



Lakeshore Regional Entity Board Financial Officer Report for August 2020

- ✚ A motion is requested to approve the July 2020 disbursements. A summary of those disbursements is included as an attachment.
- ✚ A Statement of Activities report through June 2020 is also included as an attachment.
- ✚ A Bucket Report for June 2020 is included as an attachment for today's meeting. CMHSPs are still analyzing and determining the financial impacts of COVID on services. While we work to ensure an adequate continuum of care is available to our consumers, we are mindful of the additional costs these efforts may require. Revenue projections continue to be updated monthly as payments and membership data is received. We continue to conservatively apply a percentage of the unemployment rates to our projections for each county in our region since these rates are having a direct impact on the number of eligible Medicaid and HMP enrollees. Our latest revenue and membership projections by program and CMHSP are attached to this report for your review.
- ✚ **PIHP FY20 Revenue/Rate Setting** – The state officially announced its extension of the \$2 per hour increase for direct care worker (DCW) wages through September 30, 2020. Details surrounding this announcement can be found in [MDHHS Letter 20-42](#). The increased pay for this extension covers the months of July, August, and September and will come from the Coronavirus Relief Fund. Payments to PIHPs will be provided in their September capitation. The Michigan Department of Health and Human Services (MDHHS) has encouraged PIHPs to pay the wage increase now and not wait for the capitation payment in September.
- ✚ **PIHP FY21 Revenue/Rate Setting** – On July 23, the state's actuary, Milliman, presented an overview of their FY21 capitation rate development process. A statewide increase in Medicaid and Healthy Michigan Plan enrollments is being built into their rate projections for FY21 with an anticipated stabilization of enrollments to occur in January 2021. This piece will account for an approximate \$13 million increase statewide. A new inpatient factor will also be added to the current transportation factor in FY21. This will be used to adjust rates for reported inpatient cost variances amongst PIHPs. The LRE's inpatient factor is the highest in the state which means our inpatient costs, in comparison to other PIHPs, are higher. Having the state take this factor into consideration this year is a positive move in the right direction. Acknowledging and accounting for significant variances amongst PIHPs must occur in the

capitation rate development process to help ensure the viability of Michigan's behavioral health system. In addition, Milliman did not review or use service costs beyond February 2020 for their expense analysis but committed to continuously monitoring emerging enrollment and the impact of COVID-19 on utilization and costs. In total, the rate changes for FY21 are projected to result in an overall increase of \$117 million statewide in comparison to FY20. Final rate certification documents are expected soon and will enable us to project our revenue changes and budget estimates for FY21.

-  **Beacon Health Options** – The LRE was recently informed that Chad Shirley, Director of Finance for Michigan, accepted a promotion within their organization that will result in him transitioning his current role and responsibilities to Michael Tegler. Michael has over 25 years of healthcare finance and operations experience and a diverse background in the healthcare industry that includes health plans, physician group practice, and mental health providers. We congratulate Chad on his new position and welcome Michael to the team. Beacon will continue to work with the LRE and CMHSPs to help improve and enhance financial reporting, analysis, and data reconciliations and is also committed to a seamless transition that fully supports the adjustments this change requires.

-  **PA2 Funding** – Communications from Ottawa County have been received in response to the LRE's requests for FY19 and FY20 PA2 distributions that are due to the PIHP for substance use treatment and prevention services in Ottawa County in addition to the LRE's request for unspent PA2 funds from prior years. Fifty percent of the current year PA2 funds received by each county must be distributed to the PIHP (previously known as coordinating agency) designated for that county and those funds must be used for substance abuse treatment programs within the county from which the proceeds originated. We are hopeful the matter is resolved soon in accordance with statute and to all party's satisfaction. We will keep you and the Oversight Policy Board apprised regarding the receipt and distribution of these funds.

Revenue Projection

	Total LRE		
	Prior Projection	Current Projection	Change
MCD - MH	\$ 188,912,260	\$ 189,573,458	\$ 661,198
MCD - SUD	\$ 8,336,036	\$ 8,401,337	\$ 65,301
HMP - MH	\$ 19,480,180	\$ 19,766,688	\$ 286,507
HMP - SUD	\$ 12,898,223	\$ 13,131,774	\$ 233,550
Autism	\$ 34,178,393	\$ 34,265,577	\$ 87,184
Waiver	\$ 35,405,503	\$ 35,307,144	\$ (98,359)
LRE / Beacon Admin	\$ 13,487,574	\$ 13,535,191	\$ 47,617
ISF	\$ 2,362,958	\$ 2,372,654	\$ 9,695
Perf. Bonus (Region)	\$ -	\$ -	\$ -
Timely Filing (Region)	\$ -	\$ -	\$ -
IPA	\$ 3,825,068	\$ 3,848,353	\$ 23,285
Total Region	\$ 318,886,196	\$ 320,202,175	\$ 1,315,979

	Total CMHSPs		
	Prior Projection	Current Projection	Change
Allegan	\$ 27,026,375	\$ 27,103,373	\$ 76,998
Healthwest	\$ 58,684,518	\$ 58,768,351	\$ 83,833
Network180	\$ 153,028,079	\$ 153,782,239	\$ 754,160
Ottawa	\$ 39,887,525	\$ 40,149,624	\$ 262,099
West Michigan	\$ 20,584,098	\$ 20,642,390	\$ 58,292
Total CMHSPs	\$ 299,210,596	\$ 300,445,977	\$ 1,235,382

