

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN

REGULAR BOARD MEETING

705 N. Zeeb Road, Ann Arbor, MI 48103

November 11, 2015

6:00 pm



Agenda

	<u>Guide</u>
I. Call to Order	1 min
II. Roll Call	2 min
III. Consideration to Adopt the Agenda as Presented (Board Action)	2 min
IV. Consideration to Approve the Minutes of the 10-14-15 Regular Meeting and Waive the Reading Thereof (Board Action) {Attachment #1}	2 min
V. Audience Participation (5 minutes per participant)	
VI. Communication to the Regional Board	2 min
VII. PIHP Managing Director Report to the Board	20 min
a. September Finance Report {Attachments #2, 2a-2d}	
b. PIHP CFO Replacement Process	
c. CEO Transition Plan {Attachment #3}	
d. Annual Board Satisfaction Survey in December	
VIII. Old Business	
a. Regional Board By-laws Review (Board Action) {Attachment #4}	25 min
b. Performance Criteria and Appraisal Format	
IX. New Business	15 min
a. Financial Risk Management Strategy (Board Action) {Attachment #5}	
b. Afia Contract (Board Action) {Attachment #6}	
c. Livingston SUD Contract Amendment (Board Action) {Attachment #7}	
X. Adjournment	

**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN  
REGULAR BOARD MEETING MINUTES**

**October 14, 2015**



**Members Present:** Greg Lane, Jan Plas, Sandra Libstorff, Judy Ackley, Bob Wilson, Lisa Berry-Bobovski, Barb Cox, Charles Coleman

**Members Absent:** Ralph Tillotson, Charles Londo

**Staff Present:** Connie Conklin, Sandy Keener, Stephannie Weary, Marci Scalera, Marie Irwin, Nicole Phelps, Steve Holda, James Colaianne, Trish Cortes

**Others Present:** Kent Martinez-Kratz, Patricia Spriggle, Lori Lutomski

I. Call to Order

Meeting called to order at 6:00 p.m. by Board Chair G. Lane.

II. Roll Call

- Washtenaw County Community Mental Health (WCCMH) board members who will join the Regional Board introduced themselves.

III. Consideration to Adopt the Agenda as Presented

**Motion by J. Plas, supported by B. Wilson, to approve the agenda  
Motion carried**

IV. Consideration to Approve the Minutes of the September 9, 2015 Regular Meeting and Waive the Reading Thereof

**Motion by J. Ackley, supported by J. Plas, to approve the minutes of September 9, 2015 Regular Meeting and waive the reading thereof  
Motion carried**

V. Audience Participation

VI. Communication to the Regional Board

a. WCHO withdrawal of membership in the CMHPSM

- WCHO will be removed from the partnership, as they are no longer a CMHSP.

**Motion by J. Plas, supported by B. Wilson, to remove the WCHO from the CMHPSM  
Motion carried**

Ackley	Y	Libstorff	Y
Berry-Bobovski	Y	Londo	Absent
Coleman	Not present for this vote	Plas	Y

Cox	Y	Tillotson	Absent
Lane	Y	Wilson	Y

b. Washtenaw County CMH membership in the CMHPSM

- The CMHPSM has received a request from the WCCMH to join the CMHPSM partnership.
- The PIHP will prepare a resolution for consideration at individual boards. At the November Regional Board meeting board members will report back with any responses from their boards.

VII. PIHP Managing Director Report to the Board

a. August Finance Report

- S. Holda presented the August finance report.
- There was nothing out of the ordinary in report; all the information is consistent with previous reports.
- S. Holda shared the Funding to Affiliates Compared with Affiliate Expenditures.
- Washtenaw experienced some higher numbers in the report because a few big providers hadn't submitted all of their claims. The Finance team is working with providers to reinforce the accuracy of reporting.
- S. Holda provided a Medicaid Revenue Comparisons schedule in response to board member questions at the September meeting. The report contains traditional Medicaid only, because it's the only fund that can be compared "apples to apples."

b. Financial Strategy Update

i. Communications sent to the WC BOC

- The PIHP sent 2 letters to the Washtenaw BOC providing information to assist them in making their decisions for community mental health services. One of the letters indicated the next steps for the PIHP including a plan if the WCCMH was unable to adhere to the contractual responsibilities of the CMHSP.
- If Washtenaw CMH doesn't fulfill the terms of its contract at the 3 month mark, the PIHP has the contractual responsibility to ensure services to the Medicaid eligible individuals in the region including seeking alternative ways for consumers to be served.

ii. Procedures manual for delegated functions and services

- G. Lane and M. O'Hare have been discussing a procedures manual, also referred to as a crisis book. This book will serve as a procedures manual for situations in which the CMHPSM needs to fulfill any delegated services that are not being provided as contracted by a provider within the CMHPSM provider network.
- The entire PIHP staff will work on this project. M. O'Hare would like the manual to be completed by the time her retirement begins.

c. MACMHB Fees for FY 2915

- As a member, the CMHPSM paid its fees based on the usage of MACMHB resources. The CMHPSM's fees were just under \$2,500 for 2015.

d. MACMHB Executive and Steering Committee Nomination Submitted

- G. Lane was selected as a member of the Steering Committee. He will be representing all 10 PIHP boards, not just the CMHPSM.

VIII. Old Business

a. CEO Contract

- G. Lane presented the negotiated contract.

