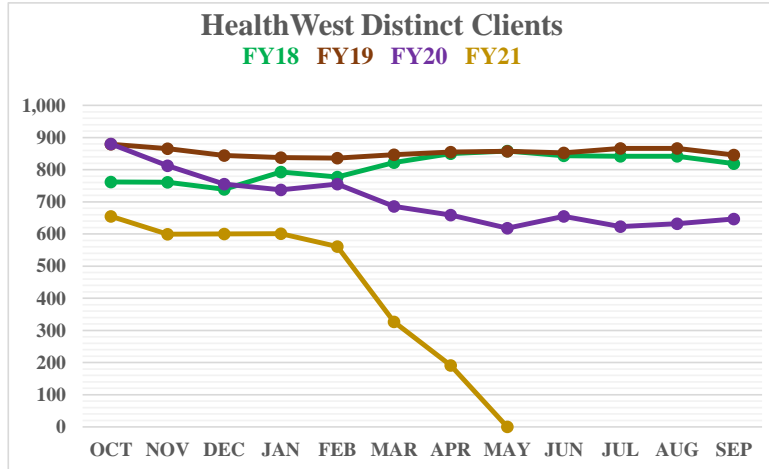


# HealthWest Substance Use Disorder

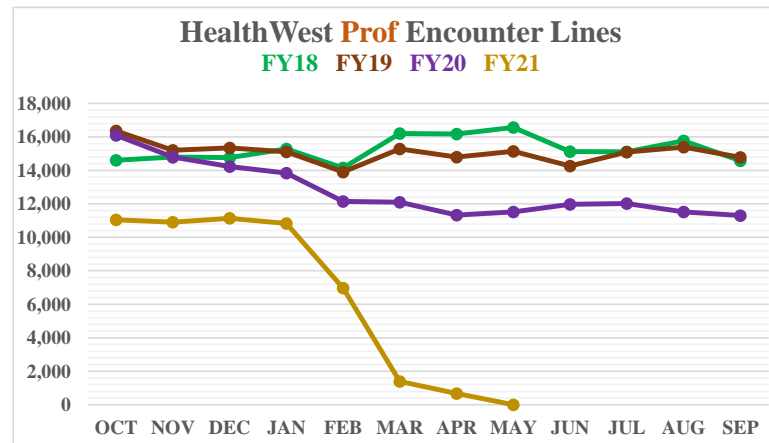
6/10/2021

Compares FY18  
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FY21  
Encounters

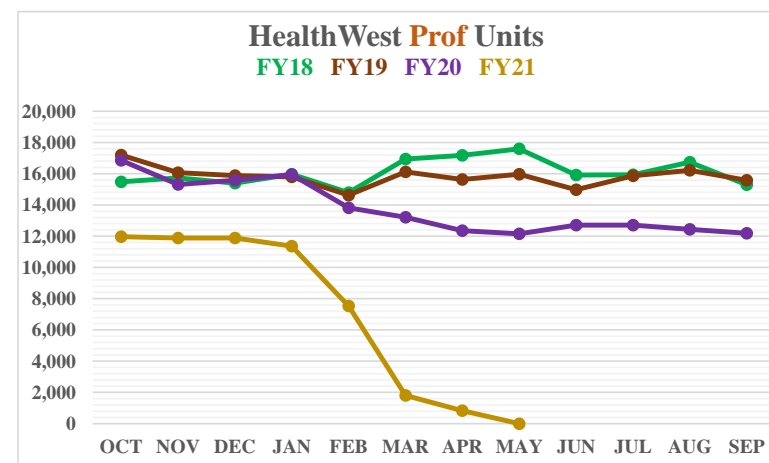
Distinct Client Count



# of Encounter Lines



Total Units of Service



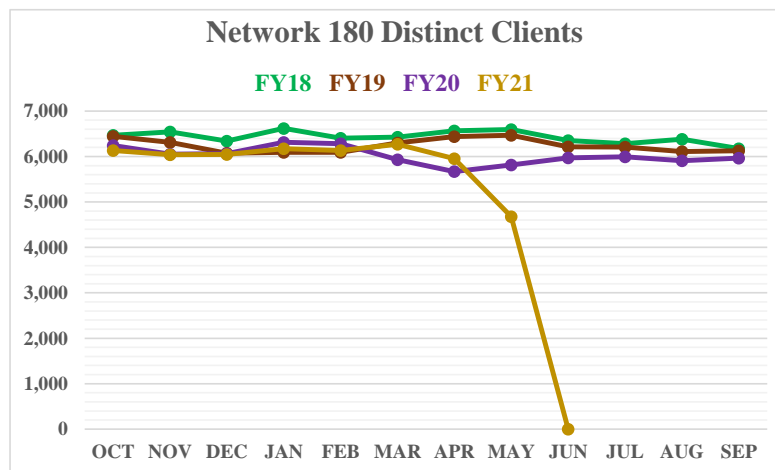
**Network 180  
Behavioral Health**

6/10/2021

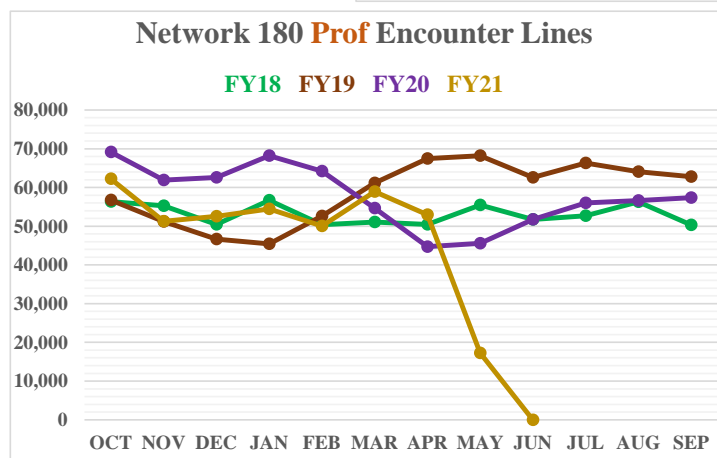
**Compares FY18  
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FY21**

**Encounters**

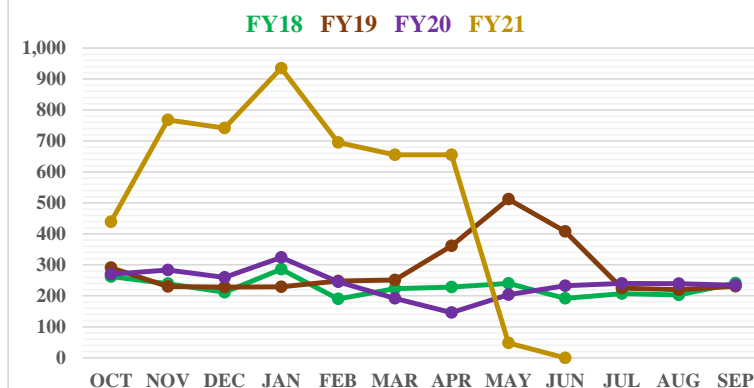
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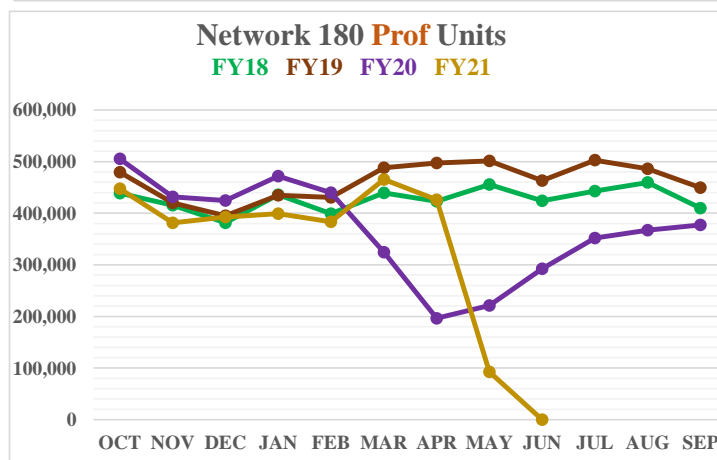
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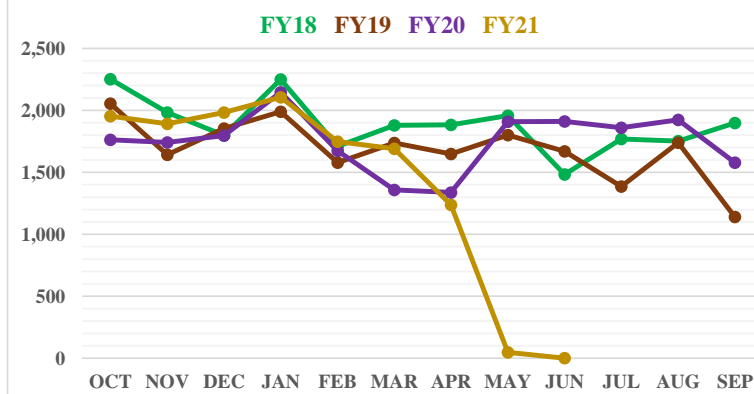
**Network 180 INST Encounter Lines**



