

## February CEO Report

Good afternoon,

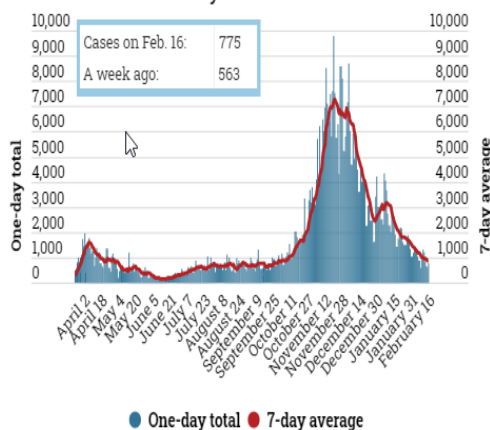
Welcome to the new year; better than the last!

**COVID-19** – Pandemic numbers continue to decrease. Trends are down on all measures: Positivity, Cases, Hospitalizations, and Deaths.

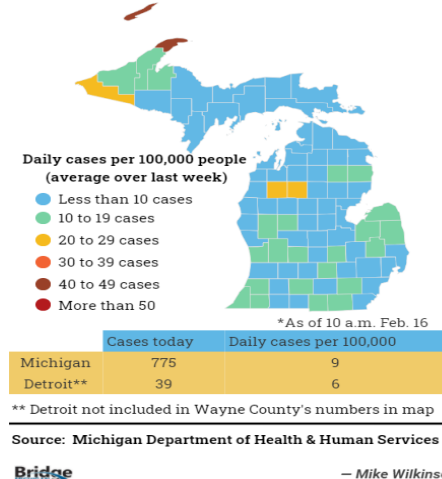
- Daily cases on Jan-16 – 1,932,
- Daily cases on Feb 16- 775

### Daily cases

New cases each day since March 25



Find coronavirus infections rates across much of the state. Click on a county to see the current day's\* cases and the rate per 100,000 over the past week. **Note: Scale was changed Feb. 2 to reflect a substantial decline in cases.**



While we have seen an increase in vaccine quantities, the State continues to struggle with the distribution of vaccines, especially in rural areas. “Appropriate” PPE (N-95 masks), in key outbreak settings are in short supply.

**InterACT Support** – InterACT, a large ACT provider contracted primarily with Network180 is on the edge of financial closure. Their financial distress was heightened by the pandemic. If closure should occur, this would create a significant blow to Network180’s ACT program, effecting hundreds of very vulnerable consumers. After extensive discussions and financial reviews, Network180 will enter a “cost-settlement” relationship with InterACT, while additional

details and strategies are being worked out. This will provide financial relief for InterACT for a limited period.

**Beacon Contract Development** – LRE and Beacon are completing the final details of the contract currently. A motion for approval contingent on a successful State review is included on the February Board agenda. With approval, the effort will shift to implementation, which would be a substantial project for the remainder of the fiscal year. Expect more details on the implementation plan in upcoming months.

**Historic Deficit Settlement** – LRE is awaiting the finalization of the FY20 audited financial statements from the CMHSPs before we can complete and present a proposal to the State. This should occur in the next two weeks.

**MDHHS/LRE Corrective Action Plan** – A meeting has been scheduled for the end of this week with MDHHS leadership. This group will meet without attorneys to develop a specific corrective action plan, which, if successful would move LRE to an annual contract and lift continued detailed scrutiny.

**CEO Search** – We are looking forward to closure on the open CEO position. With many active initiatives, we will need, not only “fresh eyes” but also one that can shape LRE in the upcoming years.

**LRE Tactical Plan** – In tandem with all the initiatives mentioned above, LRE is in great need of an operational review and the construction of a tactical plan with 2 parts. One that has a relatively quick turnaround to take us over the next six months and a mid-term, “tactical plan” which can take us through the next 18 months. Expect more on this by the next Board meeting.

**Financial Projection Variables PowerPoint** – Attached to the end of my report is the PowerPoint discussing projection variables that I presented to you during the January 21 Work Session. On page 3 you will see that there has been an update. If you have additional questions, I will touch on this during my oral report.