**Motion by B. Wilson, supported by C. Coleman, to approve the contract for Chief Executive Officer between the CMHPSM and Jane Terwilliger with the associated total compensation and contract elements**

**Motion carried**

Ackley	Y	Libstorff	Y
Berry-Bobovski	Y	Londo	Absent
Coleman	Y	Plas	Y
Cox	Y	Tillotson	Absent
Lane	Y	Wilson	Y

IX. New Business

a. Regional Board By-laws Discussion

- The board reviewed an updated draft of the board's bylaws.
- Board members should take the bylaws back to their local boards for comments. Any comments should be forwarded to the PIHP by November 10, 2015, via S. Weary
- The Bylaws and comments will come back to the Regional Board for final discussion at the November 11, 2015, board meeting.
- The goal is to have the updated bylaws approved by the CMH boards at their November meetings.
- The CMH boards approve the bylaws, and the Regional Board accepts them.

b. PIHP Voting Delegates at MACMHB Fall Conference

- The CMHPSM has up to 3 votes: 1 for the executive director and 2 for board members. If a board member is already voting for his or her CMH, that board member cannot vote as a delegate for the PIHP.
- B. Wilson will attend the conference and vote as a delegate for the PIHP. M. O'Hare will also be in attendance and will vote as Executive Director on behalf of the PIHP.

c. Regional Board Officer Elections

- Nominating Committee chair J. Plas conducted the elections. All board members were contacted prior to the election to gather their interest in serving as an officer.

**Board Chair**

- There were no nominations from the floor.

**Motion B. Wilson, supported by S. Libstorff, to unanimously accept G. Lane as Chair**

**Motion carried**

**Board Vice-Chair**

- J. Ackley nominated Lisa Berry-Bobovski from the floor.
- L. Berry-Bobovski was elected as Vice-Chair.

**Secretary**

- There were no nominations from the floor.

**Motion by S. Libstorff, supported by J. Ackley, to unanimously accept B. Wilson as Secretary**

**Motion carried**

X. Adjournment

**Motion by C. Coleman, supported by S. Libstorff, to adjourn the meeting**

**Motion carried**

Meeting adjourned at 7:43 p.m.

---

Bob Wilson, CMHPSM Board Secretary

DRAFT

Community Mental Health Partnership of Southeast Michigan  
FINANCIAL HIGHLIGHTS

September Preliminary FYTD Report

1. Statement Of Revenue, Expense & Change Net Position:

a. Revenue

- Medicaid Revenue for September is \$8,125 lower than the August revenue received and continues to run under budget (FYTD deficit of \$967,121 - this number is based on current year funding only).
- Healthy Michigan revenue continues to trend over budget and through September is \$4,698,053 over budget.
- Health Home revenue for Washtenaw continues to be under budget. Revenue is tied directly to enrollees in the program.

b. Funding for CMHSP Partners and SUD Services

- Affiliate Partner expenses now reflect the actual expenses incurred instead of the funding provided to them by the CMHPSM. This resulted in the CMHPSM showing over \$3.0 million of additional surplus for all funds.

c. CMHPSM Administrative Costs

- Expenses through September are under the amended budget by \$225,032.

2. Statement Of Net Position:

- a. The Fund Balance of \$8,598,223 under the Operations Fund is restricted and not local in nature as it is for the Affiliate Partners.
- b. The Medicaid ISF Fund Balance of \$8,804,280 is also restricted.
- c. Operations investments (PA2) and ISF investments are all invested in Government insured Certificates of Deposits.

3. Summary Of Revenues & Expenses by Fund:

- a. Preliminary cost projections by the Affiliate Partners indicate there will be sufficient Medicaid Funding to cover FY2015 needs. Cost settlement will not take place until all Affiliate Partners have completed their audits. Encounter data is still being submitted which could impact utilization by fund source.
- b. Preliminary cost projections by Affiliate Partners indicate there will be a surplus of Health Michigan funding for FY2015. Cost settlement will not take place until all Affiliate Partners have completed their audits. Encounter data is still being submitted which could impact utilization by fund source.
- c. The SUD Other surplus is consistent with the Budget which projected that there would be excess PA2 funding in FY 2015. SUD block grant expenses are running significantly under budget and we anticipate having to lapse funds.

### CMHPSM Strategies:

1. Policies will be put in place to support the allocation of funding (including ISF) to the Affiliate Partners. Policies will also support any re-allocation of funding as a result of the Quarterly Cost Settlement Process so that clear rationale describing the circumstances is made available (e.g., preventable versus non-preventable causes).
2. Track Traditional Medicaid Eligibles and HMP Enrollees to understand and project changes and how they will impact funding from MDHHS.
3. The CMHPSM will support the Affiliate Partners to make sure Consumers are enrolled in the correct Benefit Program so that funding to the CMHPSM is maximized.

Community Mental Health Partnership of Southeast Michigan  
PRELIMINARY STATEMENT OF REVENUES, EXPENSES CHANGES IN NET POSITION  
 For the Twelve Months Ending 9/30/2015