**Total Units of Service**



**Network 180 INST Units**

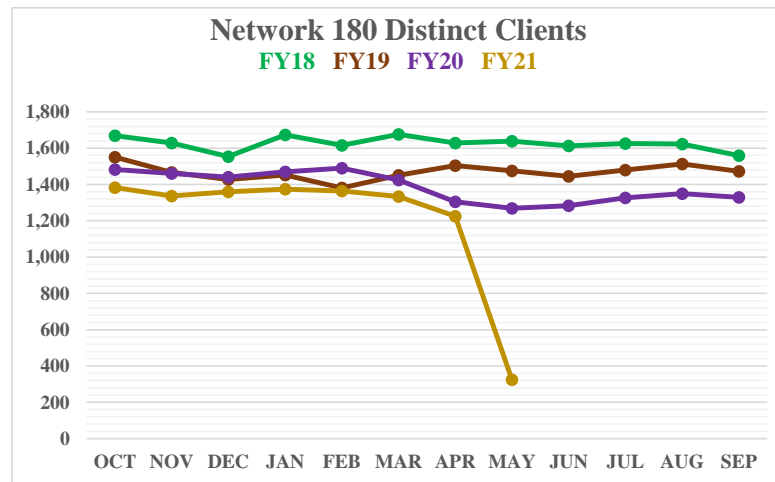


**Network 180  
Substance Use Disorder**

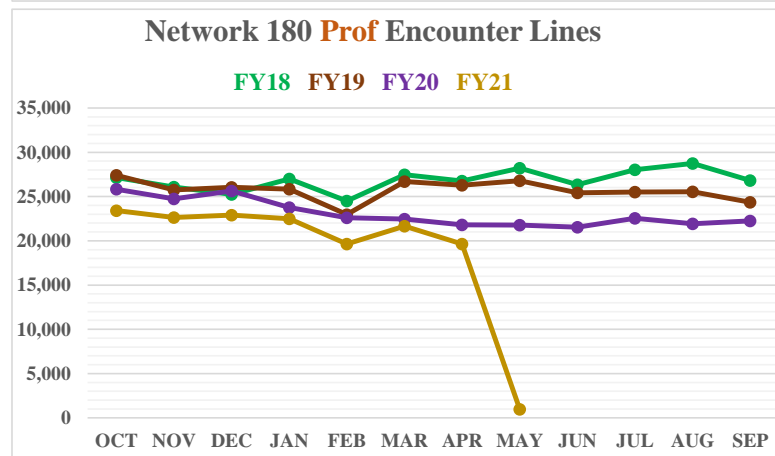
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6/10/2021

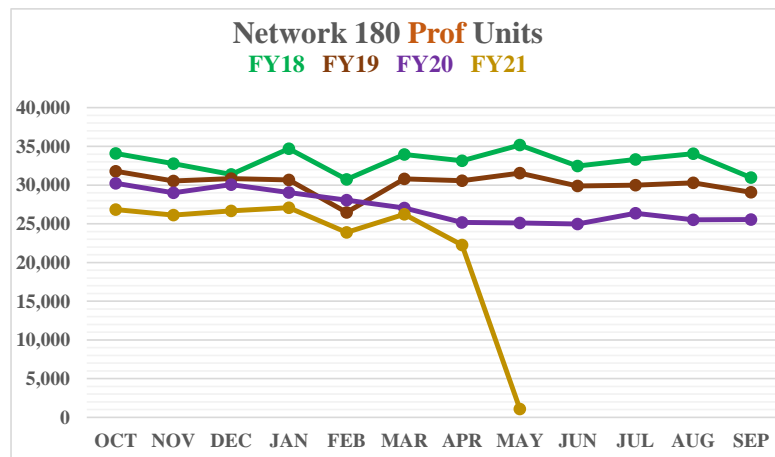
**Distinct Client Count**



**# of Encounter Lines**



**Total Units of Service**



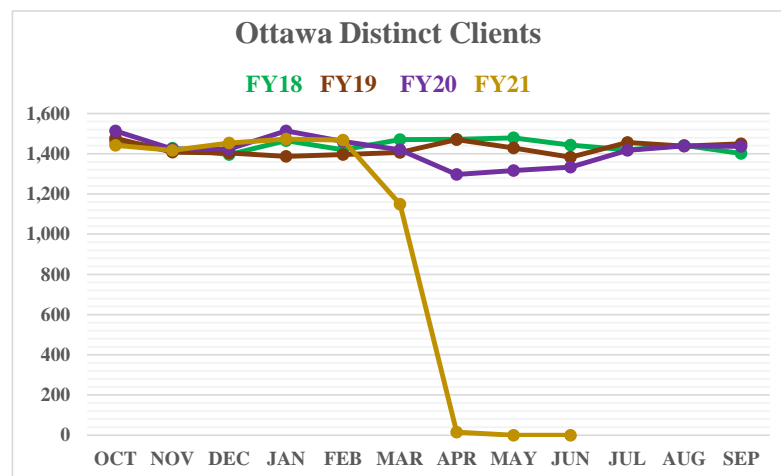
**Ottawa CMH  
Behavioral Health**

6/10/2021

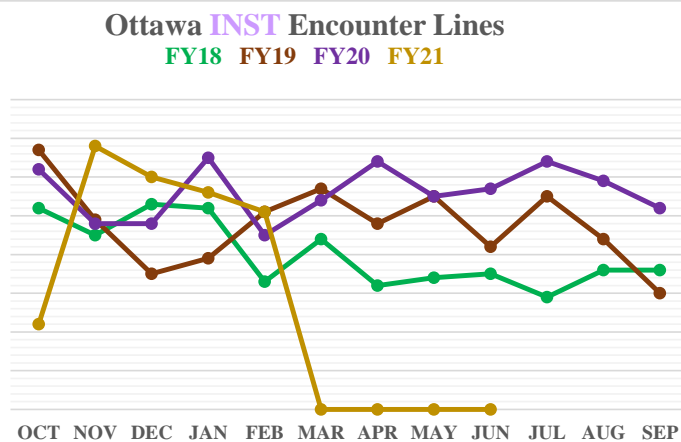
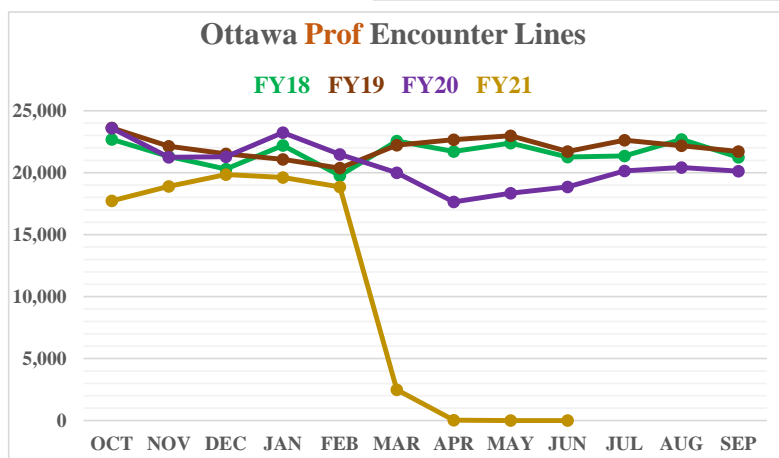
**Compares FY18  
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FY21**

**Encounters**

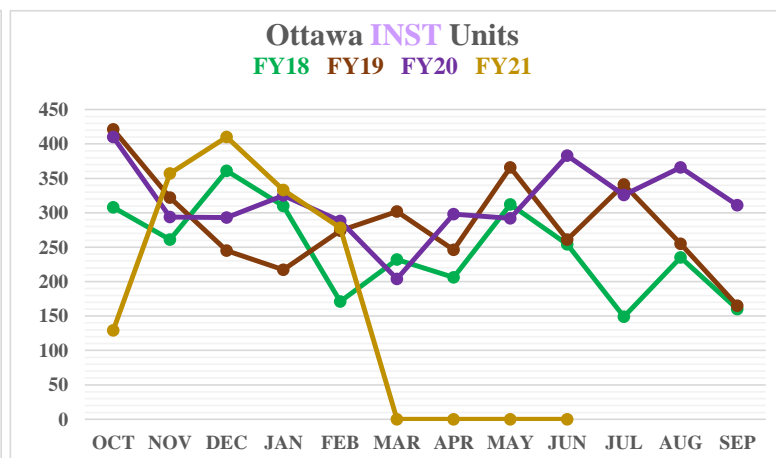
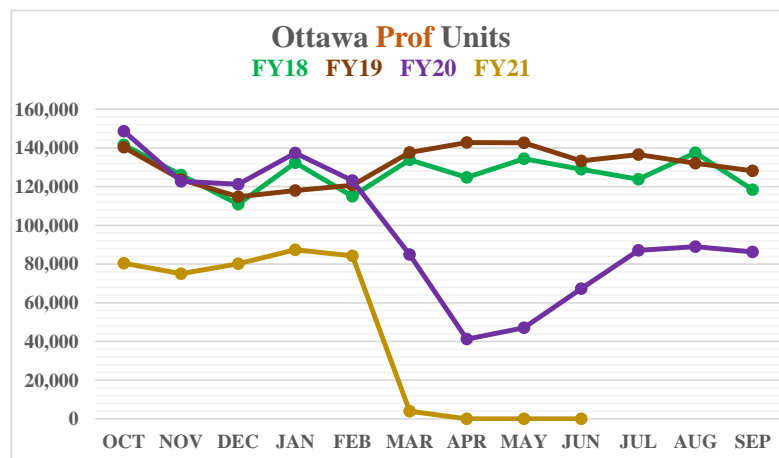
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**# of Encounter Lines**



