



Lakeshore Regional Entity Board Financial Officer Report for June 2020

- ✚ A motion is requested to approve the May 2020 disbursements. A summary of those disbursements is included as an attachment.
- ✚ A Statement of Activities report through April 2020 is also included as an attachment.
- ✚ **Regional Projections** - A Bucket Report for April 2020 is included as an attachment for today's meeting. When compared to March's report the projected surplus is now \$2,585,187 for Medicaid and Healthy Michigan Plan (HMP) which is up by \$1,270,182. CMHSPs are also analyzing the impact of COVID on services and some have noted initial results on their reports. We continue to update our revenue projections monthly as payments and membership data is received. We are conservatively applying a percentage of the unemployment rates for each county in our region as we anticipate this will have an impact on the number of eligible Medicaid and HMP enrollees. Our latest revenue and membership projections by program and CMHSP is attached to this report for your review.
- ✚ **FY2019 Audit Report** – During today's meeting, the LRE's FY2019 financial audit will be presented by our auditing firm. The LRE ended the fiscal year with a deficit net position of (\$24,919,878) in its operating budget. As a result, the LRE is required to formulate a Deficit Elimination Plan again this year and file it with the Michigan Department of Treasury. In addition, a corrective action plan is also required because the LRE's expenditures exceeded revenues for the past three years.
- ✚ **Cost Settlements** - The LRE shows a net balance of approximately \$33 million due to CMHSPs through fiscal year 2019. This includes all funding sources (Medicaid, HMP, Block Grant, and PA2). Cost settlements with the state have been finalized through FY17 for Medicaid and HMP. The state finalized block grant cost settlements for FY18 and is currently processing FY19. The LRE owes \$1.8 million to the state for unspent block grant funds from FY19 and has been working with CMHSPs on schedules to return lapsed dollars. Funding to cover Medicaid and HMP settlements for prior years is still under negotiations as part of the LRE's settlement with the state.
- ✚ **PIHP FY20 Rate Setting** – The state issued a new certification letter amending rates for April, May, and June to accommodate the \$2 per hour increase for hazard pay to direct care workers and to increase the Hospital Reimbursement Adjustment (HRA) for hospitals accepting patients with COVID-19. The three-month hazard pay increase is approximately \$51.4 million statewide and the HRA increase is approximately \$1.5 million. Rate adjustments will be included in our capitation payment for June. Plans are underway to ensure systems and processes are in place to accommodate the state's request to void and resubmit previously submitted claims with the actual amounts paid as a result of the hazard pay.
- ✚ **NEW Regional Revenue Allocation Model** – The LRE and Beacon continues to work toward solutions that address different service areas within the region (i.e. rural verses urban, competitive provider areas verses non-competitive provider areas) and to determine how those factors could be taken into consideration during the revenue allocation process. We will report as new developments and options are vetted.

-  **COVID-19** – Additional clarification was received from the state to address questions and concerns surrounding the use of Medicaid, General Fund, and Medicare as a result of COVID-19 emergency responses. This information has provided much needed guidance and support to assist CMHSPs and PIHPs in their responses to manage the public behavioral health provider system during the pandemic.

-  **Funding and Grant Updates** – The state applied for State Opioid Response Grant II funds that can be used for prevention, treatment, and recovery interventions to increase access to treatment; reduce unmet treatment needs; and focus on reducing opioid overdose deaths. The state’s application is for \$36 million for the next two years. This is almost double the current state award. Our region has submitted project proposals for FY21 totaling \$1,526,237. Approval is contingent on SAMHSA’s approval and, if approved will provide additional support in lieu of the State Targeted Grant that ended April 30, 2020.

-  **PIHP FY21 Rate Setting** – CMHSPs, Beacon, and the LRE have all been working hard to finalize, correct, and ensure the accuracy and completeness of all FY19 data. The LRE received a preliminary acknowledgement from the state indicating how our data completeness compared to other PIHPs. We were one of 3 PHIP’s that had “no significant issues noted”. This has been a great team effort and much improved from last year. This is critical in ensuring our region receives funding to support all services provided and to ensure the state’s actuary can give us credit during their actuarial process. Draft rates were expected this month but has been postponed to July 23. We will keep you posted.

Member Month Projection

% of total Unemployment to use:		25%	25%	25%
April/May/June Unemployment % = 25% of Increase from March to April				
	March	April	May	June
Allegan			4.98%	4.98%
Healthwest			6.35%	6.35%
Network180			4.78%	4.78%
Ottawa			4.70%	4.70%
West Michigan			5.50%	5.50%
*Removes March 'base'				
By County Unemployment				
Michigan	4.3%	22.7%	22.7%	22.7%
Grand Rapids	2.5%	21.6%	21.6%	21.6%
Muskegon	3.9%	29.3%	29.3%	29.3%
Allegan	2.9%	22.8%	22.8%	22.8%
Lake	5.6%	30.4%	30.4%	30.4%
Mason	5.0%	25.5%	25.5%	25.5%
Ottawa	2.4%	21.2%	21.2%	21.2%
Oceana	6.2%	27.0%	27.0%	27.0%
*From bls.gov/lau/				

*Increases added to HMP & TANF - Not DAB

	Prior Projection	Current Projection	Change
Allegan	266,399	270,130	3,731
Healthwest	628,012	636,484	8,472
Network180	1,603,255	1,622,504	19,249
Ottawa	423,293	428,626	5,333
West Michigan	229,304	231,989	2,685
Total Member Months	3,150,263	3,189,733	39,470