	Original Budget	YTD Actual	YTD Budget	YTD Actual O/(U) Budget	
<b>Operating Revenue</b>					
Medicaid Capitation	\$134,000,000	\$134,493,922	\$134,000,000	\$493,922	1a.
Medicaid Carryforward	4,230,523	408,132	4,230,523	(3,822,391)	
Healthy Michigan Plan	11,853,261	16,551,314	11,853,261	4,698,053	
Healthy Michigan Carryforward	0	2,153,122	0	2,153,122	
Autism	199,791	1,717,380	199,791	1,517,589	
Medicaid Health Home-Washtenaw Only	1,129,388	593,758	1,129,388	(535,630)	
10% Health Home Match Washtenaw	0	59,376	0	59,376	
MIChild	0	454,917	0	454,917	
SUD Community Grant	3,767,460	3,724,460	3,767,460	(43,000)	
SUD PA2 - Cobo Tax Revenue	3,717,346	3,424,998	3,717,346	(292,348)	
Other Revenue	1,802,780	1,873,795	1,802,780	71,015	
<b>Total Operating Revenue</b>	<b>\$160,700,549</b>	<b>\$165,455,174</b>	<b>\$160,700,549</b>	<b>\$4,754,625</b>	
<b>Funding For CMHSP Partners</b>					
Lenawee CMHSP	\$18,564,355	\$14,937,198	\$18,564,355	\$(3,627,157)	
Livingston CMHSP	23,315,961	23,385,407	23,315,961	69,446	
Monroe CMHSP	25,430,465	25,775,570	25,430,465	345,105	
WCHO CMHSP	66,361,425	68,716,916	66,361,425	2,355,491	
<b>Total Funding For CMHSP Partners</b>	<b>\$133,672,206</b>	<b>\$132,815,090</b>	<b>\$133,672,206</b>	<b>\$(857,116)</b>	1b.
<b>Funding For SUD Services</b>					
Lenawee County	\$1,022,761	\$919,687	\$1,022,761	\$(103,074)	
Livingston County	1,309,226	1,145,053	1,309,226	(164,173)	
Monroe County	1,143,346	1,333,382	1,143,346	190,036	
Washtenaw County	3,203,188	3,881,187	3,203,188	677,999	
<b>Total Funding For SUD Services</b>	<b>\$6,678,521</b>	<b>\$7,279,309</b>	<b>\$6,678,521</b>	<b>\$600,788</b>	1c.
<b>Other Contractual Obligations</b>					
Hospital Rate Adjuster	\$2,035,776	\$2,127,133	\$2,035,776	\$91,357	
USE and HICA Tax	9,903,982	10,130,933	9,903,982	226,951	
Local Match	1,577,780	1,577,780	1,577,780	0	
10% Health Home Match Washtenaw	0	59,376	0	59,376	
<b>Total Other Costs</b>	<b>\$13,517,538</b>	<b>\$13,895,222</b>	<b>\$13,517,538</b>	<b>\$377,684</b>	
<b>CMHPSM Administrative Costs</b>					
Salary & Fringe	\$1,239,269	\$1,046,141	\$1,239,269	\$(193,128)	
Administrative Contracts	801,872	1,019,381	801,872	217,509	
All Other Costs	340,714	91,301	340,714	(249,413)	
<b>Total Administrative Expense</b>	<b>\$2,381,855</b>	<b>\$2,156,823</b>	<b>\$2,381,855</b>	<b>\$(225,032)</b>	1d.
<b>Total Operating Expense</b>	<b>\$156,250,120</b>	<b>\$156,146,444</b>	<b>\$156,250,120</b>	<b>\$(103,676)</b>	
Operating Income (Loss)	\$4,450,429	\$9,308,730	\$4,450,429	\$4,858,301	
<b>Non-Operating Revenues</b>					
Interest Revenue	\$0	\$6,974	\$0	\$6,974	1e.
Change In Net Position	\$4,450,429	\$9,315,704	\$4,450,429	\$4,865,275	

1a.. The Medicaid Revenue line includes yearend accruals. We did receive a TANF adjustment for the first and second quarters of FY2015.

1b. Affiliate yearend projections are included in the reported numbers. The WCHO portion includes prior year settlement amounts related to the change in PIHPs.

1c. Full year projections have been included in the report.

1d. Administration expenses were incurred below the amended budget.

1e. Operating income of \$165,455,174 and non-operating income(Interest) of \$6,974 tie to the total revenue amount of \$165,462,148 on the Summary of Revenue and Expense by Fund Report excluding rounding.



Community Mental Health Partnership of Southeast Michigan  
PRELIMINARY STATEMENT OF NET POSITION  
 As of 9/30/2015