**Total Units of Service**

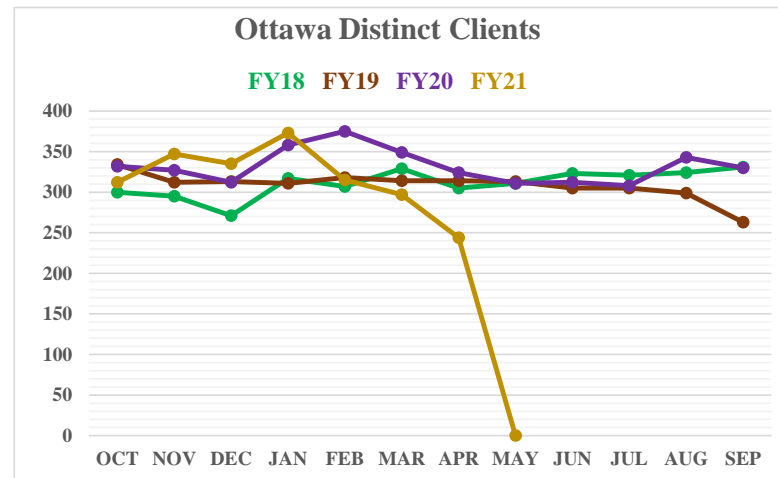


**Ottawa CMH  
Substance Use Disorder**

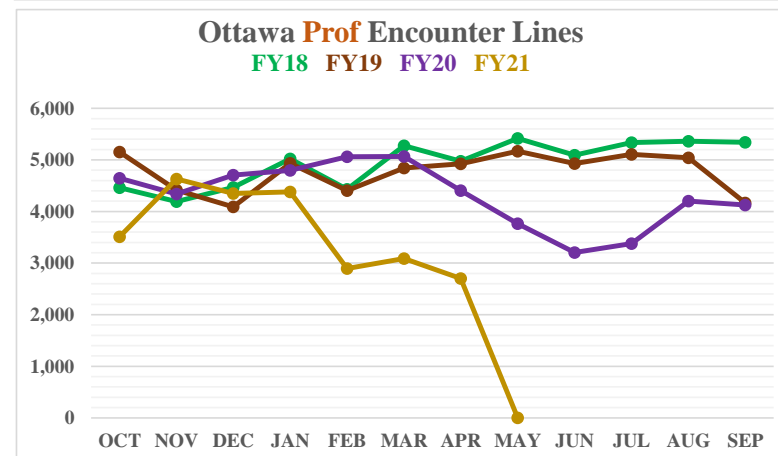
**Compares FY18  
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6/10/2021

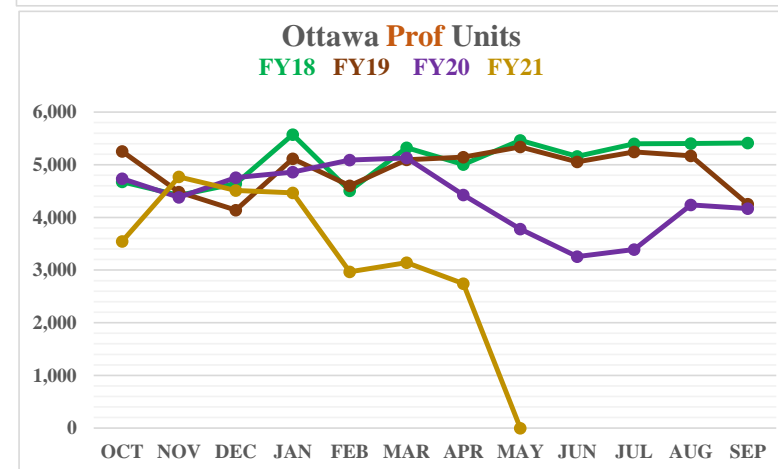
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**# of Encounter Lines**



