
Lakeshore Regional Entity Board Financial Officer Report for January 2020

- ✚ A motion is requested to approve the December 2019 disbursements. A summary of those disbursements is included as an attachment.
- ✚ A Statement of Activities report through November 2019 is also included as an attachment.
- ✚ **Regional Projections** - A Bucket Report for November 2019 is included as an attachment for today's meeting. When compared to October's report, the projected deficit for the region is up by \$6,527,666, from \$2,085,971 to \$8,613,637 for Medicaid and Healthy Michigan Plan (HMP). Variance explanations by member have been incorporated into the bucket report.
- ✚ **FY20 Financial Risk Management Plan** – Last month this item was deferred until today's meeting. Annually PIHPs are required to prepare and submit a Financial Risk Management Plan to MDHHS in compliance with their contract. Plans include specific information to satisfy the legal requirements of the Michigan Mental Health Code as it relates to regional entities. Please note some of the changes in this year's plan are contingent upon the settlement terms of the LRE's contract with MDHHS.
- ✚ **MDHHS Management Decision for FY18 Audit** – MDHHS completed its review of our FY18 compliance examination report and audit findings for the year ending September 30, 2018. Due to the LRE's inability to cover \$11,648,434 of the \$15,148,434 local risk for FY18, a timeline of the LRE's intent to comply with certain provisions of the contract has been requested by January 23, 2020. If the LRE disagrees with MDHHS's management decision, an appeal must be submitted by January 23, 2020.
- ✚ **PIHP FY20 Rate Setting** –Statewide PIHPs are still reporting significant discrepancies in their FY20 revenues. The LRE's most significant variances are still within the HSW, SED, and Children's Waiver programs. The current impact on our HSW revenue is annualized at approximately \$5 million if the issue is not rectified. However, there are positive movements and active steps being taken by the state to understand and fix the problems. We have received some retro payments from October and November and are anticipating more this month after fixes are made within the state's billing and eligibility system.
- ✚ **NEW Regional Revenue Allocation Model** –Milliman (Wisconsin) reviewed the results of their work to apply the FY2018 data to the risk-based allocation model created for our region on December 18 with the LRE, Beacon, and CMHSPs. A regional analysis with varying degrees of a phase-in to help smooth the impact amongst members was prepared by Beacon Health Options. A follow up meeting with the LRE, Beacon, and CMHSPs took place on January 9 in which the soundness of the model, regional outlook, and next steps were discussed. Additional requests were submitted to Milliman to further align the model with state requirements around BH-TEDs submissions, to help address missing SUD data from FY18, and to receive feedback on possible options for varying service delivery locations (i.e. rural vs. urban). Additional work may exceed the current allotment for this phase of the project but will be determined and reviewed ahead of time.
- ✚ **Grants/Additional Funding** – The LRE received approval to carryover \$536,024 in unspent State Targeted Response Grant funds from FY19 to use in FY20. This funding supports statewide initiatives to implement prevention, treatment and recovery support services for individuals who are misusing and addicted to opioids. Amendments to current treatment and prevention allocations are being presented today to incorporate this additional funding. All funds must be spent by April 30, 2020.