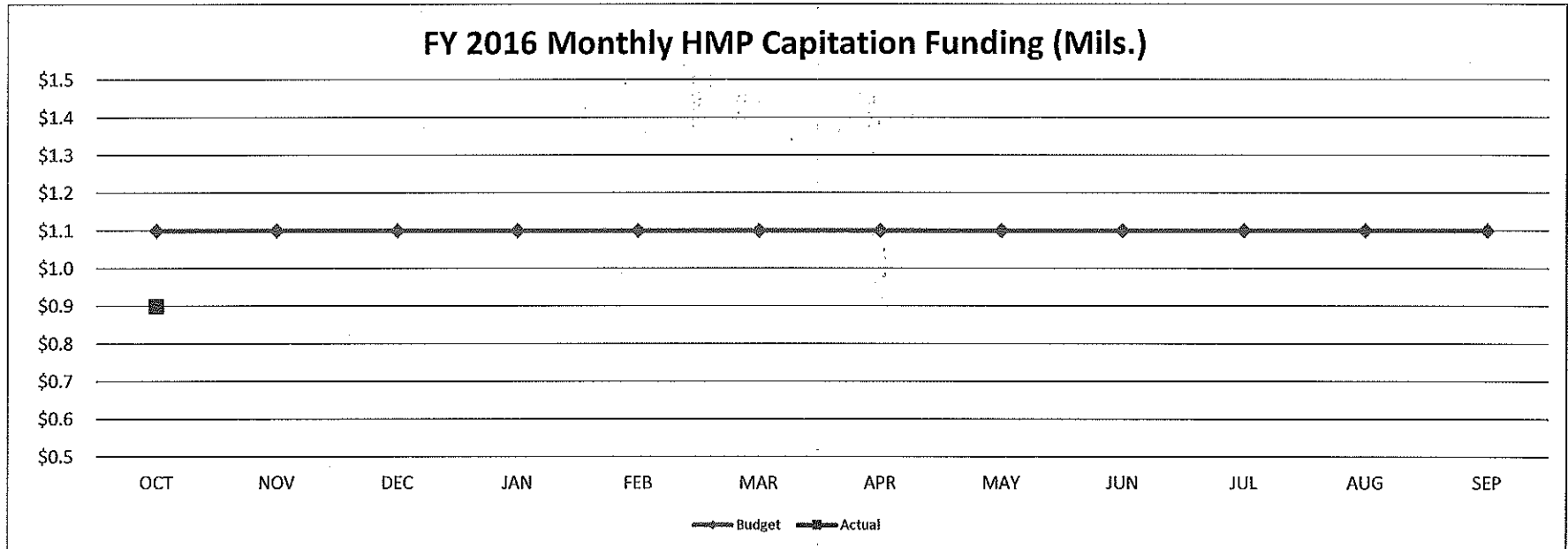
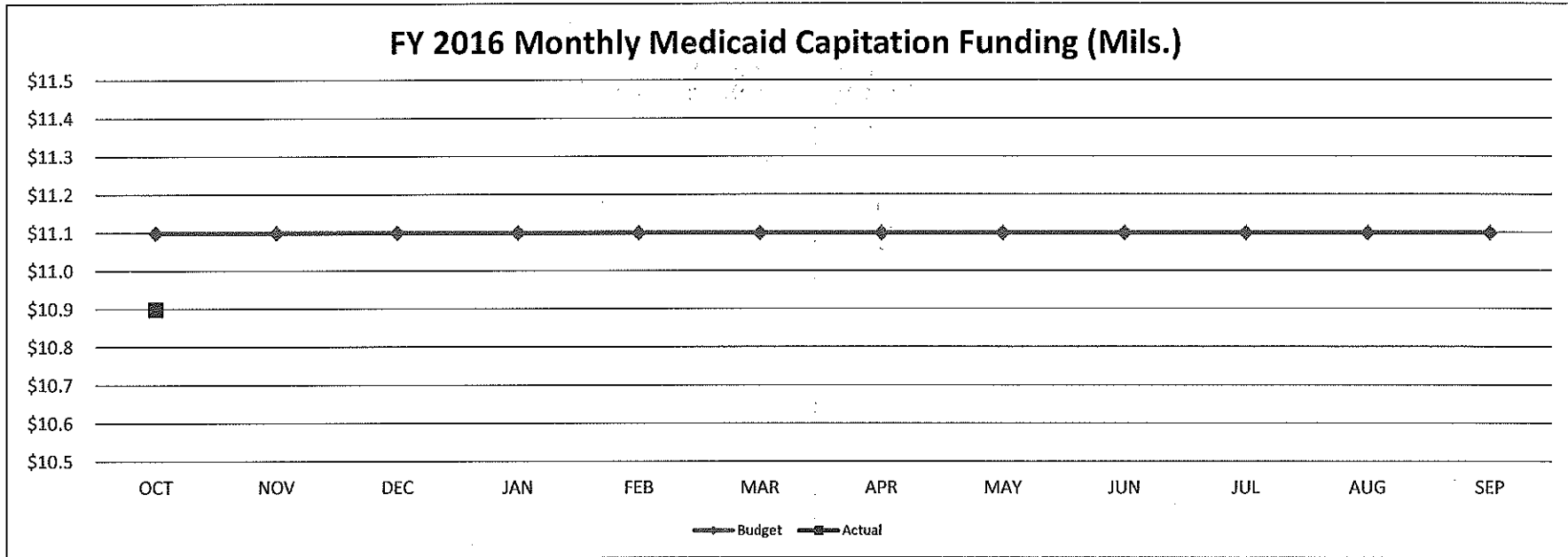
	<u>Operations Fund</u>	<u>Medicaid ISF Fund</u>	
<b>Assets</b>			
<b>Current Assets</b>			
Cash Position	\$7,228,561	\$2,988	
Investments	4,414,000	8,791,000	
Due From MDCH	1,932,200	0	
Due From Affiliate Partners	5,786,362	0	
Accounts Receivable, Net	657,651	10,293	
Prepaid Items	36,149	0	
<b>Total Current Assets</b>	<b><u>\$20,054,923</u></b>	<b><u>\$8,804,281</u></b>	
<b>Noncurrent Asset</b>			
Cap. Assets Not Being Depreciated	0	0	
Cap. Assets Being Depreciated, Net	0	0	
<b>Total Noncurrent Assets</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	
<b>Total Assets</b>	<b><u>\$20,054,923</u></b>	<b><u>\$8,804,281</u></b>	
<b>Liabilities</b>			
Accounts Payable	\$1,620,224	\$0	
Accrued Liabilities	206,168	0	
Due To MDCH	209,376	0	
Due To Affiliate Partners	4,354,205	0	
Unearned Revenue	5,066,727	0	
<b>Total Liabilities</b>	<b><u>\$11,456,700</u></b>	<b><u>\$0</u></b>	
<b>Net Position</b>			
Net Investment In Capital Assets	\$0	\$0	
Restricted Fund Balance	8,598,223	8,804,280	
<b>Total Net Position</b>	<b><u>\$8,598,223</u></b>	<b><u>\$8,804,280</u></b>	
Balance as of August 31, 2015	\$ 5,457,872	\$ 8,793,298	
Net Change	\$ 3,140,351	\$ 10,982	

Community Mental Health Partnership Of Southeast Michigan  
SUMMARY OF REVENUE AND EXPENSE BY FUND  
 September Preliminary Report 2015 FYTD