**Total Units of Service**

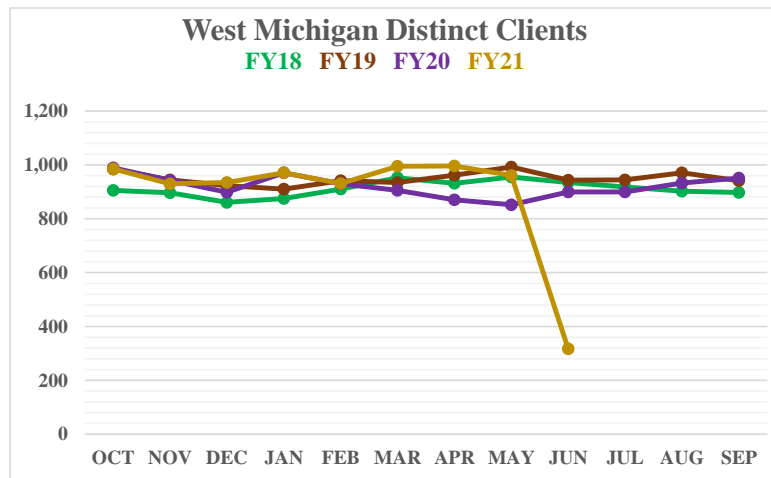


# West Michigan CMH Behavioral Health

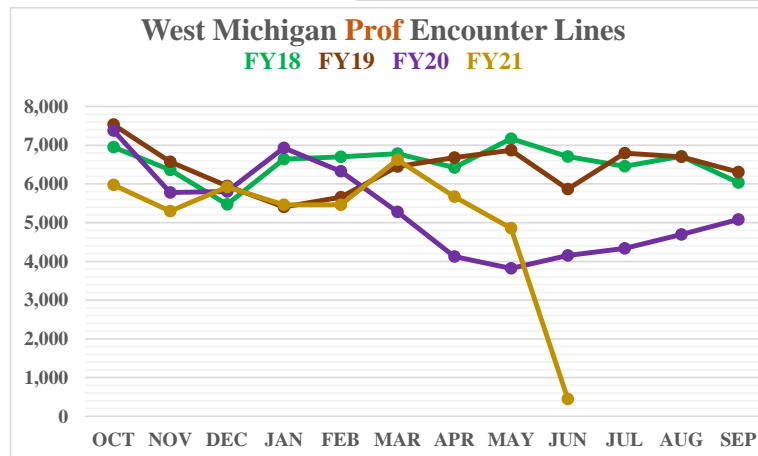
6/10/2021

Compares FY18  
thru Current  
FY21  
Encounters

Distinct Client Count

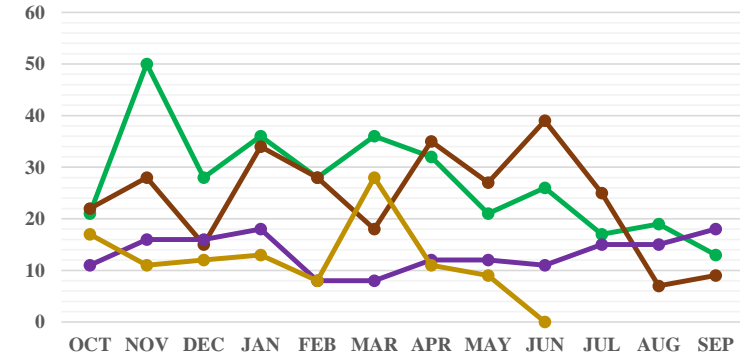


# of Encounter Lines

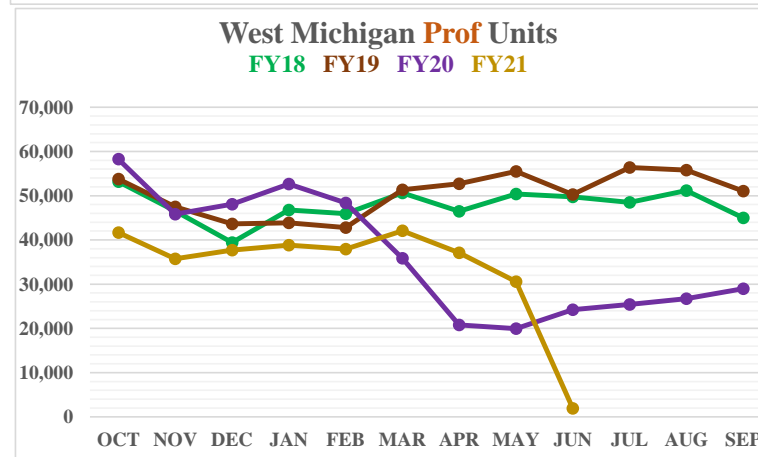


## West Michigan INST Encounter Lines

FY18 FY19 FY20 FY21

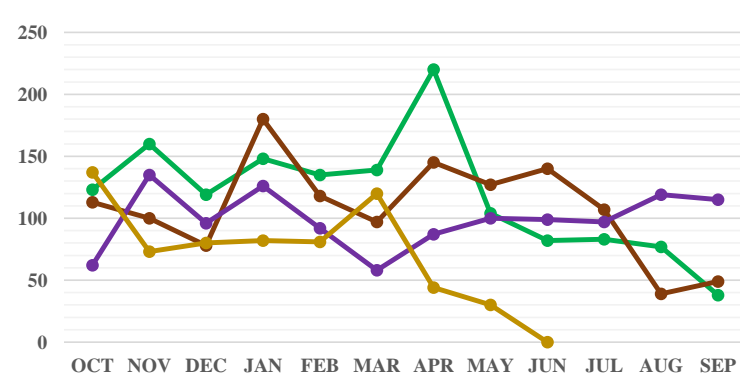


Total Units of Service



## West Michigan INST Units

FY18 FY19 FY20 FY21

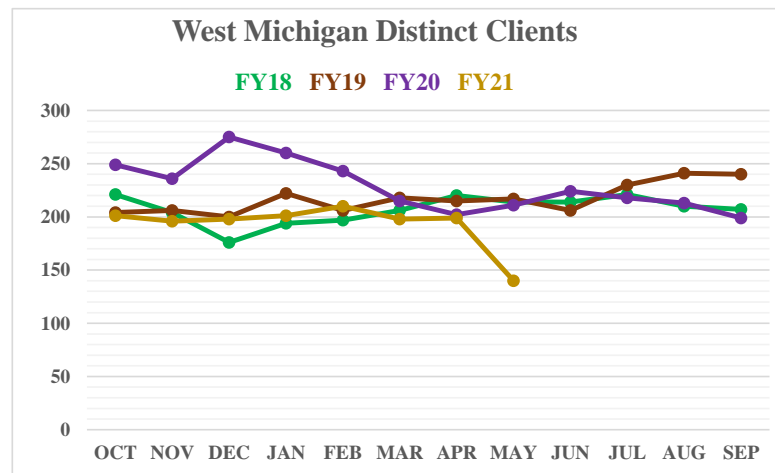


# West Michigan CMH Substance Use Disorder

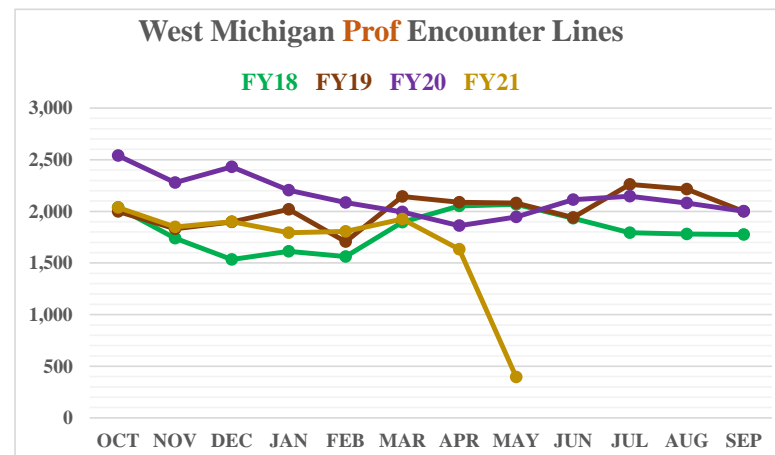
Compares FY18  
thru Current  
FY21  
Encounters

6/10/2021

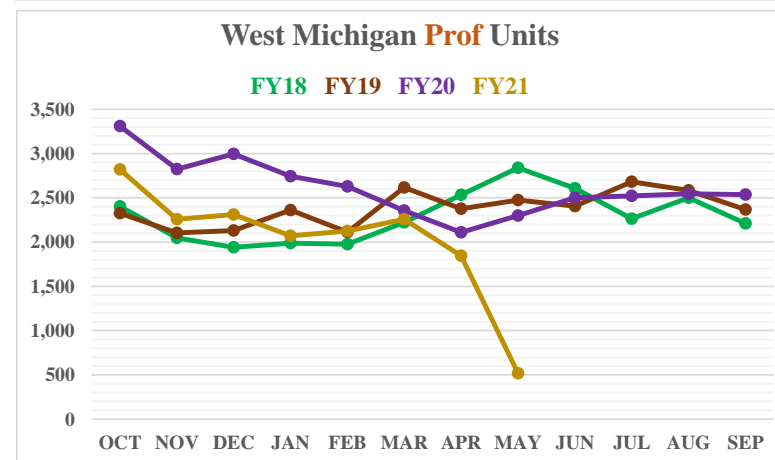
Distinct Client Count



# of Encounter Lines



Total Units of Service



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## **Waiver Director's Report June 2021**

### **1. Autism/Behavioral Health:**

There are currently 1,382 individuals enrolled in the Applied Behavioral Health Autism Benefit (Allegan – 114, HealthWest – 103, Network 180 – 923, Ottawa – 200, and West Michigan – 42). This is a decrease of 24 since May. There were 56 individuals approved for ABA services in May and 64 individuals disenrolled.

Braintrust, ACORN, Centria, Wedgwood, Autism Spectrum Therapies, Positive Behavior Supports, Pioneer Resources, Hope Discovery, Developmental Enhancement, and the Center for Autism and Related Disorders (CARD) have completed ABA provider reviews. Hope Network is scheduled for May 20<sup>th</sup>.

Braintrust, ACORN, Centria, Wedgwood, Autism Spectrum Therapies, Positive Behavior Supports, Pioneer Resources, Hope Discovery, Developmental Enhancement and the Center for Autism, Hope Network, Related Disorders (CARD), West Michigan CMH, and HGA Support Services - North have completed ABA provider reviews.

### **2. Child's Waiver Program (CWP):**

There are 54 children enrolled in the CWP (Allegan – 2, HealthWest – 10, Network180 – 36, Ottawa – 5, and West Michigan – 1). This is a decrease of 2 from 56 due to 2 individuals aging off of the CWP. All children on the waiting list have been invited to apply for the waiver and there are currently no children waiting for the CWP. Since the beginning of the fiscal year, all children in the region who had a prescreen scored and were placed on the weighing list have been invited to apply.

### **3. Habilitation Supports Waiver (HSW):**

The LRE has all 629 HSW waiver slots that remain full. The LRE had 7 disenrollment's in May and seven individuals were enrolled for June to maintain maximum slot capacity. The LRE and CMHSP HSW leads meet regularly to maintain these slots and identify appropriate individuals for enrollment. CMHSP's are reporting increased difficulty since the onset of COVID-19 with identifying appropriate HSW enrollees and preparing enrollment packets due to fewer face-to-face service contacts. The LRE has 5 enrollment packets from the CMHSP's ready to fill slots as they become available.

### **4. Home and Community-Based Services (HCBS):**

MDHHS is planning to begin the next round of surveys near the end of summer 2021. All providers that received HCBS provisional approval since the last round of surveys, and any surveys that were not answered or completed in past rounds will be included in this round. MDHHS has contracted with MI-DDI to distribute this next round of surveys.

The MDHHS HCBS Validation Project began in April. This impacts the HCBS providers that completed any of the HCBS surveys, except for the last round and responded "yes" to all questions which resulted in being deemed "in compliance". The LRE is splitting this project into two rounds. The first round includes Allegan, HealthWest, Ottawa, and West Michigan providers. The second round includes Network180 providers. Validation reports were sent on April 29<sup>th</sup> to providers needing



validation from Allegan, HealthWest, Ottawa, and West Michigan. Documentation was due back from these providers last month and all, but one Ottawa provider has complied. Virtual visits and interviews are being conducted in June for providers that require them. Providers from Network180 will be sent their validation reports in August. The completion date for the validation project is still being determined.

Ongoing training needs are being discussed regionally and with MDHHS. We will be looking at best training opportunities in the coming months.

**5. Serious Emotional Disturbance Waiver (SEDW):**

The LRE has 47 individuals enrolled in the SEDW (Allegan – 2, HealthWest – 13, Network180 – 27, Ottawa – 4, and West Michigan – 1). Individuals continue to be enrolled and dis-enrolled as appropriate.

**6. MDHHS Waiver Audit:**

MDHHS concluded the HCBS Waivers and Substance Use Disorder site review of the LRE on November 30<sup>th</sup>, 2020. MDHHS provided the final site review reports to the LRE on December 15<sup>th</sup>, 2020. On March 5<sup>th</sup>, 2021, MDHHS accepted the LRE Corrective Action Plan. MDHHS conducted the 90-day virtual follow-up review of the region from June 1<sup>st</sup> through the 7<sup>th</sup>. On June 8<sup>th</sup>, MDHHS requested additional information to address areas where remediation was not located during the 90-day review or additional information was needed. CMHSPs have until the close of business on Tuesday, June 15<sup>th</sup> to provide updated corrective action plans and upload updated proofs resolving these matters, in the form of documentation, to the MDHHS MI Login – File Transfer application.

