

# CMHPSM Regional Board

Welcomes Board Members of

Lenawee CMHA

CMH Services of Livingston County

Monroe CMHA

WCHO

SUD Oversight Policy Board

Introduce yourself:

Name

Board member from

Years Served

Hot topic for you on your Board

## Purpose of this All Board Meeting

The Purpose of this meeting is to reconnect with Board members from *All* the Region 6 Boards and to focus on our future together in this southeast partnership

# History of Community Mental Health Partnership of Southeast Michigan (CMHPSM)

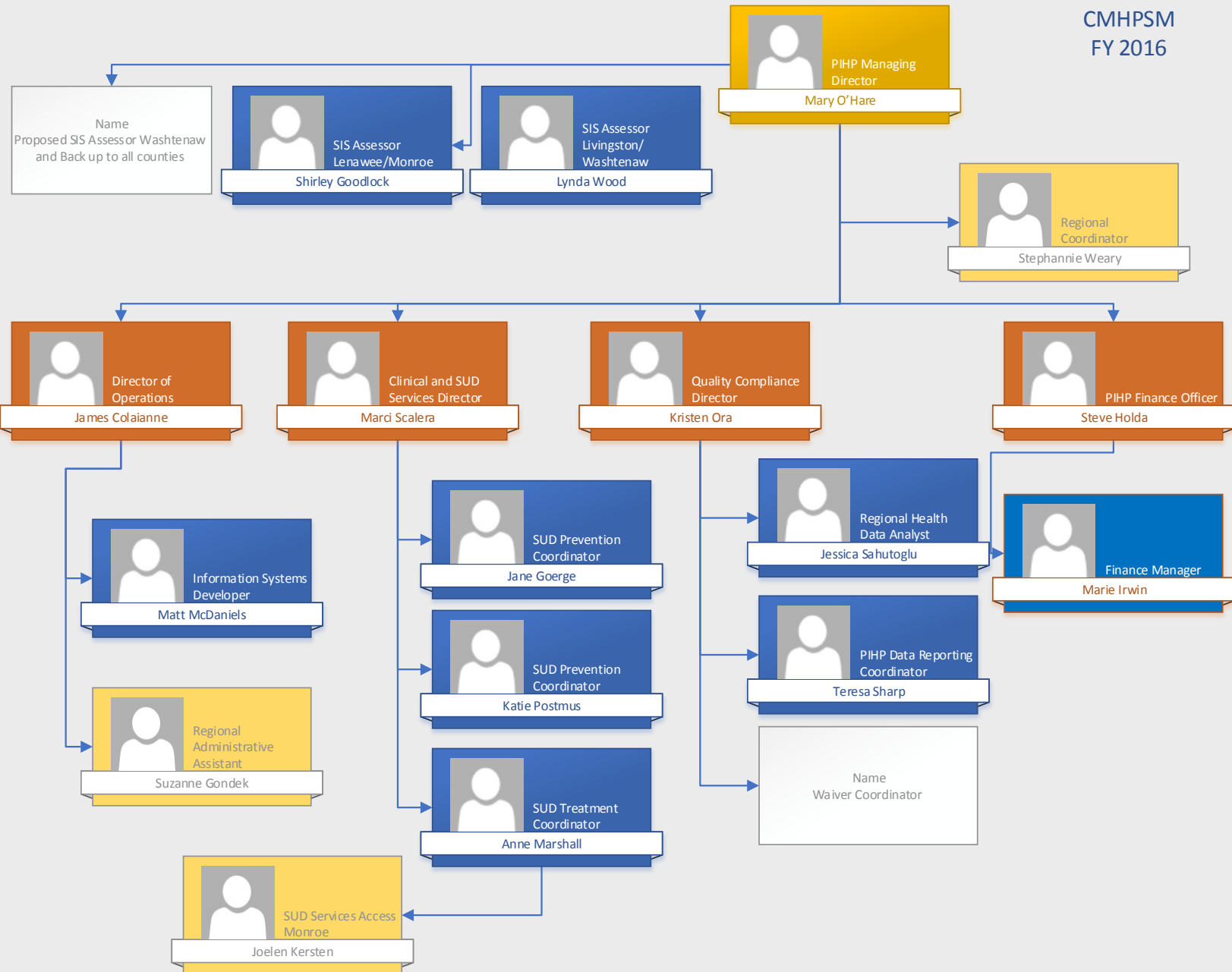
- ▶ State of Michigan reorganized the public mental health system from 18 Pre-paid Inpatient Health Plans (PIHPs) to 10 PIHP Regions to provide for Medicaid Behavioral Health Services (both Mental Health and Substance Use Disorder)
- ▶ Our region retained the name Community Mental Health Partnership of Southeast Michigan from our previous affiliation but now as a legal entity
- ▶ The Regional Board started its work in July 2013
  - ▶ Established a governing body made up of member boards-3 each , 1 person representing the Oversight Policy Board
  - ▶ Established an organization and was effective as the PIHP in January 2014