Summary Of Revenue & Expense	Funding Source								Total Funding Sources
	Medicaid	MiChild	Autism -- Medicaid	Autism -- MiChild	Healthy Michigan	Health Home	SUD Other	Other	
<b>Revenues</b>									
Funding From MDCH	\$ 134,493,921.83	\$ 454,916.88	\$ 1,638,133.80	\$ 79,246.31	\$ 16,551,313.88	\$ 593,758.32	\$ 3,724,460.00	\$ 176,020.99	\$ 157,711,773.01
Carry Forward	408,132.29	-	-	-	2,153,122.00	-	-	-	2,561,254.29
Affiliate Local For Medicaid Draw Down	-	-	-	-	-	-	-	1,577,780.00	1,577,780.00
Washtenaw Local For HH 10% Match	-	-	-	-	-	-	-	59,375.83	59,375.83
PA2/COBO Tax Funding	-	-	-	-	-	-	3,424,998.00	-	3,424,998.00
Other	-	-	-	-	-	-	-	126,966.91	126,966.91
<b>Total Revenues</b>	<b>\$ 134,902,054.12</b>	<b>\$ 454,916.88</b>	<b>\$ 1,638,133.80</b>	<b>\$ 79,246.31</b>	<b>\$ 18,704,435.88</b>	<b>\$ 593,758.32</b>	<b>\$ 7,149,458.00</b>	<b>\$ 1,940,143.73</b>	<b>\$ 165,462,148.04</b>
<b>Expenses</b>									
<b>Funding Payments To Partners</b>									
Lenawee	\$ 13,626,042.00	\$ 83,666.42	\$ 45,311.99	\$ 12,493.00	\$ 1,169,683.92	\$ -	\$ -	\$ -	\$ 14,937,197.33
Livingston	20,619,707.00	227,844.00	661,419.00	61,443.00	1,754,394.00	-	-	60,600.00	23,385,407.00
Monroe	23,808,462.00	14,983.48	301,709.00	-	1,609,995.00	-	-	40,420.97	25,775,570.45
Washtenaw	61,796,141.80	306,629.63	531,700.93	1,604.00	5,452,041.32	553,798.38	-	75,000.02	68,716,916.08
<b>Total Affiliate Payments</b>	<b>\$ 119,850,352.80</b>	<b>\$ 633,123.53</b>	<b>\$ 1,540,140.92</b>	<b>\$ 75,540.00</b>	<b>\$ 9,986,114.24</b>	<b>\$ 553,798.38</b>	<b>\$ -</b>	<b>\$ 176,020.99</b>	<b>\$ 132,815,090.86</b>
<b>Funding for County SUD Programs</b>									
Lenawee	\$ 115,743.00	\$ -	\$ -	\$ -	\$ 216,695.00	\$ -	\$ 587,249.00	\$ -	\$ 919,687.00
Livingston	188,075.00	3,219.00	-	-	267,276.00	-	686,483.00	-	1,145,053.00
Monroe	142,231.75	-	-	-	294,663.50	-	896,487.21	-	1,333,382.46
Washtenaw	695,591.86	-	-	-	1,252,230.57	-	1,933,362.43	-	3,881,184.86
<b>Total SUD Expenses</b>	<b>\$ 1,141,641.61</b>	<b>\$ 3,219.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,030,865.07</b>	<b>\$ -</b>	<b>\$ 4,103,581.64</b>	<b>\$ -</b>	<b>\$ 7,279,307.32</b>
<b>Other Operating Costs</b>									
Hospital Rate Adjuster Payment	\$ 2,127,133.35	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,127,133.35
Local Match For Medicaid Draw Down	-	-	-	-	-	-	-	1,577,780.00	1,577,780.00
Local Match Health Homes	-	-	-	-	-	-	-	59,375.83	59,375.83
MH & SUD Use Tax	7,984,907.55	27,106.56	68,473.20	1,971.27	1,036,258.96	35,506.75	-	-	9,154,224.29
MH & SUD HICA Claims Tax	862,364.74	3,714.00	11,579.00	815.00	93,783.00	4,453.19	-	-	976,708.93
<b>Total Operating Costs</b>	<b>\$ 10,974,405.64</b>	<b>\$ 30,820.56</b>	<b>\$ 80,052.20</b>	<b>\$ 2,786.27</b>	<b>\$ 1,130,041.96</b>	<b>\$ 39,959.94</b>	<b>\$ -</b>	<b>\$ 1,637,155.83</b>	<b>\$ 13,895,222.40</b>
Administrative Cost Allocation	\$ 1,474,855.86	\$ 7,608.62	\$ 17,940.68	\$ 920.04	\$ 264,724.36	\$ -	\$ 270,808.26	\$ 119,965.31	\$ 2,156,823.13
<b>Total Expenses</b>	<b>\$ 133,441,255.91</b>	<b>\$ 674,771.71</b>	<b>\$ 1,638,133.80</b>	<b>\$ 79,246.31</b>	<b>\$ 13,411,745.63</b>	<b>\$ 593,758.32</b>	<b>\$ 4,374,389.90</b>	<b>\$ 1,933,142.13</b>	<b>\$ 156,146,443.71</b>
<b>Revenues Over/(Under) Expenses</b>	<b>\$ 1,460,798.21</b>	<b>\$ (219,854.83)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,292,690.25</b>	<b>\$ (0.00)</b>	<b>\$ 2,775,068.10</b>	<b>\$ 7,001.60</b>	<b>\$ 9,315,704.33</b>