**EXECUTIVE COMMITTEE SUMMARY**

Wednesday, June 9, 2021, 3:00 PM

Present: Mark DeYoung, John Snider, Jane Verduin

Absent: Peg Driesenga, Stan Stek

**WELCOME**

- i. Review of June 9, 2021, Meeting Agenda
- ii. Review of May 12, 2021, Meeting Minutes

The June 9, 2021, meeting agenda and the May 12, 2021, meeting minutes were accepted as presented.

**FINANCIAL UPDATES**

- The LRE is projecting a \$2.5 million decrease in revenue, but an increase in member revenue due to assumption changes.
  - The eligibility redetermination is the main cause.
  - An error has also been corrected from the previous month.

**BEACON CONTRACT TRANSITION UPDATE**

- There has been no further information regarding a conflict of interest, but LRE will continue to monitor the situation regarding redesign proposals.
- LRE will continue to work with Beacon on retrospective reviews for UM and Informatics.
- July 1<sup>st</sup> HW and N180 will begin UM. The LRE is working on transitioning the Quality function back to the LRE sooner than planned.

**MDHHS SETTLEMENT UPDATE**

- A meeting is scheduled with MDHHS on Monday, June 14. If there is an update, it will be brought to next week's Board meeting.
- Not having a yearly contract with MDHHS continues to make attracting C-level staff difficult.

**HEALTHWEST INITIATIVE UPDATE**

- Mr. Riley has been focused on supporting HW in moving over to a new EMR. The HW Board has approved moving to PCE.
- LRE is just beginning to review utilization data with HW.

**LRE EXPANSION UPDATE****Open Positions/New Hires**

- The LRE has also hired a credentialing staff person.

- Job descriptions for Quality staff, Data/IT staff, and administrative support staff have been completed.

### **Office Design**

- The office design to accommodate additional LRE staff is moving forward with a target completion date by the beginning of August.

### BOARD MEETING LOCATION

- A consideration would have to be the amount of space needed to hold an in-person meeting.
- We will have the May meeting virtual. We will begin discussing a schedule for moving back to in person meetings.

### JULY EXECUTIVE COMMITTEE MEETING

The July 14 Executive Committee Meeting will move to July 7.

### BOARD MEETING LOCATION

The June Board meeting will use the Zoom meeting platform. The LRE will look at having the July Board meeting in person.

### BOARD MEETING AGENDA ITEMS

No additional items.

### BOARD WORK SESSION AGENDA

- CCBHC
- MH System Redesign Proposals

### OTHER

### UPCOMING MEETINGS

- June 17, 2021 – LRE Executive Board Meeting, 1:00 PM
- July 7, 2021 – Executive Committee, 3:00 PM
- July 15, 2021 – LRE Executive Board Meeting, 1:00 PM

### ADJOURN

## Lakeshore Regional Entity Board Financial Officer Report for June 2021

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- ✚ A motion is requested to approve the May 2021 disbursements. A summary of those disbursements is included as an attachment.
- ✚ A Statement of Activities report through April is also included as an attachment.
- ✚ A Bucket Report for April 2021 is included as an attachment for today's meeting. Expense projections, as reported by each CMHSP, are noted. COVID has continued to impact spending, service demand, and staffing. An approximate surplus of \$54.3 million regionally is shown on this month's report. This is up from \$55.1 million last month and includes the updated revenue projections reported below. We also incorporated the projected DCW lapse for the region. DCW rate adjustments for the March-September period were made in April. Our region is projecting to receive approximately \$23 million in total for FY21. In addition, spending plan amendments from each CMHSP are being reviewed.
- ✚ Updated **revenue and membership projections by program and CMHSP** are attached. This month's revenue projection includes an overall decrease of approximately \$2.5 million. We have changed the completion factor for the un-enrolled membership because it has changed significantly of over the last 20 months. The May Revenue Projection Model transitioned to a 12-month average as it appears MDHHS is paying capitation revenue for un-enrolled timelier. We are assuming that MDHHS will not implement eligibility re-determination in FY 2021. This resulted in a projected increase of 13,908 member months. However, the member months include a decrease in DABs and an increase in Healthy Michigan (HMP). DABs have a significantly lower capitation payment than HMP; therefore, resulting in an overall decrease in revenue. The ISF withhold was updated to 20.2% for the period of May 2021-September 2021.
- ✚ FY 20 Deficit Elimination Plan - We received the attached letter from the Department of Treasury at the end of May requesting a Deficit Elimination Plan for FY20 because our Mental Health Operating Fund has a deficit (see attachment). This first occurred in 2019 after our FY18 audit was submitted to the Department of Treasury. The latest correspondence from the Department of Treasury in regards to our FY18 plan is also attached. When our FY19 audit was filed last year, in June 2020 Treasury asked for a FY19 Deficit Elimination Plan. In response, an extension was requested (attached), which was denied. There appears to be a disconnect between MDHHS and the Department of Treasury. The LRE is still in negotiations with MDHHS to help fund our deficit. To date, the LRE has not submitted a FY19 plan to eliminate its deficit.

# Revenue Projection

## Total LRE

	Prior Projection	Current Projection	Change
MCD - MH	\$ 222,796,261	\$ 203,737,788	\$ (19,058,472)
MCD - SUD	\$ 8,215,911	\$ 7,623,809	\$ (592,103)
HMP - MH	\$ 29,783,504	\$ 28,306,868	\$ (1,476,635)
HMP - SUD	\$ 17,300,564	\$ 16,482,633	\$ (817,931)
Autism (Net of Fund)	\$ 43,586,865	\$ 40,188,463	\$ (3,398,402)
Autism Rate Adj. Fund	\$ 3,042,202	\$ 3,046,908	\$ 4,705
Waiver	\$ 41,181,153	\$ 41,341,082	\$ 159,929
LRE / Beacon Admin	\$ 13,775,458	\$ 13,718,249	\$ (57,210)
ISF	\$ 13,182,916	\$ 35,869,688	\$ 22,686,772
IPA	\$ 4,345,925	\$ 4,362,546	\$ 16,621
<b>Total Region</b>	<b>\$ 397,210,759</b>	<b>\$ 394,678,034</b>	<b>\$ (2,532,726)</b>

## Total CMHSPs

	Prior Projection	Current Projection	Change
Allegan	\$ 32,778,070	\$ 30,573,058	\$ (2,205,012)
Healthwest	\$ 68,747,308	\$ 64,561,326	\$ (4,185,982)
Network180	\$ 185,098,911	\$ 173,640,928	\$ (11,457,983)
Ottawa	\$ 49,105,443	\$ 46,112,702	\$ (2,992,741)
West Michigan	\$ 24,343,542	\$ 22,792,629	\$ (1,550,913)
<b>Total CMHSPs</b>	<b>\$ 360,073,274</b>	<b>\$ 337,680,643</b>	<b>\$ (22,392,630)</b>

	Prior Projection	Current Projection	Change
Allegan	\$ 108.80	\$ 101.23	\$ (7.57)
Healthwest	\$ 96.49	\$ 90.31	\$ (6.18)
Network180	\$ 99.79	\$ 93.23	\$ (6.56)
Ottawa	\$ 96.68	\$ 90.44	\$ (6.25)
West Michigan	\$ 95.98	\$ 89.49	\$ (6.49)
<b>Total CMHSPs</b>	<b>\$ 99.19</b>	<b>\$ 92.67</b>	<b>\$ (6.52)</b>

## Member Month Projection

	Prior Projection	Current Projection	Change
Allegan	301,278	302,015	737
Healthwest	712,469	714,909	2,441
Network180	1,854,850	1,862,539	7,689
Ottawa	507,912	509,894	1,983
West Michigan	253,640	254,698	1,058
<b>Total Member Months</b>	<b>3,630,148</b>	<b>3,644,056</b>	<b>13,908</b>

## CMHSPs Breakdown

	Prior Projection	Current Projection	Change
<b>MCD - MH</b>			
Allegan	\$ 19,751,300	\$ 18,058,220	\$ (1,693,081)
Healthwest	\$ 45,906,755	\$ 41,978,789	\$ (3,927,966)
Network180	\$ 111,116,225	\$ 101,658,115	\$ (9,458,110)
Ottawa	\$ 29,624,912	\$ 27,084,841	\$ (2,540,070)
West Michigan	\$ 16,397,068	\$ 14,957,823	\$ (1,439,246)
<b>Total MCD - MH</b>	<b>\$ 222,796,261</b>	<b>\$ 203,737,788</b>	<b>\$ (19,058,472)</b>