Report prepared by Bill Riley, Interim Chief Executive Officer, Lakeshore Regional Entity

# The LRE, Board Work Session – January 2021

## Tracking High-Level Financial Variables & Trends

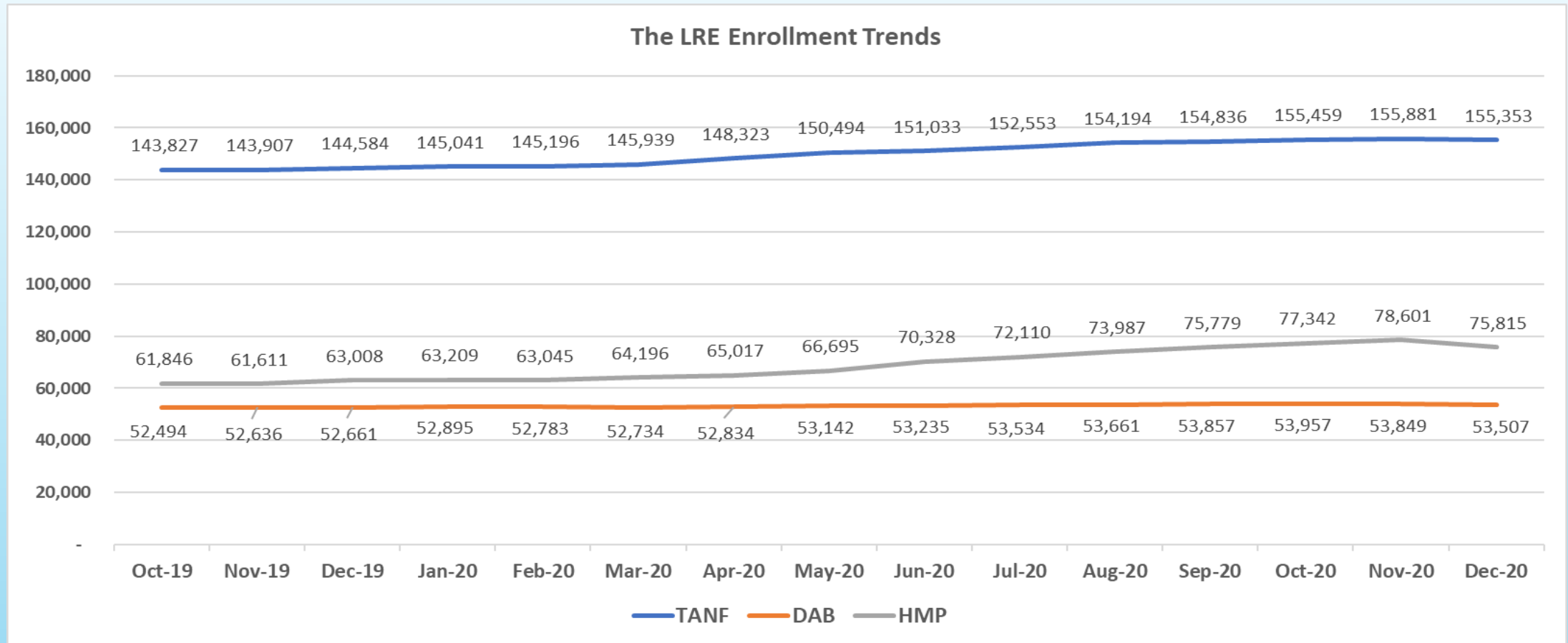
Recently we built a proposal to the State for settling the historical deficit. We looked at both a one year and two year option. The two year option required us (Maxine Coleman & Mike Tegler) to project FY21.

At the highest level we have four indicators to understand and track. The variables include:

- State Rate increases FY20 and FY21
- Enrollment/Eligibility Trends
- Provider Rates
- Direct Care Wage Premium

FY20 and FY21 Rate Increases have  
been significant

## Impact of Enrollment Trend on Funding Since COVID-March



### Average Capitation Rates

- TANF – \$32
- DAB - \$329
- HMP - \$48

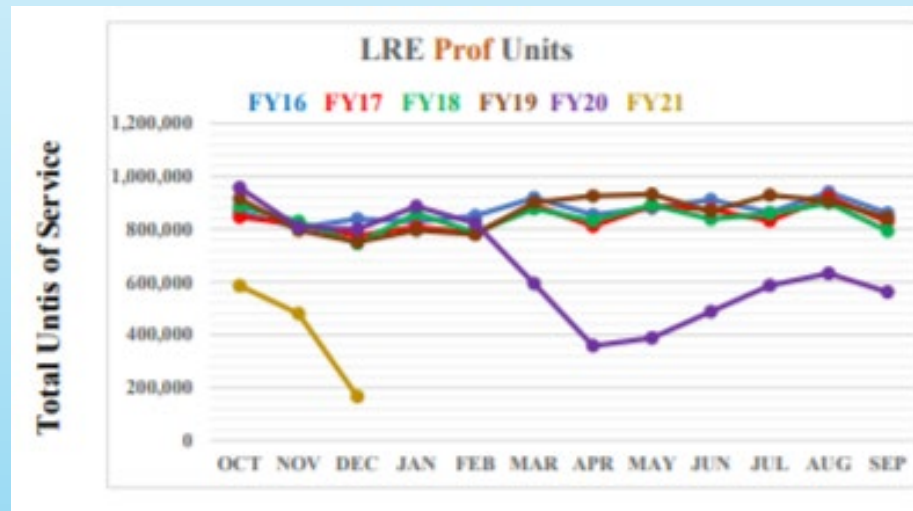
### Increase Capitated Revenue Based on Enrollment Trends

- TANF Enrollment increases generated an additional \$268k/month, \$3.2m annualized (approx.)
- DAB Enrollment - an additional \$266k/month, \$3.2mm annualized (approx.)
- HMP Enrollment – an additional \$482k/month, \$5.8m annualized (approx.)

