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## Lakeshore Regional Entity Board Financial Officer Report for March 2020

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- ✚ A motion is requested to approve the February 2020 disbursements. A summary of those disbursements is included as an attachment.
- ✚ A Statement of Activities report through January 2020 is also included as an attachment.
- ✚ **Regional Projections** - A Bucket Report for December 2019 is included as an attachment for today's meeting. When compared to December's report, the projected deficit for the region is up by \$1,132,932 from \$9,525,803 to \$10,658,738 for Medicaid and Healthy Michigan Plan (HMP). New this month is the addition of a column to show the final FY19 expenses reported by each member compared to their projections for FY20. Also included are the amounts projected for our regional ISF, regional withholds for performance and reporting standards, as well as the MDHHS performance bonus incentive revenue anticipated. If these additional sources of revenue can be realized by the LRE and its members, the projected deficit goes down to approximately \$4.5 million. However, as FY20 revenue shortages for our region are corrected, revenue projections within this report will also be updated.
- ✚ **Final FY19 Reporting** – A significant amount of time over the past month has been spent reviewing and preparing year end reports for FY19. Financial reports received to date show the region closed the year with a \$18.4 million deficit. Extension work has been done again this year to ensure our data is aligned with reported costs. Bridging any gaps between these two areas enables MDHHS and its actuary to see the level, intensity of services, and costs required in delivering services to our consumers. It's critical that we continue to improve our efforts in this area in hopes of seeing revenues during the next rate setting process that are closer aligned with what it costs to provide the services required.
- ✚ **FY2019 Performance Bonus Award** –The LRE received final notice of its FY19 performance incentive bonus earnings. We will earn \$1,910,636.16 for meeting the specific metrics surrounding coordination efforts with health plans. The total potential award for FY19 was \$2,065,552.60.
- ✚ **PIHP FY20 Rate Setting** – On March 9, 2020 PIHPs met with MDHHS and Milliman to discuss the revenue shortages experienced amongst PIHPs across the state. During this meeting, Milliman acknowledged a few payment issues that would result in approximately \$120 million in capitation payments being made statewide. In addition to a discrepancy between Milliman's determined use of eligibility and what is used by MDHHS for the various programs, a fix to the state's eligibility system is scheduled to occur in June 2020. Retroactive payments to account for approximately \$70 million in missed payments are estimated to occur during the last 6 months of this fiscal year. PIHPs are soliciting an advance of these payments due to the cash flow issues being experienced as a result of this shortage in revenues. One of the documents from this meeting is included in your packet as an attachment. The FY 2021 rate setting kick off meeting is scheduled for March 24. We will keep you posted on any new developments regarding FY20 and FY21 rates.
- ✚ **NEW Regional Revenue Allocation Model** – Milliman (Wisconsin) will be onsite on April 9 to present the regional model and the methodology to the CMHSPs, Beacon, and the LRE. The goal of this meeting is to establish a level of comfort and understanding of the model, provide some illustrative scenarios, and to help answer questions.