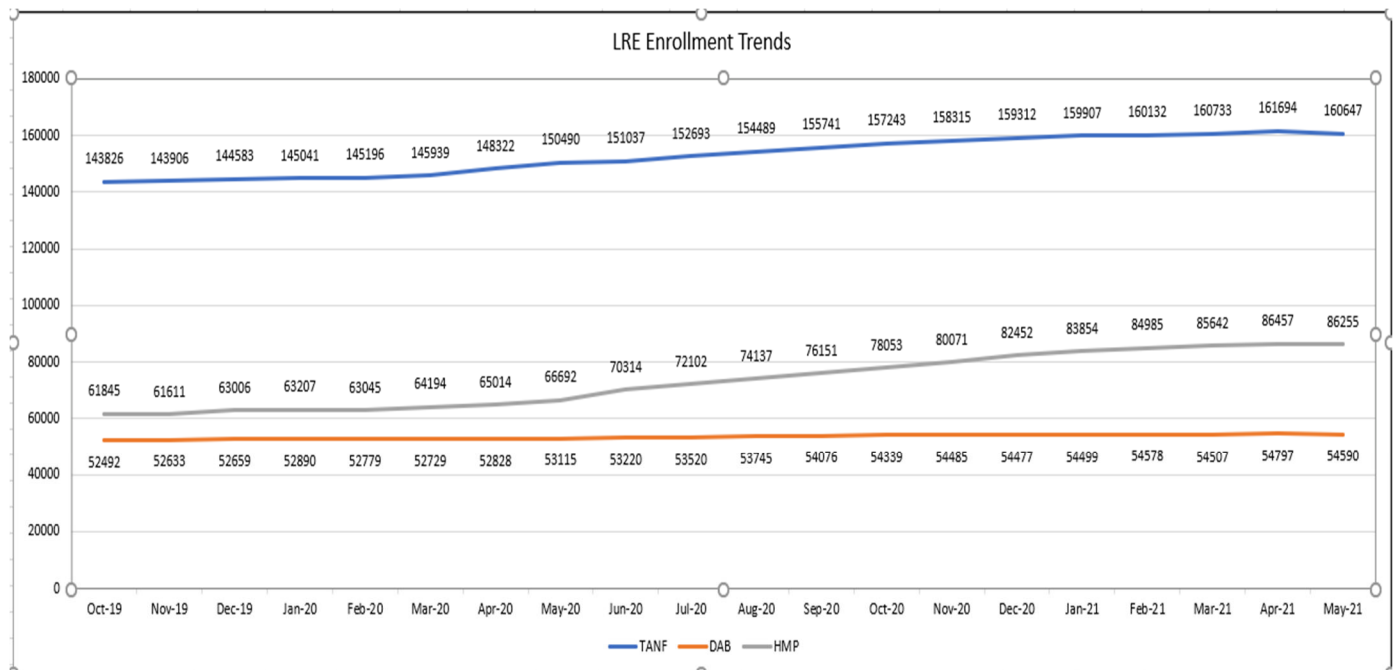
<b>MCD - SUD</b>			
Allegan	\$ 672,709	\$ 624,284	\$ (48,424)
Healthwest	\$ 1,789,870	\$ 1,660,186	\$ (129,684)
Network180	\$ 4,124,868	\$ 3,828,239	\$ (296,629)
Ottawa	\$ 996,857	\$ 926,430	\$ (70,428)
West Michigan	\$ 631,607	\$ 584,670	\$ (46,938)
<b>Total MCD - SUD</b>	<b>\$ 8,215,911</b>	<b>\$ 7,623,809</b>	<b>\$ (592,103)</b>

<b>HMP - MH</b>			
Allegan	\$ 2,284,097	\$ 2,166,364	\$ (117,732)
Healthwest	\$ 6,128,099	\$ 5,826,599	\$ (301,500)
Network180	\$ 15,129,662	\$ 14,378,300	\$ (751,362)
Ottawa	\$ 4,097,219	\$ 3,890,588	\$ (206,631)
West Michigan	\$ 2,144,427	\$ 2,045,017	\$ (99,409)
<b>Total HMP - MH</b>	<b>\$ 29,783,504</b>	<b>\$ 28,306,868</b>	<b>\$ (1,476,635)</b>

<b>HMP - SUD</b>			
Allegan	\$ 1,311,819	\$ 1,247,485	\$ (64,335)
Healthwest	\$ 3,653,935	\$ 3,481,136	\$ (172,799)
Network180	\$ 8,792,973	\$ 8,377,762	\$ (415,211)
Ottawa	\$ 2,286,608	\$ 2,178,757	\$ (107,851)
West Michigan	\$ 1,255,229	\$ 1,197,493	\$ (57,735)
<b>Total HMP - SUD</b>	<b>\$ 17,300,564</b>	<b>\$ 16,482,633</b>	<b>\$ (817,931)</b>

<b>Autism</b>			
Allegan	\$ 3,614,332	\$ 3,333,128	\$ (281,204)
Healthwest	\$ 2,568,178	\$ 2,341,668	\$ (226,510)
Network180	\$ 29,753,596	\$ 27,467,805	\$ (2,285,791)
Ottawa	\$ 6,485,974	\$ 5,980,647	\$ (505,328)
West Michigan	\$ 1,164,786	\$ 1,065,217	\$ (99,569)
<b>Total Autism</b>	<b>\$ 43,586,865</b>	<b>\$ 40,188,463</b>	<b>\$ (3,398,402)</b>

<b>Waiver</b>			
Allegan	\$ 5,143,813	\$ 5,143,577	\$ (236)
Healthwest	\$ 9,247,113	\$ 9,272,948	\$ 25,834
Network180	\$ 17,790,703	\$ 17,930,707	\$ 140,005
Ottawa	\$ 6,056,979	\$ 6,051,440	\$ (5,538)
West Michigan	\$ 2,942,545	\$ 2,942,409	\$ (136)
<b>Total Waiver</b>	<b>\$ 41,181,153</b>	<b>\$ 41,341,082</b>	<b>\$ 159,929</b>





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

May 24, 2021

**Notice of Intent To  
Withhold State Payments**

Municipality Code: 617527  
APR Form ID Number: 84054  
Report ID Number: 112135

**Sent Via Email**

Chief Administrative Officer  
Lakeshore Regional Entity  
maxinec@lsre.org

Dear Chief Administrative Officer:

The Glenn Steil State Revenue Sharing Act of 1971, Public Act 140 of 1971, Section 21(2) states that units of local government (local units) that end their fiscal year in a deficit condition shall formulate a deficit elimination plan. Any assessment of a local unit's deficit condition should be made using the guidelines provided in Treasury Website (Numbered Letter 2016-1).

The Community Engagement and Finance Division received an audit report from your local unit for the fiscal year ending 2020. Your Certified Public Accountant has indicated a deficit in one or more funds as follows:

<u>FUND NAME</u>	<u>AMOUNT</u>
Mental Health Operating Fund	-\$19,265,783.00

If a deficit exists in the General Fund, the General Fund plan should include a monthly breakdown of revenues and expenditures for the first two years of the projection and annual detail for the remaining years. For example, a five-year plan would show monthly detail for 24 months, and annual detail for the remaining three years. When a revised plan is submitted in the subsequent year, it would include a monthly breakdown for two years and an annual breakdown for the remaining two years. The monthly breakdown shall be for actual revenue and expenditures expected that month. For example, property taxes should be included in the months the taxes are projected to be actually collected. It shall not be merely the annual revenue and expenditures divided by 12 months. This will allow for a more meaningful picture of how the municipality is progressing on a monthly basis.

Except where indicated "No Plan Necessary," within 30 days from the date of this letter please upload a deficit elimination plan for all funds listed above and a certified resolution online by visiting [Michigan.gov/MunicipalFinance](https://Michigan.gov/MunicipalFinance) and select Deficit Elimination Plan Upload. Should a plan not be filed within 30 days, we may withhold 25% of the local unit's State Incentive Payments or payments issued under Public Act 140 of 1971, the Glenn Steil State Revenue Sharing Act of 1971. Once withheld, payments are not released when a plan has been *filed*, but when a plan has been *evaluated and certified* by Treasury.

After receiving your plan, we will notify you by email if additional information is needed or that your plan has been certified. If you would like to speak with a member of our team, please email our office at [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov).

Sincerely,

A handwritten signature in black ink that reads "Harlan Goodrich". The signature is written in a cursive style with a large initial "H" and "G".

Harlan Goodrich, Municipal Finance Manager  
Community Engagement and Finance Division





STATE OF MICHIGAN  
DEPARTMENT OF TREASURY  
LANSING

GRETCHEN WHITMER  
GOVERNOR

RACHAEL EUBANKS  
STATE TREASURER

June 17, 2020

**DEFICIT ELIMINATION PLAN  
DENIAL**

Municipality Code: 617527  
APR Form ID Number: 65127  
Report ID Number: 92788

**SENT VIA EMAIL**

Chief Administrative Officer  
Lakeshore Regional Entity  
maxinec@lsre.org

Dear Chief Administrative Officer:

We have evaluated your deficit elimination plan for the correction of the deficit condition as of the fiscal year ending 2018, in one or more funds as follows:

Mental Health Operating

The 2018 plan was not approved by the governing body and the subsequent fiscal year has concluded. A plan based on the 2019 fiscal year end was requested on June 1, 2020.