MONTHLY FUNDING TRENDS

FY 2016



## Community Mental Health Partnership of Southeast Michigan



## CEO Transfer of Responsibilities

Month/Responsibilities	November	December	January
<b>Represent CMHPSM at PIHP CEO meetings</b> <ul style="list-style-type: none"> <li>• PIHP CEO</li> <li>• CEO/MDHHS</li> <li>• Contract Negotiations</li> <li>• PIHP rate setting</li> <li>• MDHHS called meetings</li> </ul>	Mary and Jane will attend together	Jane will attend in person/Mary on the phone	Jane will attend alone
<b>Regional Board Preparation</b>	Mary will prepare agenda/materials and staff support to Chair	Mary will prepare agenda/materials Jane will provide staff support to Chair	Jane will prepare agenda/materials and staff support to Chair
<b>CEO signature on contracts/responses to the state</b>	Mary will sign all documents	Mary will sign all documents through December 18 <sup>th</sup> Jane will sign documents after December 18 <sup>th</sup>	Jane will sign all documents
<b>Electronic Bank Signatures</b>	Mary	Mary until December 18 <sup>th</sup> (Marie Irwin is also a signor) Jane after December 18 <sup>th</sup> (Marie remains a signor)	Jane
<b>PIHP Staff Leadership</b>	Mary	Mary until December 18 <sup>th</sup> Jane after December 18 <sup>th</sup>	Jane
<b>PIHP Organizational Decisions for calendar 2016</b>	Mary with notification to Jane	Mary with consultation from Jane until December 18 <sup>th</sup> Jane in consultation with Mary after December 18 <sup>th</sup>	Jane in consultation with Mary as needed until January 31st
<b>Office location/CEO office</b>	Mary	Mary until December 7 <sup>th</sup> Jane after December 7 <sup>th</sup> Mary at drop in station after December 7 <sup>th</sup>	Jane Mary work from home office
<b>Special issues/projects</b> <ul style="list-style-type: none"> <li>• CLS rate issues in Washtenaw</li> <li>• PIHP crisis preparedness manual</li> <li>• Hiring process for CFO</li> <li>• Annual staff evaluations</li> <li>• Submissions to the state in process</li> <li>• SIS Assessor supervision transfer to Waiver Coordinator</li> </ul>	Mary	Mary in consultation with Jane	Mary in consultation with Jane



## Regional Board Action Request – Risk Management Strategy

Board Meeting Date:	November 11, 2015
Action Requested:	Approve adoption of the FY16 Risk Management Strategy for financial risk associated with the MDHHS FY16 Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Programs, the Healthy Michigan Program and Substance Use Disorder Community Grant Programs Contract.
Background:	<p>The MDHHS/CMHPSM contract requires the CMHPSM to submit a specific written Risk Management Strategy to MDHHS identifying the amount of reserves, insurance and other revenues to be used by the CMHPSM to assure that its risk commitment is met.</p> <p>The accompanying Risk Management strategy outlines the necessary requirements to cover the risk associated with the 1915(b)/(c) concurrent waiver program and Healthy Michigan program. The risk corridor assumes a “shared-risk” arrangement with the state that covers all Traditional Medicaid and Healthy Michigan covered services both mental health and substance use disorder funding. The PIHP is financially responsible for the first 7.5 % of liabilities incurred over the operating budget for services provided for both Traditional Medicaid and Healthy Michigan. The Risk Management strategy states the capability and funding source for covering these liabilities should expenses exceed revenues. The CMHPSM will hold two distinct ISF funds, one for Medicaid and the other for Healthy Michigan.</p>
Connection to PIHP/MDHHS Contract, Regional Strategic Plan or Shared Governance Model:	FY16 MDHHS/CMHPSM contract section 8.6.4 PIHP Assurance of Financial Risk Protection
RECOMMENDATION:	Approval

**FY2016 RISK MANAGEMENT STRATEGY  
COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN**

**1. FY2015 Year End Information (Consistent with the FY2015 Interim Financial Reports which were submitted to MDHHS):**

• Expected balance of the Medicaid ISF:	\$9,045,888
• Projected Medicaid savings:	\$1,000,000

• Expected balance of the Healthy Michigan ISF:	\$0
• Projected Healthy Michigan savings:	\$5,109,066

<b>Expected CMHPSM Fund Balance:</b>	<b>\$0</b>
--------------------------------------	------------

**2. A report of FY2016 projection of Medicaid and Healthy Michigan capitation pre-payments and waiver expenditures for Medicaid beneficiaries for each CMHSP and the PIHP in total:**

<b><u>Projected Medicaid Revenue</u></b>	
Capitation Including HSW Payments	\$132,668,900
FY2015 Medicaid Savings	\$ <u>0</u>
Total Medicaid Funding Available For FY 2016	\$132,668,900
<b><u>Projected Medicaid Expenditures</u></b>	
Lenawee CMHA	\$ 15,300,000
CMH of Livingston	\$ 21,000,000
Monroe County CMHA	\$ 23,100,000
Washtenaw County Community Mental Health	\$ <u>58,700,000</u>
Total Payments to CMHSPs	\$118,100,000
<b>Total CMHPSM Medicaid</b>	<b>\$132,495,488</b>

<b><u>Projected Healthy Michigan Revenue</u></b>	
Capitation Including HSW Payments	\$13,355,100
FY2015 Medicaid Savings	\$ <u>1,332,382</u>
Total Medicaid Funding Available For FY 2016	\$14,687,482
<b><u>Projected Healthy Michigan Expenditures</u></b>	
Lenawee CMHA	\$1,500,000
CMH of Livingston	\$1,800,000
Monroe County CMHA	\$2,000,000
Washtenaw County Community Mental Health	\$ <u>5,000,000</u>
Total Payments to CMHSPs	\$10,500,000
<b>Total CMHPSM Healthy Michigan</b>	<b>\$14,107,318</b>

The CMHPSM has budgeted to use all available Medicaid funding (excluding the Medicaid Internal Service Fund) during FY2016.

- The CMHPSM projects that Medicaid revenue, including HSW payment will equal or exceed Medicaid expenditures for FY2016.
- Any surplus Medicaid funds that may remain at the end of FY2016 are expected to be below the level that would require the lapsing of funds back to MDHHS. Any surplus would, if necessary, be used to increase the CMHPSM ISF based on the amount of Medicaid revenue received during FY2016, enrollment changes and the potential risk in FY2016 and beyond as determined by an actuarial analysis. Surplus funds remaining after the consideration of adjustments to the ISF would be applied to Medicaid savings up to 7.5% of the FY2016 capitation. The use of surplus funding for both ISF contributions and/or Medicaid Savings carry-forward would be in accordance with the PIHP contract.

