

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING
705 N. Zeeb Rd, Ann Arbor, MI
Wednesday, August 9, 2017
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	2 min
IV. Consideration to Approve the Minutes of the 7-12-17 Regular Meeting and Waive the Reading Thereof (Board Action) {Attachment #1}	2 min
V. Audience Participation (5 minutes per participant)	
VI. FY 16 Audit Presentation – William Hirschman, CPA	15 min
VII. Prevention Presentation and Recognition	15 min
VIII. Old Business	15 min
a. August Finance Report {Attachment #2}	
IX. New Business	15 min
a. Consideration to approve the updated Financial Stability & Risk Reserve Management Policy {Attachment #3, 3a}	
X. PIHP CEO Report to the Board	15 min
a. Report from the SUD Oversight Policy Board (OPB)	
XI. Adjournment	

**COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
REGULAR BOARD MEETING MINUTES
July 12, 2017**



Members Present: Judy Ackley, Greg Adams, Martha Bloom, Charles Coleman, Roxanne Garber, Greg Lane, Sandra Libstorff, Caroline Richardson, Sharon Slaton, Ralph Tillotson

Members Absent: Barb Cox, Charles Londo, Kent Martinez-Kratz

Staff Present: Connie Conklin, Jane Terwilliger, Kathryn Szewczuk, Stephanie Weary, Marci Scalera, Suzanne Stolz, Matt McDaniels, Kristen Ora

Others Present: Laurie Lutomski

- I. Call to Order
Meeting called to order at 6:02 p.m. by Board Chair Ralph Tillotson
- II. Roll Call
 -) A quorum of members present was confirmed.
 -) New board member Roxanne Garber is the Board Chair for Livingston County CMHA.

- III. Consideration to Adopt the Agenda as Presented

**Motion by C. Coleman, supported by G. Lane, to approve the agenda
Motion carried**

- IV. Consideration to Approve the Minutes of the June 14, 2017 Regular Meeting and Waive the Reading Thereof

**Motion by J. Ackley, supported by S. Slaton , to approve the minutes of June 14, 2017
Regular Meeting and waive the reading thereof
Motion carried**

- V. Audience Participation
None

- VI. Old Business
 - a. July Finance Report
 -) S. Stolz presented. Discussion followed.

- VII. New Business
 - a. Consideration to approve the Home of New Vision contract amendment as presented in the Board Action Request
 -) J. Terwilliger presented the Home of New Vision contract amendment. Discussion followed.

**Motion by G. Lane, supported by C. Coleman, to approve the Home of New Vision
SUD contract amendment as presented in the Board Action Request
Motion carried**

M. Scalera presented. Discussion followed.

Motion by G. Lane, supported by C. Coleman, to amend the above motion to include the language that the approved contract must have established objectives and metrics to be able to determine that the program is effective in meeting its targets
Amendment motion carried

VIII. PIHP CEO Report to the Board

-) J. Terwilliger provided a PIHP updated, including a report on the EHR implementation.
-) M. Scalera presented on SUD funding for Prevention and Treatment services.
-) C. Coleman provided a report from the SUD Oversight Policy Board., including an update on the RFP process/progress.

IX. Adjournment

Motion by C. Coleman, supported by J. Ackley, to adjourn the meeting
Motion carried

Meeting adjourned at 8:17 p.m.

Barbara Cox, CMHPSM Board Secretary



**Financial Highlights
For the Period Ending June 30, 2017**

Attachment #3 - August 2016

CMHPSM Strategies:

1. CMHPSM will continue coordinate with CMHSP's to review current year budgets and actual expenditures, making amendments as needed.
2. A shared decision model will be utilized to monitor and stabilize budgets and services while projected usage of risk reserves in the current year and subsequent years.
3. CMHPSM will trend traditional Medicaid Eligibles and HMP Enrollees from the most current listing to apply the rates and monitor incoming revenues.
4. CMHPSM is monitoring the HMP overages and is working with the CMHSP's to minimize costs yet providing medically necessary services.

Notes:

-) Medicaid capitation is under budget due to DAB eligibility decrease. MDHHS is doing a statewide review in relation to DAB's moving to the HMP.
-) CMHPSM staff are meeting with each cmhsp to review current year trending and projecting FY18 utilization. A budget amend to FY17 and the original FY18 budget will be presented in September.