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	Prior Projection	Current Projection	Change
Allegan	\$ 100.58	\$ 101.07	\$ 0.49
Healthwest	\$ 92.30	\$ 92.09	\$ (0.22)
Network180	\$ 93.92	\$ 93.52	\$ (0.40)
Ottawa	\$ 92.62	\$ 92.55	\$ (0.08)
West Michigan	\$ 88.96	\$ 89.48	\$ 0.52
Total CMHSPs	\$ 93.62	\$ 93.44	\$ (0.18)

	CMHSPs Breakdown		
	Prior Projection	Current Projection	Change
MCD - MH			
Allegan	\$ 16,791,659	\$ 16,838,026	\$ 46,367
Healthwest	\$ 39,149,661	\$ 39,242,959	\$ 93,298
Network180	\$ 94,333,874	\$ 94,694,571	\$ 360,697
Ottawa	\$ 24,712,168	\$ 24,830,668	\$ 118,499
West Michigan	\$ 13,924,897	\$ 13,967,234	\$ 42,337
Total MCD - MH	\$ 188,912,260	\$ 189,573,458	\$ 661,198
MCD - SUD			
Allegan	\$ 684,444	\$ 687,476	\$ 3,032
Healthwest	\$ 1,858,996	\$ 1,865,037	\$ 6,041
Network180	\$ 4,184,762	\$ 4,229,016	\$ 44,255
Ottawa	\$ 956,731	\$ 968,191	\$ 11,460
West Michigan	\$ 651,104	\$ 651,617	\$ 513
Total MCD - SUD	\$ 8,336,036	\$ 8,401,337	\$ 65,301
HMP - MH			
Allegan	\$ 1,504,103	\$ 1,510,571	\$ 6,468
Healthwest	\$ 4,166,712	\$ 4,186,240	\$ 19,528
Network180	\$ 9,746,892	\$ 9,952,691	\$ 205,799
Ottawa	\$ 2,556,891	\$ 2,603,206	\$ 46,315
West Michigan	\$ 1,505,582	\$ 1,513,980	\$ 8,398
Total HMP - MH	\$ 19,480,180	\$ 19,766,688	\$ 286,507
HMP - SUD			
Allegan	\$ 983,170	\$ 992,490	\$ 9,321
Healthwest	\$ 2,813,860	\$ 2,844,708	\$ 30,848
Network180	\$ 6,464,094	\$ 6,611,735	\$ 147,641
Ottawa	\$ 1,635,420	\$ 1,670,569	\$ 35,149
West Michigan	\$ 1,001,680	\$ 1,012,272	\$ 10,591
Total HMP - SUD	\$ 12,898,223	\$ 13,131,774	\$ 233,550
Autism			
Allegan	\$ 2,470,119	\$ 2,477,622	\$ 7,504
Healthwest	\$ 2,508,665	\$ 2,514,756	\$ 6,090
Network180	\$ 23,286,026	\$ 23,344,491	\$ 58,465
Ottawa	\$ 4,957,330	\$ 4,969,924	\$ 12,594
West Michigan	\$ 956,253	\$ 958,784	\$ 2,531
Total Autism	\$ 34,178,393	\$ 34,265,577	\$ 87,184
Waiver			
Allegan	\$ 4,592,880	\$ 4,597,188	\$ 4,307
Healthwest	\$ 8,186,624	\$ 8,114,652	\$ (71,972)
Network180	\$ 15,012,433	\$ 14,949,735	\$ (62,697)
Ottawa	\$ 5,068,984	\$ 5,107,066	\$ 38,082
West Michigan	\$ 2,544,582	\$ 2,538,502	\$ (6,079)
Total Waiver	\$ 35,405,503	\$ 35,307,144	\$ (98,359)

Member Month Projection							
Percent of total Unemployment to use:		5%	25%	35%	40%	40%	40%
	March	April	May	June	July	August	September
Allegan		0.99%	3.53%	2.94%	2.23%	2.23%	2.23%
Healthwest		1.26%	5.23%	4.80%	3.72%	3.72%	3.72%
Network180		0.94%	3.70%	3.43%	2.69%	2.69%	2.69%
Ottawa		0.93%	3.43%	3.01%	2.34%	2.34%	2.34%
West Michigan		1.10%	3.70%	3.00%	2.00%	2.00%	2.00%
*Removes March 'base'							

By County Unemployment Percent							
Michigan	4.3%	22.7%	21.2%	14.8%	11.1%	11.1%	11.1%
Kent	2.5%	21.3%	17.3%	12.3%	9.2%	9.2%	9.2%
Muskegon	3.9%	29.1%	24.8%	17.6%	13.2%	13.2%	13.2%
Allegan	2.9%	22.6%	17.0%	11.3%	8.5%	8.5%	8.5%
Lake	5.6%	30.2%	21.8%	15.2%	11.4%	11.4%	11.4%
Mason	5.0%	25.5%	18.9%	12.8%	9.6%	9.6%	9.6%
Ottawa	2.4%	20.9%	16.1%	11.0%	8.3%	8.3%	8.3%
Oceana	6.2%	27.0%	20.9%	14.7%	11.0%	11.0%	11.0%
*From bls.gov/lau/ - County Data - Table - Labor force data by county							
*Increases added to HMP & 50% to TANF - Not DAB							

	Prior Projection	Current Projection	Change
Allegan	268,718	268,172	(546)
Healthwest	635,774	638,182	2,408
Network180	1,629,429	1,644,435	15,006
Ottawa	430,652	433,836	3,184
West Michigan	231,399	230,696	(703)
Total Member Months	3,195,972	3,215,321	19,349