The CMHPSM has budgeted to use all current year Healthy Michigan Plan funding plus \$1.3 million of the \$5.1 million projected carry forward for Fy2016.

- The CMHPSM projects that Healthy Michigan revenue, will equal or exceed Healthy Michigan expenditures for FY2016.
- Any surplus Healthy Michigan funds that may remain at the end of FY2016 are expected to be below the level that would require the lapsing of funds back to MDHHS. Any surplus would, if necessary, be used to increase the CMHPSM ISF based on the amount of Healthy Michigan revenue received during FY2016, enrollment changes and the potential risk in FY2016 and beyond as determined by an actuarial analysis. Surplus funds remaining after the consideration of adjustments to the ISF would be applied to Healthy Michigan savings up to 7.5% of the FY2016 capitation. The use of surplus funding for both ISF contributions and/or Healthy Michigan Savings carry-forward would be in accordance with the PIHP contract.

### **3. Report on PIHP/CMHSP Risk Management Relationships**

The CMH Partnership of Southeast Michigan has a three-pronged strategy: an actuarially sound allocation of funding to each of the four counties included in this partnership; an electronic claims verification system with regular monitoring; and the maintenance of sufficient Internal Service Funds.

### **ALLOCATION OF FUNDING**

The PIHP had been issuing Medicaid payments to the Community Mental Health Service Programs (CMHSP) within the region based on prior years' costs. During FY2012, the PIHP contracted with Milliman, a Wisconsin based actuarial consultant knowledgeable about CMHSP operations, to analyze our client and cost data to provide a funding allocation model that uses risk weights developed from a regression model built from demographic, diagnosis, service experience, and the associated service funding, and cost data. The model was re-based by Milliman under a contract with the CMHPSM

during FY2014. The re-basing by Milliman utilized updated service encounter experience data from the region to further refine risk weights associated with the funding allocation model.

For the past four fiscal years, the monthly risk report has looked at actual service provision by each CMHSP and calculated actuarially based payments for each of those consumers. The reports have been used to guide the allocation of Medicaid revenue based on needs of specific recipients within each county using a risk score assignment approach. The methodology essentially scores each recipient based on their demographic and diagnostic characteristics and model will issue payments to the CMHSPs based on those served rather than a capitation based on Medicaid eligible individuals.

We anticipate an increased ability to manage risk by using the data from this model to better predict future costs. The risk based model is utilized in conjunction with historical expense allocations and projected expenses developed at each CMHSP to ensure all medically necessary service costs are covered for required eligible individuals at each of the CMHSPs.

#### **ELECTRONIC CLAIMS VERIFICATION & MONITORING**

The electronic record is a comprehensive system that includes the Individual Plan of Service (IPOS), authorization of services in accordance with the IPOS, Staff Activity Logs for directly provided services, and Claims verification for those services provided by contracted agencies. When a HIPAA-compliant claim is submitted, the system verifies that the service was authorized, checks the insurance coverage (i.e., if the consumer is a Medicaid enrollee, is enrolled in the Healthy Michigan, Child Waiver, or is a General Fund consumer) and identifies the CPT code and Business Unit (cost reporting unit) where the cost is to be recorded. If the service does not meet a number of verification processes (i.e. was not authorized, is above the approved fee schedule, is outside the authorized amount, scope or duration, etc.) the system issues a denial for payment. An individual consumer's Medicaid eligibility is updated weekly from the State's database. If Medicaid was approved retroactively, another file indicates which fund was initially charged so that it is then credited and the appropriate Medicaid fund is debited. This file is run monthly so that our financial system is updated with the most recent eligibility information and financial reports can accurately reflect the costs. For directly-provided services, a report is run that indicates the services by funding source so that staff costs, fixed costs, and administrative costs can be allocated to the appropriate funding source. This extensive data allows for the creation of numerous reports to assist in the analysis of utilization, consumers served, penetration rates, changes in eligibility, and changes in the demographic and/or diagnostic mix of consumers served.

#### **ASSURANCE OF FINANCIAL RISK PROTECTION-INTERNAL SERVICE FUNDS**

The CMHPSM has established a Medicaid Internal Services Fund (ISF) for purposes of risk protection. This fund was examined by the actuary to establish the appropriate level