Not having a plan certified by the Department will result in the municipality not receiving qualified status under Michigan Compiled Law (MCL) 141.2303(3). In addition, the municipality will not receive the Department's prior written approval to issue any municipal securities under MCL 141.2303(7) until an acceptable deficit elimination plan is filed.

We will re-evaluate the municipality's progress upon receipt of the audited financial statements for the subsequent fiscal year. If you have any questions, please contact the Municipal Finance Section at [Treas\\_MunicipalFinance@Michigan.gov](mailto:Treas_MunicipalFinance@Michigan.gov).

Sincerely,

Rod Taylor, Administrator  
Community Engagement and Finance Division



September 19, 2019

State of Michigan  
Department of Treasury  
P.O. Box 30728  
Lansing, MI 48909-8228

Attention: Local Government Financial Services Division

The Lakeshore Regional Entity (LRE) Board approved a Deficit Elimination Plan and resolution at their September 19, 2019 meeting. The resolution includes a three-year budget for fiscal years 2019-2021 that eliminates the organization's deficit. The LRE's deficit was created by a systemic underfunding of the Michigan Department of Health and Human Services (MDDHS) to support the behavioral health services the LRE is required to administer.

Beginning in FY 2020, the State of Michigan will add an additional \$244,000,000 to support the increasing utilization trends in the Medicaid and Healthy Michigan Plan programs throughout the state. Lakeshore Regional Entity is expected to receive the 2<sup>nd</sup> highest revenue percentage increase out of 10 Prepaid Inpatient Health Plans in Michigan. It is with the additional funds to be received that we present the following plan to eliminate our deficit and we will also incorporate regional enhancements and improved efficiencies.

In January 2019, the LRE contracted with Beacon Health Options to provide certain managed care functions beginning in February 2019. The contract includes areas of administrative assistant that include but are not limited to the following areas: provider network management, customer services, quality management, utilization management, and financial management. Regional savings are projected from the use of standardized assessments, utilization management standards for higher levels of care, payment integrity processes, and enhanced regional provider collaboration and network operations.

Please see the following resolution and budget approved by the LRE Board of Directors, incorporating all regional changes and projected savings during the next three years.

**Lakeshore Regional Entity  
Resolution**

**Resolution Adopting the Lakeshore Regional Entity  
Budget and Financial Plan for FY2019-FY2021**

The following resolution was offered by John Snider, and supported by Peg Driesenga:

**WHEREAS,** The Lakeshore Regional Entity has a \$9,389,082 deficit in its Mental Health Operating account on September 30, 2018; and

**WHEREAS,** 1971 PA 140 requires a Deficit Elimination Plan be formulated by the local unit of government and filed with the Michigan Department of Treasury;

**NOW, THEREFORE, BE IT RESOLVED** that the Lakeshore Regional Entity Board does hereby adopt the following Deficit Elimination Plan:

	2018-2019	2019-2020	2020-2021
<b>Revenues</b>			
Medicaid B & B3	\$195,099,448	\$208,756,409	\$215,019,102
Medicaid - HSW	30,644,813	\$32,789,950	\$33,773,648
Medicaid – Autism	25,963,982	\$27,781,461	\$28,614,905
Healthy Michigan Plan	24,294,926	\$25,995,571	\$26,775,438
State/Federal Block Grants	13,704,148	\$13,579,747	\$13,579,747
Public Act 2 - Substance Use	3,711,375	\$3,711,375	\$3,822,716
Performance Bonus Incentive	2,000,000	\$2,140,000	\$2,204,200
Other – HRA, Local Match, DHS Incentive	11,249,735	11,249,735	11,249,735
Interest Earnings	100,000	20,000	20,000
MDHHS Supplemental	\$3,000,000	\$0	\$0
<b>Total Revenue</b>	<b>\$309,768,427</b>	<b>\$326,024,248</b>	<b>\$335,059,491</b>
<b>Expenditures</b>			
Administration Expenses	\$3,566,071	\$3,000,000	\$2,500,000
Substance Use Prevention	3,384,063	3,259,662	3,259,662
Operating Expenses – CMH	292,842,417	\$284,342,417	291,450,977
Beacon Health MCO Contract	6,675,608	10,206,170	10,470,969
Other – HRA, Local Match	14,200,268	14,200,268	14,200,268
Risk Service Funding		5,906,468	6,083,662
<b>Total Expenditures</b>	<b>\$320,668,427</b>	<b>\$320,914,985</b>	<b>\$327,965,538</b>
<b>Net Position 9/30</b>	<b>(\$10,900,000)</b>	<b>\$5,109,263</b>	<b>\$7,093,953</b>

Explanation: Increased Medicaid, Healthy Michigan Plan, and Performance Bonus Incentive revenues of 7% in FY 2020. Decrease in CMH Operating Expenses of \$8,500,000 in 2020. Additional increase in Medicaid, Healthy Michigan Plan, and Performance Bonus Incentive revenues of 3% in FY 2021.

BE IT FURTHER RESOLVED that the Lakeshore Regional Entity's Chief Financial Officer submits the Deficit Elimination Plan to the Michigan Department of Treasury for certification.

I, Mark DeYoung, hereby certifies the foregoing constitutes a true and complete copy of a resolution duly adopted by the Lakeshore Regional Entity Board at its meeting on the 19 day of September 2019.

  
Mark DeYoung, Board Chair

**BOARD ACTION REQUEST Subject:****May 2021 Disbursements**

Meeting Date: June 17, 2021

**RECOMMENDED MOTION:**

To approve the May 2021 disbursements of \$34,068,505.31 as presented.

**SUMMARY OF REQUEST/INFORMATION:**

<b><u>Disbursements:</u></b>	
Allegan County CMH	\$2,694,458.86
Healthwest	\$7,260,310.66
Network 180	\$13,717,824.80
Ottawa County CMH	\$4,005,331.09
West Michigan CMH	\$1,942,787.28
SUD Prevention Expenses	\$231,099.57
Local Match Payment	\$510,024.00
Hospital Reimbursement Adjuster (HRA)	\$2,746,744.00
SUD Public Act 2 (PA2)	\$1,563.52
Beacon Health Options	\$600,100.29
Administrative Expenses	\$358,261.24
<b>Total:</b>	<b>\$34,068,505.31</b>

97.19% of Disbursements were paid to Members, SUD Prevention Services, and State of Michigan.

*I affirm that all payments identified in the monthly summary above are for previously appropriated amounts.*

**STAFF:** Stacia Chick**DATE:** June 17, 2021

**Statement of Activities - Actual vs. Budget**  
**Fiscal Year 2020 / 2021**

As of Date: 4/30/2021

	Year Ending 9/30/2021	4/30/2021		
<b>Change in Net Assets</b>	FY21 Budget <i>Amendment 3</i>	Budget to Date	Actual	Actual to Budget Variance
<b>Operating Revenues</b>				
SUD Block Grant & State Opioid, & STR	9,487,493	5,534,371	3,867,645	(1,666,725)
Autism Revenue	50,131,723	29,243,505	26,779,662	(2,463,843)
PA 2 Liquor Tax	5,169,898	3,015,774	56,380	(2,959,394)
Interest Revenue	17,320	10,103	9,440	(663)
Performance Bonus Incentive	2,419,516	1,411,384	-	(1,411,384)
Local Match Revenue (Members)	2,040,096	1,190,056	1,190,056	-
Hospital Rate Adjuster (HRA)	9,500,000	5,541,667	5,124,196	(417,471)
MH Block Grant - Veterans Navigator	100,000	58,333	47,841	(10,492)
Block Grants - HispBH/NatAm/TobCess/Clubhouse	540,800	315,467	43,733	(271,733)
Substance Use Gambling, MI Youth Tx &	397,335	231,779	111,628	(120,151)
DHS Incentive	693,363	404,462	202,795	(201,667)
Medicaid, HSW, SED, & Children's Waive	292,078,563	170,379,162	162,205,371	(8,173,790)
Healthy Michigan	50,654,549	29,548,487	29,299,115	(249,372)
Miscellaneous Revenue	-	-	2,900	2,900
<b>Total Operating Revenues</b>	<b>423,230,656</b>	<b>246,884,549</b>	<b>228,940,764</b>	<b>(17,943,785)</b>
<b>Expenditures</b>				
Salaries and Fringes	1,621,215	945,709	575,203	(370,506)
Office and Supplies Expense	225,090	131,303	94,853	(36,449)
Contractual and Consulting Expenses	795,695	464,155	390,909	(73,246)
MCIS	305,200	178,033	172,200	(5,833)
Data Analytics	173,750	101,354	31,250	(70,104)
Utilities/Conferences/Mileage/Misc Exps	2,147,366	1,252,630	109,472	(1,143,158)
Block Grants - Gambl/Veter/HispBH/NatAm/TobCes	1,005,800	586,717	206,070	(380,647)
Taxes, HRA, and Local Match	15,615,269	9,108,907	8,135,153	(973,754)
Prevention Expenses	2,656,267	1,549,489	1,371,274	(178,215)
Beacon Health Options - MCO Contract	8,212,597	4,790,682	6,144,018	1,353,336
Contribution to ISF/Savings	35,733,826	20,844,732	4,681,842	(16,162,890)
Direct Care Wage Lapse	10,300,000	6,008,333	-	(6,008,333)
Member Payments	344,438,581	200,922,506	206,539,318	5,616,813
<b>Total Expenditures</b>	<b>423,230,656</b>	<b>246,884,549</b>	<b>228,451,562</b>	<b>(18,432,987)</b>
<b>Total Change in Net Assets</b>	<b>0</b>	<b>0</b>	<b>489,201</b>	<b>489,201</b>