For FY20 We calculated 141 HMP enrollees serviced as IDD (if DAB Funded \$40k in addl monthly funds - \$480k/yr)

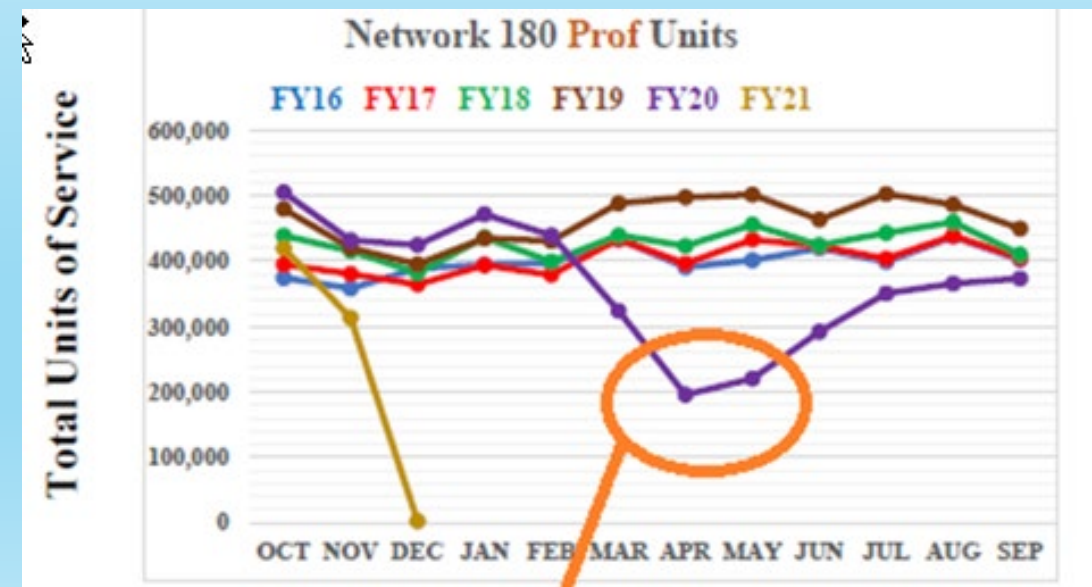
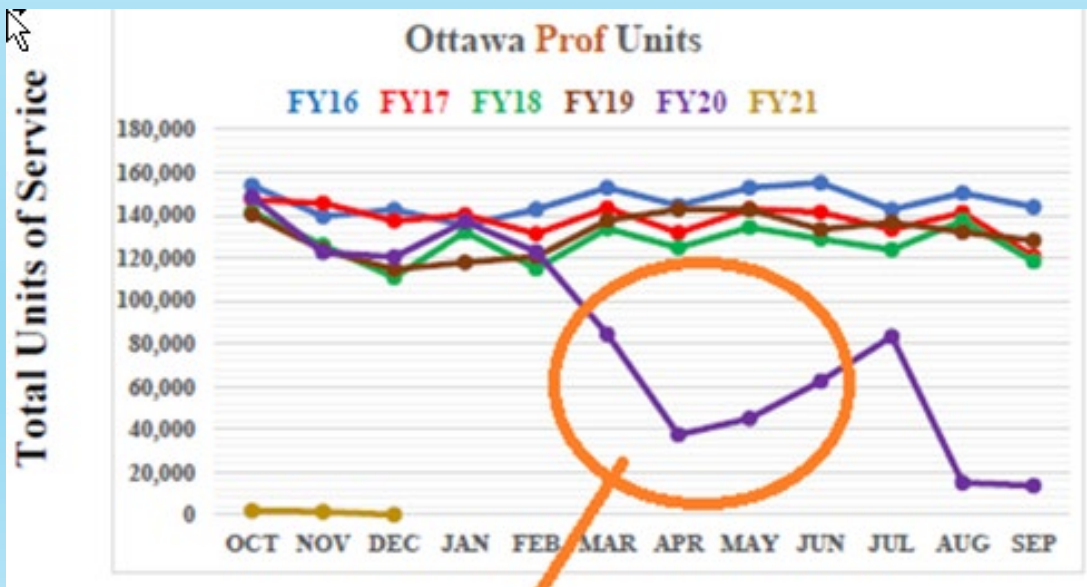
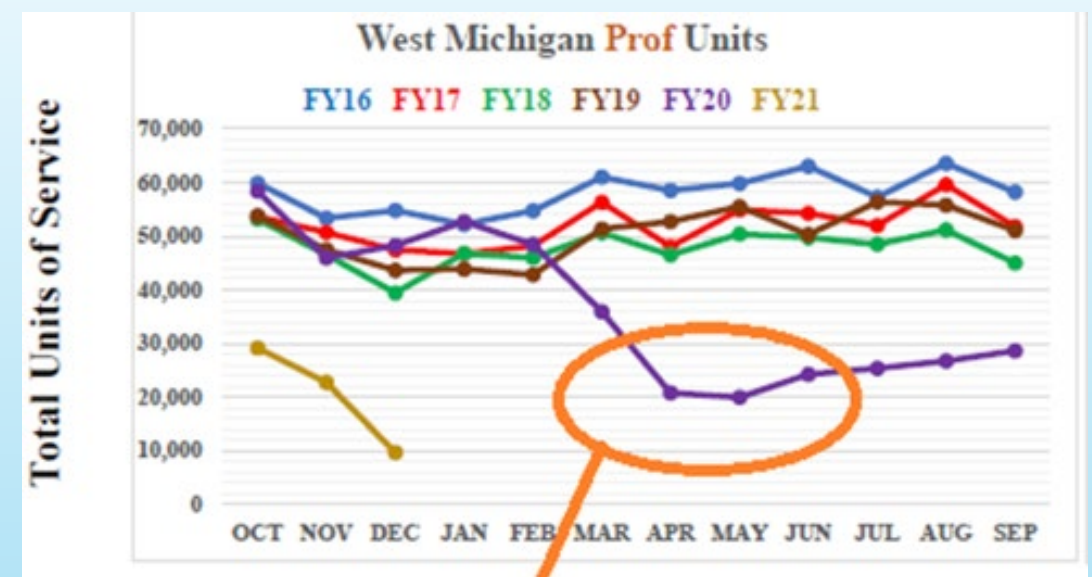
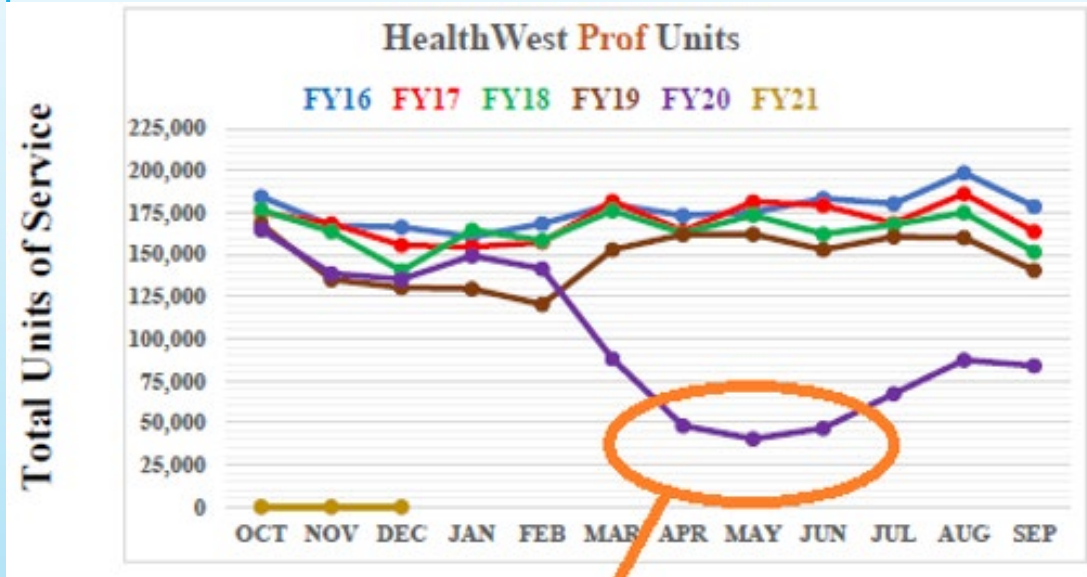
Note: Average growth from Oct-Mar vs Apr-Dec

# Encounter Trends



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Topics: CMH submissions – The COVID drop



- Provider Rates - Projection Analysis used 2-2.5%
- Direct Care Worker Premium – approx. 975k/month
  - State payment through February
  - Pressing State to extend
  - Several PIHPS are funding from PIHP beyond Feb

FY21 Projections: approximately \$14m