Revenue Projection

Total LRE			
	Prior Projection	Current Projection	Change
MCD - MH	\$ 184,265,032	\$ 185,048,874	\$ 783,842
MCD - SUD	\$ 8,125,315	\$ 8,220,740	\$ 95,425
HMP - MH	\$ 18,747,195	\$ 19,085,318	\$ 338,123
HMP - SUD	\$ 12,378,991	\$ 12,588,228	\$ 209,236
Autism	\$ 33,733,022	\$ 33,938,451	\$ 205,429
Waiver	\$ 34,144,786	\$ 34,394,794	\$ 250,009
LRE / Beacon Admin	\$ 13,424,306	\$ 13,482,967	\$ 58,661
ISF	\$ 2,310,665	\$ 2,325,339	\$ 14,674
Perf. Bonus (Region)	\$ 575,612	\$ 576,282	\$ 670
Timely Filing (Region)	\$ 383,741	\$ 384,188	\$ 446
IPA	\$ 3,770,174	\$ 3,817,510	\$ 47,335
Total Region	\$ 311,858,840	\$ 313,862,689	\$ 2,003,849

Total CMHSPs			
	Prior Projection	Current Projection	Change
Allegan	\$ 26,130,997	\$ 26,319,819	\$ 188,822
Healthwest	\$ 57,229,015	\$ 57,580,028	\$ 351,012
Network180	\$ 149,212,329	\$ 150,146,424	\$ 934,095
Ottawa	\$ 38,855,976	\$ 39,121,342	\$ 265,366
West Michigan	\$ 19,966,023	\$ 20,108,792	\$ 142,769
Total CMHSPs	\$ 291,394,341	\$ 293,276,405	\$ 1,882,063

	Prior Projection	Current Projection	Change
Allegan	\$ 98.09	\$ 97.43	\$ (0.66)
Healthwest	\$ 91.13	\$ 90.47	\$ (0.66)
Network180	\$ 93.07	\$ 92.54	\$ (0.53)
Ottawa	\$ 91.79	\$ 91.27	\$ (0.52)
West Michigan	\$ 87.07	\$ 86.68	\$ (0.39)
Total CMHSPs	\$ 92.50	\$ 91.94	\$ (0.55)

Waiver			
Allegan	\$ 4,409,289	\$ 4,455,157	\$ 45,868
Healthwest	\$ 7,888,093	\$ 7,923,802	\$ 35,710
Network180	\$ 14,535,366	\$ 14,629,111	\$ 93,746
Ottawa	\$ 4,918,044	\$ 4,964,267	\$ 46,223
West Michigan	\$ 2,393,994	\$ 2,422,456	\$ 28,462
Total Waiver	\$ 34,144,786	\$ 34,394,794	\$ 250,009

CMHSPs Breakdown			
	Prior Projection	Current Projection	Change
MCD - MH			
Allegan	\$ 16,390,459	\$ 16,463,093	\$ 72,635
Healthwest	\$ 38,230,323	\$ 38,380,912	\$ 150,589
Network180	\$ 91,993,472	\$ 92,385,799	\$ 392,327
Ottawa	\$ 24,087,393	\$ 24,195,233	\$ 107,840
West Michigan	\$ 13,563,386	\$ 13,623,837	\$ 60,451
Total MCD - MH	\$ 184,265,032	\$ 185,048,874	\$ 783,842

MCD - SUD			
Allegan	\$ 670,979	\$ 678,662	\$ 7,683
Healthwest	\$ 1,820,926	\$ 1,840,653	\$ 19,727
Network180	\$ 4,070,070	\$ 4,118,801	\$ 48,731
Ottawa	\$ 923,510	\$ 936,934	\$ 13,424
West Michigan	\$ 639,830	\$ 645,690	\$ 5,860
Total MCD - SUD	\$ 8,125,315	\$ 8,220,740	\$ 95,425

HMP - MH			
Allegan	\$ 1,462,089	\$ 1,492,225	\$ 30,136
Healthwest	\$ 4,043,334	\$ 4,122,305	\$ 78,971
Network180	\$ 9,319,906	\$ 9,480,018	\$ 160,112
Ottawa	\$ 2,455,612	\$ 2,498,365	\$ 42,754
West Michigan	\$ 1,466,254	\$ 1,492,404	\$ 26,150
Total HMP - MH	\$ 18,747,195	\$ 19,085,318	\$ 338,123

HMP - SUD			
Allegan	\$ 952,493	\$ 969,926	\$ 17,432
Healthwest	\$ 2,716,942	\$ 2,767,674	\$ 50,733
Network180	\$ 6,170,483	\$ 6,269,800	\$ 99,317
Ottawa	\$ 1,566,832	\$ 1,592,442	\$ 25,610
West Michigan	\$ 972,241	\$ 988,386	\$ 16,145
Total HMP - SUD	\$ 12,378,991	\$ 12,588,228	\$ 209,236

Autism			
Allegan	\$ 2,245,688	\$ 2,260,756	\$ 15,068
Healthwest	\$ 2,529,397	\$ 2,544,680	\$ 15,283
Network180	\$ 23,123,033	\$ 23,262,895	\$ 139,862
Ottawa	\$ 4,904,585	\$ 4,934,100	\$ 29,515
West Michigan	\$ 930,319	\$ 936,019	\$ 5,701
Total Autism	\$ 33,733,022	\$ 33,938,451	\$ 205,429