

CEO Report
April 16, 2020

Good afternoon,

I hope you are all healthy during this time of dealing with COVID-19 and social distancing. The work environment has changed, but we continue to see extraordinary efforts going on to address this crisis.

1. As I reported in the March 2020 CEO report, COVID-19 has taken an extremely high priority in our region and across the state. CMHSPs have responded quickly and effectively in providing necessary services for consumers in a manner that meets necessary safety standards. Prior to providing additional information I want to recognize and applaud the work of our providers and CMHSPs in stepping forward to address the needs in a difficult time. However, major challenges remain for our system including staffing capacity, consumers and staff who have tested positive, acquiring adequate PPE, and maintaining a financially stable provider network.

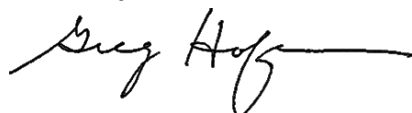
Dr. Monteith is facilitating our regional COVID workgroup and will be providing an update to you today. Our team consists of CMHSP, Beacon and LRE staff, and we are currently meeting 3x weekly to share pertinent information. In addition, we are participating in twice weekly state-wide meetings with MDHHS, CMHSPs and PIHPs. MDHHS has identified stabilization of the network as a high priority. We support their efforts but are frustrated with the slow pace of approval on such efforts as the 1135 Waiver and Appendix K, documents that would enhance funding and remove some administrative requirements to allow maximum flexibility in dealing with this crisis.

Below I present some highlights on actions that have been taken.

- a. Clarification on telehealth services has been received and to the extent possible, our providers are using a wider group of services for telehealth.
 - b. We are waiting for additional clarification from MDHHS on enhanced provider payment. However, while we wait, we are working on a regional estimate of enhanced pay for direct care staff, particularly in residential services as a starting point. Providers are also encouraged to make use of federal funds being made available through the CARES Act and other federal funds.
 - c. The LRE is posting important communications to the website, www.lsre.org, and has shared information to regional providers. Ione Myers has included a list of COVID-19 resources and links in Attachment 12. This gives you some very good resources to stay up to date on the efforts in Michigan and nationally.
2. There have been no additional meetings with MDHHS regarding our Settlement Agreement. The next update to the ALJ is scheduled for later in May.

3. 2020 Rates – We anticipate that our April payment will include an increased rate for the first 6 months of FY 2020, and that increased rate will continue for the fiscal year. The environment is extremely fluid right now, and we need to continue careful analysis of our revenue position. Chad Shirley will provide an update on our projected revenue for the fiscal year, and we believe that the additional revenue at this point projects to a surplus. However, we remain cognizant of other potential costs associated with response to COVID. Maxine Coleman will provide an updated bucket report that provides our first analysis of impact on regular costs under the COVID-19 mitigation environment.
4. Beacon and LRE have initiated a review of HealthWest regarding potential program and operational cost outliers. An information request was made to HW and they have provided preliminary data to Beacon/LRE as requested. We are also looking for HW to identify areas that they identify for further analysis. A meeting is scheduled to discuss the issue of waiting lists implemented by HealthWest. It is the LRE's objective to work out a plan that will allow waiting lists to be ended. Dialogue this week has been productive as this process moves forward. We are committed to assisting HealthWest in assessing service and program utilization to address service capacity issues.
5. Muskegon County and HealthWest have initiated legal action against MDHHS and the LRE in Claims Court. This relates to HealthWest deficits that were not covered by LRE, due to lack of reserve funds. Our attorney is reviewing the Complaint. The Board will be updated upon completion of legal review.
6. Compliance Plan: Included in my report is an updated Compliance Plan. Please note the last page of the report that lays out the structure and functions between the LRE and Beacon.
7. Final data cleanup of FY 2019 data has been underway. Assuring accuracy between our encounters and cost reports is an extremely important initiative. Accurate data assures the fairest revenue for next fiscal year. I appreciate the team effort between the LRE, Beacon and CMHSPs.
8. Please take some time to review LRE management reports. There is a lot of good information embedded in these reports. Staff continue to manage and maintain a variety of important functions for the region.

Sincerely,

A handwritten signature in black ink, appearing to read "Greg Hofman", with a long horizontal flourish extending to the right.

Greg Hofman, CEO