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

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-  A motion is requested to approve the March 2020 disbursements. A summary of those disbursements is included as an attachment.
-  A Statement of Activities report through February 2020 is also included as an attachment.
-  **Regional Projections** - A Bucket Report for February 2020 is included as an attachment. When compared to January's report, the projected deficit for the region is down by \$4,086,596 from \$10,658,738 to \$6,572,142 for Medicaid and Healthy Michigan Plan (HMP). A significant change this month is due to a projected increase in revenue of \$2.6 million. Our revenue assumptions were adjusted to accommodate unexpected retro payments for a full six-month look back period and to also reinstate revenues originally assumed would be lost due to the Healthy Michigan Plan work requirements. The amounts projected for our regional ISF, regional withholds for performance and reporting standards, as well as the MDHHS performance bonus incentive revenue anticipated are also included again this month. If these additional sources of revenue can be realized by the LRE and its members, the projected deficit goes down to approximately \$1.9 million. As FY20 revenue shortages for our region are corrected, projections within this report will also be updated and could result in a surplus for the region.
-  **FY2019 Performance Bonus Award** –The LRE received its FY19 performance incentive bonus payment of \$1,910,636.16 and was able to issue partial cost settlement payments to its members for FY19. The total potential award for FY19 was \$2,065,552.60. Work is underway to help ensure the region meets all of the specific metrics surrounding care coordination planning with health plans.
-  **PIHP FY20 Rate Setting** – Payments for FY20 rate discrepancies that Milliman reported are expected later this month. The original estimate was approximately \$70 million statewide. More recent estimates range from \$55-\$60 million. There is a meeting Friday, April 17 to discuss the rate changes that will be released. PIHPs are anxiously waiting to see the final numbers for their region.
-  **NEW Regional Revenue Allocation Model** – The LRE, Beacon, and CMHSPs met with Milliman (Wisconsin) on April 9 to review and discuss the regional model, methodology, and to allow an opportunity for Milliman to answer any questions and address any concerns. In general, there was a lot of interest among the CMHs to have the risk-based revenue allocation model run in parallel with the existing revenue methodology. Doing so would allow CMHs a chance to better understand revenue on a monthly basis and build confidence and comfort with the way data submissions are used. There were also discussions about addressing different service areas within the region (i.e. rural verses urban, competitive provider areas verses non-competitive provider areas) and how those factors could be taken into consideration during the revenue allocation process. These topics need to be discussed further prior to adoption. Milliman has offered their assistance to further vet ways to address some of the noted concerns and to also assist in the model build for the region if needed.

-  **COVID-19** - A lot of time has been dedicated responding to the unique challenges of delivering care under the current restrictions and orders to mitigate the spread of Coronavirus. Regionally, the LRE, Beacon and CMHSP finance officers have been meeting regularly to discuss challenges, share solutions, and explore opportunities to establish consistencies in our responses to providers. The state has addressed many challenges, including expanding the allowance to bill for telehealth services, however we are still awaiting guidance on ways to provide financial support to our providers within the current restraints of Michigan's Medicaid program. We are hopeful that additional approvals within the 1135 Waiver will assist with some of the current challenges.
  
-  **Additional Funding Opportunities** – The LRE received notice that its FY21 award for Clubhouse Spenddown and Veteran Navigator services were granted. The Clubhouse Spenddown award for \$250,000 will be used to help maintain clubhouse services to persons with Medicaid spenddown who are currently being funded by HealthWest, Network180, and Ottawa County CMH. The LRE first received funding to support these services in January 2020 and are excited to continue receiving support and funding in FY21. The regional Veteran Navigator award for \$90,000 will continue supporting activities that connect veterans and military families with needed resources and support. It also supports regional training for all CMHSPs and other community partners that help educate employees on best practices to aide and assist veterans.
  
-  **PIHP FY21 Rate Setting** – On March 24 the PIHPs met with MDHHS and Milliman to discuss their plans for establishing FY21 rates. The FY19 data that CMHSPs, Beacon, and the LRE have diligently worked to finalize, correct where needed, and ensure its accuracy and completeness will be the basis for the FY21 rate setting process. Most of the base data adjustments will remain the same, however, there are plans to include LOCUS data and to use inpatient unit cost variations in the establishment of PIHP area factors. Draft rates are expected in June.