# Growing Pains – Creating Stability

- ▶ Started an organization from the ground up
- ▶ Board organization and development
- ▶ State mandates and mid-year changes
- ▶ Intro of Healthy Michigan (Expanded Medicaid)
- ▶ Folding the SUD services into the PIHP
- ▶ Maintaining solid partnerships among changes

# Accomplishments

- ▶ Created an Organization
  - ▶ Established a Regional Organization
  - ▶ Established a budget for PIHP
  - ▶ Established Operational policies
  - ▶ Held Admin cost under budget in first year
  - ▶ Appointed an SUD oversight Board
- ▶ Ensured continual services in our Region
- ▶ Successfully complied with all contractual requirements with MDHHS
  - ▶ Financial Audit and Compliance Exam
  - ▶ HSAG External Quality Review
- ▶ Regional Board engaged in all major decisions of the PIHP
- ▶ Established a financial policy for the region



# Investments into the Future

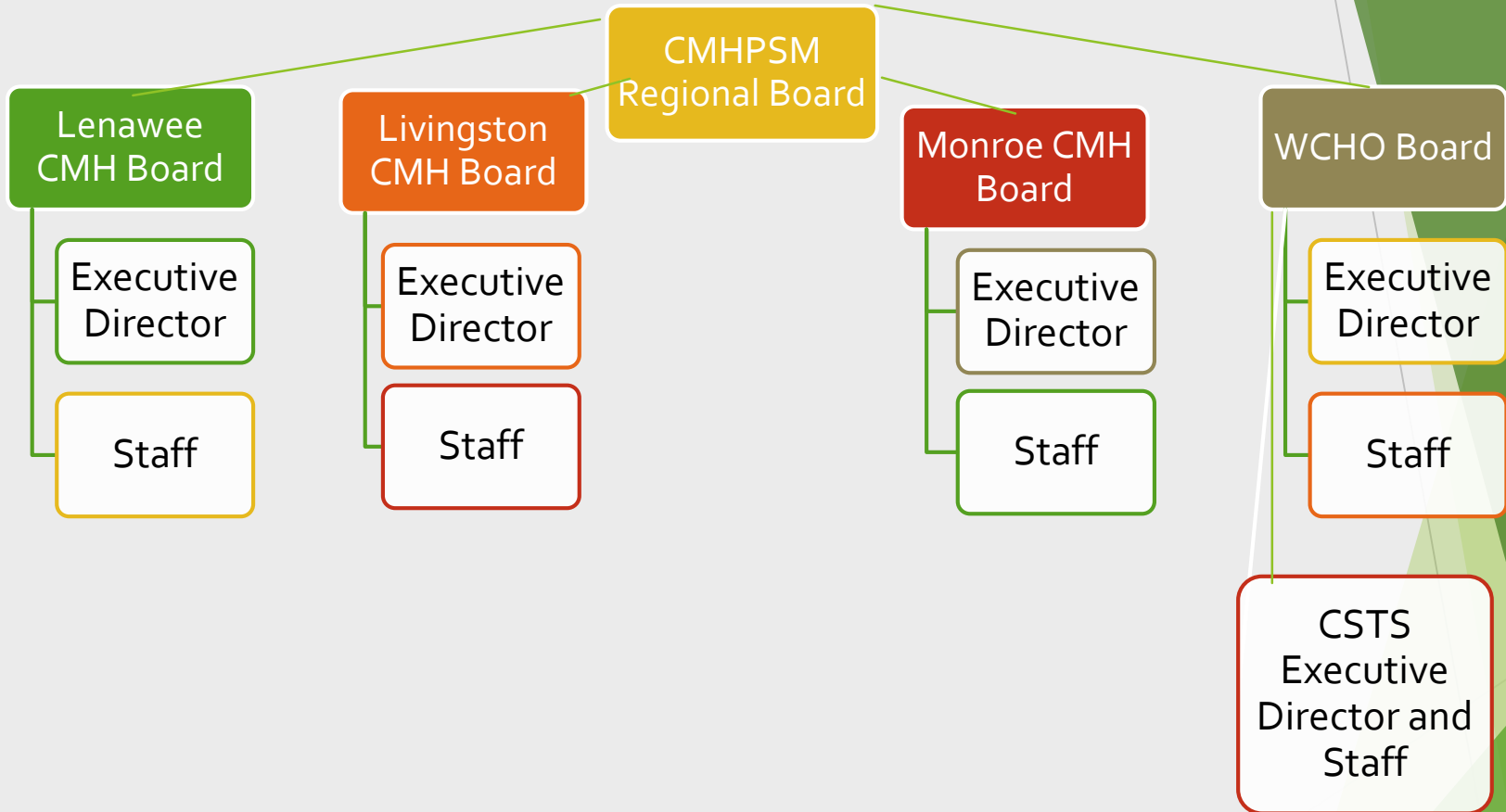
- ▶ Joined three other PIHPs in contracting with Zenith systems for Data Analytics
  - ▶ Required joint agreements in negotiations, joint legal review and multi-county staff involvement
- ▶ Obtained grant funding for various integrated health projects including the pilot Medicaid Health Home
- ▶ Engaged various workgroups in improving our administrative and clinical practices