## Statement of Activities Budget to Actual Variance Report For the Period ending April 30, 2021

### Operating Revenues

SUD Block Grant	Some grant revenues are down due to a reduction in billings. COVID and delayed trainings and events are contributing factors. However, we plan to request carryforward of lapsing SOR funds to FY22.
Autism Revenue	Actual revenues do not reflect the full increase in Autism rates from April - September.
PA 2 Liquor Tax	PA2 revenues are received after the Department of Treasury issues payments to the counties. Initial payments were made to counties in April and counties began to make payments to the LRE in May.
Interest Revenue	It is expected that the annual actual amount received will align more closely with the current budget.
Performance Bonus Incentive	Revenue is received after the end of the fiscal year if health plan performance metrics are met.
Local Match Revenue (Members)	N/A - Closely aligned with the current budget projections.
Hospital Rate Adjuster (HRA)	Revenue is received quarterly. First quarter payment received in February and second quarter is expected in May.
MH Block Grant - Veterans Navigator	Outreach events and marketing is under, but is expected to increase this summer.
Block Grants -HispBH/NatAm/TobCess/Clubhs	Clubhouse grant revenue is down due to COVID. However, there is opportunity to receive payments up to the approved budget if service activity changes.
Sub Use Gambling Prev & MYTIE	Gambling prevention campaign is ramping up. As expenditures increase, additional revenues will be received.
DHS Incentive	This revenue will be received quarterly beginning in April. Amounts are based on encounter data that supports services to Foster Care and CPS children.
Medicaid B, B3 and HSW	Actual revenues do not reflect the full increase in DCW rates from March - September.
Healthy Michigan	Miscellaneous Revenue not yet budgeted. Budget amendment will be made during the next amendment.

### Expenditures

Salaries and Fringes	A significant portion of the additional salary expenses will not likely occur until quarters three and four. Fringe expense adjustments were made during amendment 3.
Office and Supplies Expense	This line item is under but IT supplies and equipment purchases were made in quarter 3. This will be monitored for future adjustments.
Contractual & Consulting Expenses	Likely that expenses will not occur until quarter 4.
MCIS	N/A - Closely aligned with the current budget projections.
Data Analytics	New expense that started in April. It is expected that the final expenses will align with the budget projections.
Utilities/Conf/Mleage/Misc Exps	Significant portions of this line item (Audit, Travel, Miscellaneous) are not anticipated until quarters three and four. This line item also includes the Beacon contract savings amounts which will be detailed during quarter three.
Block Grants -Veterans/HispBH/NatAm/TobCes	Most of these payments are billed to the LRE and paid by MDHHS 30-60 days in arrears. Also, as noted in the corresponding revenue line item above, some expenses are low due to COVID, but may be paid up to the approved grant allocations.
Taxes, HRA and Local Match	IPA taxes and HRA are paid quarterly. April IPA and HRA payments were lower in April. This will be monitored for future adjustments.
Prevention Expenses	This reflects costs for SUD prevention services and is based on actual service demand, provider billings, and direct project management service costs.
Beacon Health Options	This reflects actual costs for MCO functions paid per enrollee. This line item will go down in quarters 3 and 4.
Contribution to ISF	This line item was increased in March. Catch up payments will be spread over the next 5 months.
DCW Lapse	Actual lapse will be determined at year end. Projections from the April Bucket Report were \$9.6M. This will be monitored for future adjustments.
Member Payments	Member payments are based on actual revenues received from MDHHS. This closely aligns with current budget projections.

## FY2021 Bucket Report - Full Year Projections Net Position By Member, By Fund Source

Mental Health (MH)								Substance Use Disorder (SUD)							MH & SUD
Time Period	Allegan	Healthwest	Network180	Ottawa	West MI	LRE & MCO Admin	Total	Allegan	Healthwest	Network180	Ottawa	West MI	LRE & MCO Admin	Total	Total
<b>Oct - April</b>															
Net Med: 1115/HSW/CW/SED	309,990	10,647,535	23,796	1,956,595	(557,592)	(432,517)	11,947,807	112,987	570,136	495,954	358,374	35,580	114,314	1,687,344	13,635,151
Net Med: HealthyMI	(175,726)	1,943,442	522,873	1,201,389	323,194	(324,021)	3,491,151	257,034	1,640,039	3,467,777	127,904	286,546	154,094	5,933,394	9,424,545
Net Autism	(56,514)	118,989	8,296,119	1,223,274	176,707	(1,271)	9,757,304	-	-	-	-	-	-	-	9,757,304
Net General Fund	376,569	593,301	1,043,652	916,816	153,097	-	3,083,434	-	-	-	-	-	-	-	3,083,434
Net Block Grant	-	-	-	-	-	(10,695)	(10,695)	-	(67,597)	-	-	-	77,615	10,018	(677)
Net PA2	-	-	-	-	-	-	-	-	-	-	(32,075)	-	-	(32,075)	(32,075)
Subtotal	454,319	13,303,267	9,886,440	5,298,074	95,406	(768,504)	28,269,002	370,021	2,142,577	3,963,731	454,203	322,127	346,022	7,598,681	35,867,683
<b>April</b>															
Full Year Projection															
Net Med: 1115/HSW/CW/SED	2,867,239	13,402,335	16,222,840	6,509,204	1,223,664	-	40,225,283	231,403	672,263	924,120	593,960	117,840	-	2,539,586	42,764,868
Net Med: DCW Lapse	(710,716)	(2,124,178)	(4,202,500)	(1,396,779)	(1,221,329)	-	(9,655,503)	-	-	-	-	-	-	-	(9,655,503)
Net Med: HealthyMI	41,906	2,231,422	(843,694)	1,401,811	417,134	-	3,248,579	565,310	2,197,207	4,042,396	1,207,425	530,142	-	8,542,480	11,791,059
Net Autism	518,736	87,936	6,723,452	1,879,770	217,603	-	9,427,496	-	-	-	-	-	-	-	9,427,496
Net General Fund	645,546	135,455	169,571	-	-	-	950,572	-	-	-	-	-	-	-	950,572
Net Block Grant	-	-	-	-	-	-	-	-	(65,722)	-	-	-	-	(65,722)	(65,722)
Net PA2	-	-	-	-	-	-	-	-	161,124	-	-	-	-	161,124	161,124
Total	3,362,711	13,732,969	18,069,669	8,394,005	637,072	-	44,196,427	796,713	2,964,872	4,966,517	1,801,385	647,982	-	11,177,468	55,373,894
Risk	2,717,165	13,597,514	17,900,098	8,394,005	637,072	-	43,245,855	796,713	2,869,470	4,966,517	1,801,385	647,982	-	11,082,066	54,327,921
%of Budget	8.90%	21.30%	10.38%	18.30%	2.84%	0.00%	12.52%	39.57%	51.89%	37.83%	53.89%	33.81%	0.00%	40.98%	PENDING

### FY Changes in Projected Med/HMP Spending

	March 2021 MH	April 2021 MH	Difference	%of Budget	FY20 Spend
Allegan	26,958,911	27,088,178	129,267	0.42%	24,939,541
Healthwest	47,079,515	47,556,665	477,150	0.75%	55,125,841
N180	148,991,661	150,387,291	1,395,630	0.81%	139,484,202
Ottawa	38,936,375	36,071,382	(2,864,993)	-6.25%	36,006,249
West MI	20,520,319	20,539,776	19,457	0.09%	17,637,237
LRE & Beacon	10,969,861	10,969,861	-	0.00%	11,809,258
	293,456,642	292,613,153	(843,489)		285,002,328

	March 2021 SUD	April 2021 SUD	Difference	%of Budget	FY20 Spend
Allegan	1,249,804	1,216,854	(32,950)	-1.64%	899,734
Healthwest	2,612,310	2,660,119	47,809	0.86%	4,623,426
N180	8,136,408	8,162,893	26,485	0.20%	6,248,337
Ottawa	1,646,422	1,541,022	(105,400)	-3.15%	1,569,919
West MI	1,288,237	1,268,780	(19,457)	-1.02%	1,614,656
LRE & Beacon	1,109,956	1,107,888	(2,067)	-0.19%	774,553
	16,043,137	15,957,557	(85,580)		15,730,625

Total Medicaid Surplus/(Deficit) Projection (Med 1115/HSW/CW/SED + Autism) 42,536,862

FY20 ISF 2,420,925

Projected FY21 ISF 35,733,826

Total Reserves: 38,154,751

Projected Medicaid ISF/Reserves At Year End: 80,691,613

Healthy Michigan Plan Surplus/(Deficit) Projection 11,791,059

Projected MDHHS Performance Bonus 2,419,516

Projected Reserve Total At Year End: 94,902,188