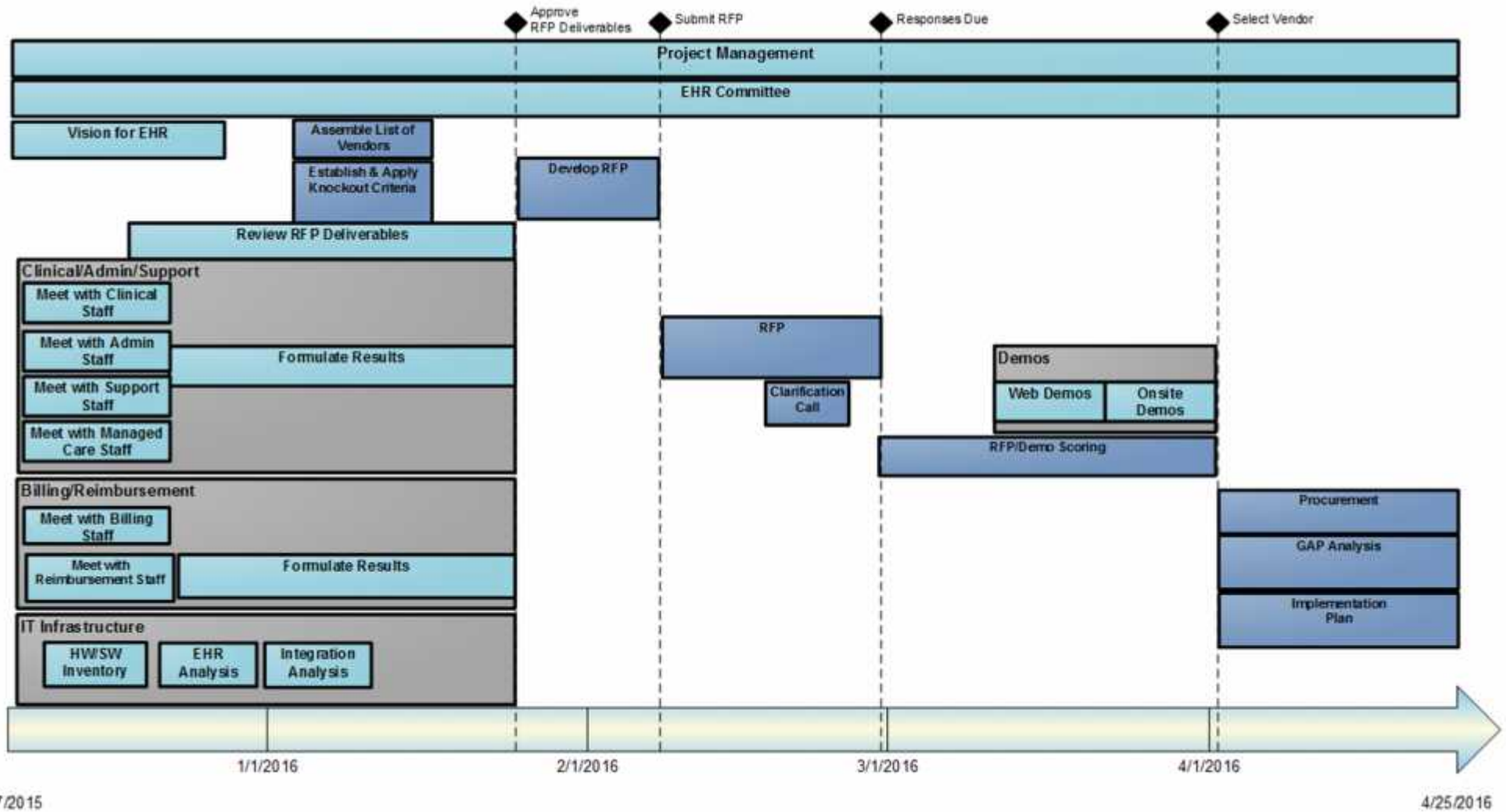
of funding for this risk pool. In accordance with the MDHHS/PIHP contract, the ISF may be funded up to 7.5% of Medicaid revenues for the close of FY2015. The Medicaid ISF is a separate interest-bearing account and is not co-mingled with any other funding. In cases where Medicaid liability is 100% to 105% of Medicaid revenue and the amount available in the ISF is sufficient, the ISF will be used to cover that deficit. If the ISF is not sufficient, each CMHSP will provide local funding in proportion to their share of the deficit. For cases where the deficit is over 105%, each CMHSP will cover their share of the deficit with their local funds up to the capped risk corridor of 110%. (Total risk obligation for the region is 7.5%). In summary, the PIHP has funded its Medicaid ISF to meet the risk corridor.



## Regional Board Action Request – Afia Consultant Agreement

- Board Meeting Date:** November 11, 2015
- Action Requested:** Approve contract with Afia, Inc. as a consultant for a proposed FY16 EHR (Electronic Health Record) procurement process. Afia would be used in a consultative manner on an hourly basis within an annual amount not to exceed \$50,000.00. The cost for this agreement would be managed within the approved FY16 CMHPSM administrative budget.
- Background:**
- The CMHPSM region has utilized an EHR from PCE Systems since 2003. Multiple PIHPs and CMHSPs are currently contracted with PCE Systems, but are all on a different framework than the CMHPSM region, the CMHPSM is the only entity on this particular EHR system. The CMHPSM determined that a procurement process should be undertaken prior to any potential product changes at PCE Systems.
- The CMHPSM wishes to utilize the expertise and experience of Afia to guide the process of procuring the best possible electronic health record while accounting for value, experience and quality of EHR vendors and their products.
- The proposed process would last roughly six months, a project management timeline for the process is outlined as an attachment. The vendor selection process will determine the length of time needed prior to establishing a “go-live” date for a new product related to vendor implementation, user training, and data conversion.
- Connection to PIHP/MDHHS Contract, Regional Strategic Plan or Shared Governance Model:**
- The CMHPSM through Afia, will utilize a collaborative process to ensure the entire region.
- RECOMMENDATION:** Approval

**PROPOSED CMHPSM/AFIA PROJECT MANAGEMENT TIMELINE FOR EHR RFP (12/7/2015 – 4/25/2015)**





## Regional Board Action Request – Amend Livingston CMH SUD Contract

Board Meeting Date:	November 11, 2015
Action Requested:	Approve increased not-to-exceed funding amount from \$746,900 to \$786,900 of Recovery Oriented System of Care (ROSC) service contract with Livingston CMH.
Background:	The CMHPSM region has combined all Substance Use Disorder (SUD) Treatment and Prevention funding into one combined contract. There is no increase from FY15 funding, the CMHPSM is requesting to combine \$40,000 of previously separated funding into the ROSC section of the contract. The funding increase can be absorbed within the approved FY16 budget.
Connection to PIHP/MDHHS Contract, Regional Strategic Plan or Shared Governance Model:	The CMHPSM is contractually required by MDHHS to provide SUD services within Livingston County.
RECOMMENDATION:	Approval

**PROPOSED CMHPSM/AFIA PROJECT MANAGEMENT TIMELINE FOR EHR RFP (12/7/2015 – 4/25/2015)**