# Budget and Organizational Challenges

- ▶ Washtenaw County as one of the four partners made the decision to reorganize their CMH structure
- ▶ Medicaid Savings from FY 2014 that we projected would be available for FY 15 budgets were not realized
- ▶ Loss of shared positions/functions with Washtenaw County (WCHO) required new arrangements
- ▶ Still in process: New Director for Washtenaw CMH and New CMH Board members



# Region 6 Historic CMH Structure



# Reorganization of CMH Services in Washtenaw County

## ▶ Multiple Issues

- ▶ Change in PIHP structure left two local organizations in Washtenaw (WCHO & Washtenaw County CSTS Department)
- ▶ Communication, cost and oversight challenges were factors for streamlining administration of service delivery
- ▶ Director retirement required an accelerated plan for reorganization
- ▶ Substantial budget deficit
- ▶ Interim leadership has focused on the budget deficit and the reorganization
- ▶ Washtenaw County will replace WCHO and assume CMHSP responsibilities with MDHHS certification (pending)

# Review of FY2014 Budget Challenge

- ▶ Budgets for the PIHP and each county are developed in June –July and recommended for approval by their respective boards in September
- ▶ Present fiscal year monthly and quarterly actual expenses are used to project annual costs for upcoming fiscal year
- ▶ The previous fiscal numbers, to finalize the Medicaid Savings that will be available for the present year, are not final until February, 5 months into the present fiscal year
- ▶ August 2014 Region was projecting approximately \$4.2 million in Medicaid Savings from FY 14 for use in FY 2015, based on the projected CMHSP expenses from the October 2013 – September 2014 fiscal year
- ▶ The entire \$4.2 million was included in the FY 15 budget to fund CMHSP needs -- for Monroe, Lenawee and Livingston and Washtenaw this amounted to more than their projected needs
- ▶ Regional agreement made to pay monthly at 1/12 the approved budgets

# Review of FY2014 Budget

## Challenge continued

- ▶ State declared that Traditional and HMP Medicaid could not be combined, reducing the Traditional Medicaid Savings by \$600,000 to \$3.6 million (budgets were not adjusted at that time)
- ▶ CMHSPs and PIHP submit an interim financial report to the state indicating their expected year end numbers in November (this is still a projection of final expenses for a fiscal year)
- ▶ At the interim, FY 14 Traditional Medicaid savings projection was lowered due to increased need at LIV (\$600,000), MON (\$800,000) and WCHO (\$1.4 million) – the CMHSP budgets were not adjusted by the PIHP

# Review of FY2014 Budget Challenge continued

- ▶ Final Reporting for FY 14 in February resulted in an additional need at WCHO of \$1.7 million offset by a \$500,000 lower LIV need and increased MDHHS capitation revenue of \$600,000
- ▶ The misalignment of expense projections at the WCHO which were reported as GF expenses at the interim were determined to be Medicaid
- ▶ Medicaid savings of \$400,000 carried forward to FY 15 Budget
- ▶ CMHSP Medicaid funding payments reduced to reflect \$3.6 million Traditional Medicaid savings previously budgeted beginning in February 2015, CMHSPs adjusted their budgets for the lower monthly payments as necessary
- ▶ Final FY 14 HMP Medicaid savings of \$2.2 million remains unused in FY 15

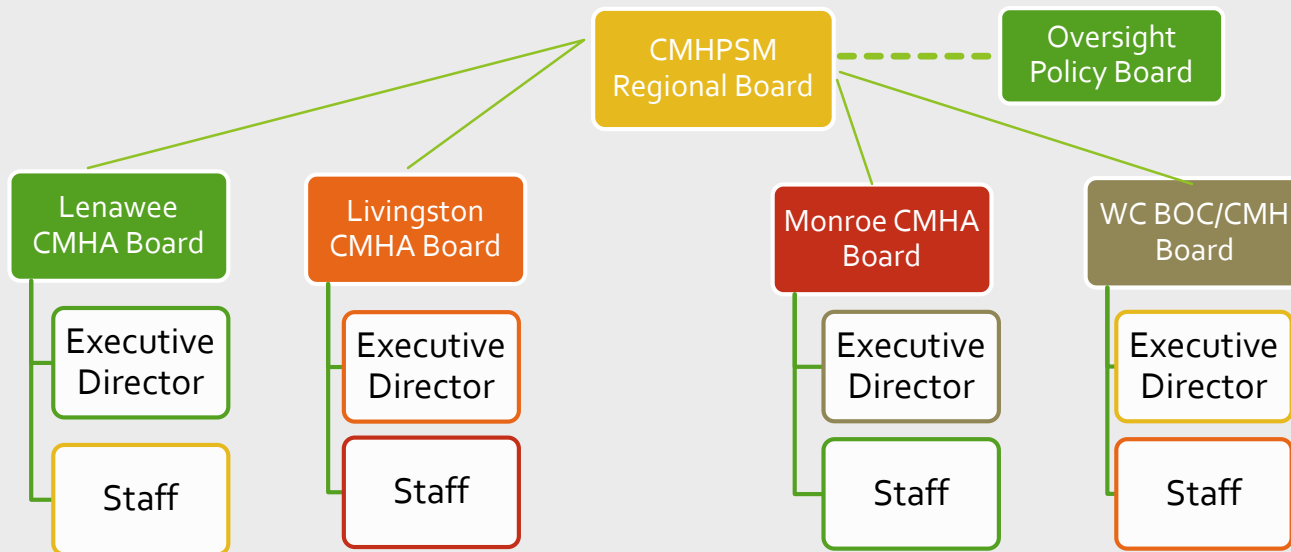
# Analysis of Deficit in Washtenaw

- ▶ Regional Board requested an analysis to determine the root cause of the increased Medicaid deficit at the WCHO and if other counties could have similar issues
- ▶ A root cause analysis of the budget overrun and the GF to Medicaid swing produced the following findings:
  - ▶ GF to Medicaid swing a result of a lack of oversight between WCHO and its service provider (CSTS)
  - ▶ Utilization Review program not fully effective
  - ▶ Higher than expected costs in CLS services (not in original budget) with no plan to bring back within budget
- ▶ PIHP staff verified the root cause was isolated (not likely to show up in the other counties)

# Current Status

- ▶ Regional Board requested Managing Director to create a Financial Strategy to address short term and long term budget issues
- ▶ PIHP Auditor reviewed methods of tracking revenue and expense at WCHO and its Service Provider, CSTS, to determine validity of reports
- ▶ WCHO enacting a plan to reduce FY 15 deficit which includes changes to expenses (service programs reviewed, administrative staff layoffs, vacancies not filled)
- ▶ Financial Policy approved by Regional Board to address future concerns
- ▶ Monitoring tools being used to early identify deviations
- ▶ CMHPSM CFO to identify issues, consult and recommend course corrections

# Region 6 Future PIHP/CMHSP Structure





# Future Challenges/Opportunities

## ▶ Board

- ▶ Stable but not increasing Medicaid
- ▶ Develop strategies to establish best practices in Michigan

## ▶ Operations

- ▶ Challenge to maintain or decrease cost of doing business
- ▶ Growing problem of maintaining an adequate Provider Network
- ▶ Examine best value of supplying CMHSP/PIHP functions
- ▶ Increase capacity as a health plan
  - ▶ Population Health focus
  - ▶ Waiver and benefit management
  - ▶ Quality Monitoring
  - ▶ Innovative Service Delivery

# On the Horizon (Short term goals)

- ▶ Hire new PIHP CEO to replace retiring Managing Director
- ▶ Focus on:
  - ▶ What we want to maintain
  - ▶ Opportunities
  - ▶ Stabilizing all the Boards and building consistency in the region
- ▶ Create governance policies to support the relationship of the PIHP to the CMHSPs
- ▶ Create robust monitoring tools for the Board
- ▶ Renewal of the Partnership Agreements (Operating Agreement and By-Laws)