**Community Mental Health Partnership of Southeast Michigan
Statement of Revenues and Expenditures
For the Period Ending June 30, 2017**

	FY17 Original Budget	YTD Actual	YTD Budget	YTD Actual O/(U) Budget	Percent Variance Actual to Budget
Operating Revenue					
Medicaid Capitation	\$128,341,084	\$95,639,258	\$96,255,813	(\$616,555)	-0.64%
Medicaid SUD Capitation	1,302,779	1,029,396	977,084	52,312	5.35% a
Medicaid Carryforward	5,171,523	3,878,642	3,878,642	-	0.00%
Healthy Michigan Plan	9,467,330	7,131,116	7,100,498	30,619	0.43%
Healthy Michigan Plan SUD	3,189,530	2,405,567	2,392,147	13,420	0.56%
Healthy Michigan Carryforward	1,726,329	1,294,747	1,294,747	-	0.00%
Autism	1,661,715	623,035	1,246,286	(623,251)	-50.01% b
SUD Community Block Grant	3,694,050	2,770,538	2,770,538	-	0.00%
Block Grants	73,410	109,052	55,058	53,994	98.07% c
SUD PA2 - Cobo Tax Revenue	1,434,893	1,047,406	1,076,170	(28,764)	-2.67%
Local Match	1,577,780	788,890	788,890	-	0.00%
Other Revenue	253,225	185,941	189,919	(3,978)	-2.09%
Use of Risk Reserve	1,241,349				
Total Revenue	\$157,893,648	\$116,903,587	\$118,025,791	\$(1,122,204)	
Funding For CMHSP Partners					
Lenawee CMHSP	17,898,153	13,349,461	13,423,615	(74,153)	-0.55% b
Livingston CMHSP	24,926,088	18,321,082	18,694,566	(373,484)	-2.00% b
Monroe CMHSP	26,589,319	19,784,914	19,941,989	(157,075)	-0.79% b
Washtenaw CMHSP	67,863,000	50,692,899	50,897,250	(204,351)	-0.40% b
Total Funding For CMHSP Partners	\$ 137,276,560	\$ 102,148,356	\$102,957,420	\$ (809,064)	
Funding For SUD Services					
Lenawee County	1,301,705	992,268	\$976,279	15,989	1.64%
Livingston County	1,485,422	1,122,460	1,114,067	8,393	0.75%
Monroe County	1,460,581	1,092,789	1,095,436	(2,647)	-0.24%
Washtenaw County	5,283,247	3,947,055	3,962,435	(15,380)	-0.39%
Total Funding For SUD Services	\$ 9,530,955	\$ 7,154,572	\$7,148,216	\$6,355	
Other Contractual Obligations					
Hospital Rate Adjuster	2,207,816	1,571,696	\$1,655,862	(84,166)	-5.08% d
USE and HICA Tax	3,521,089	2,874,753	2,640,817	233,936	8.86% e
Local Match	1,577,780	1,183,335	1,183,335	-	0.00%
Total Other Costs	\$7,306,685	\$5,629,785	\$5,480,014	\$149,772	
CMHPSM Administrative Costs					
Salary & Fringe	2,002,998	1,323,853	1,502,249	(178,395)	-11.88% f
Administrative Contracts	1,334,727	951,746	1,001,045	(49,300)	-4.92%
Board Expense	14,130	3,258	10,598	(7,340)	-69.26% g
All Other Costs	211,890	128,455	158,918	(30,463)	-19.17% h
Total Administrative Expense	\$3,563,745	\$2,407,311	\$2,672,809	\$(265,497)	
Carry Forward	\$3,139,726		\$2,354,795	\$(2,354,795)	
Total Expense	\$160,817,671	\$117,340,024	\$120,613,253	\$(3,273,229)	
Revenues over (under) Expenditures		\$(436,437)			

**Community Mental Health Partnership of Southeast Michigan
Statement of Revenues and Expenditures Notes
For the Period Ending June 30, 2017**

a -Over budget due to increased eligibles, the final budget amend will reflect the trend.

b - Timing difference, Autism benefit receipts delayed, correlates with autism expenditures to the cmhsp's. The final budget amend will reflect revenue fee screens and projected cmhsp utilization expenditures.

c - Block grants for IHC and SMI Criminal Justice are new in FY17. The revenues correlate with the expenditures. The budget for revenue and expenditures will be adjusted in the final amend to reflect final approved grant agreements.

d - The Hospital Rate Adjuster is projected by the MACMHB's and determined by MDHHS. A budget amend will be presented if needed. The second quarter payment was lower than projected.

e - USE and HICA Tax is over budget due to USE tax final payment made in 1st quarter. The USE tax concluded in December 2016.

f- Administrative expenses under budget due to vacant positions through the year.

g - Board expenses under budget based on meeting utilization and no retreat in the current year.

h - Other costs under budget due to a timing difference. Training funds will be utilized in the final quarter of the year for staff dev

COMMUNITY MENTAL HEALTH PARTNERSHIP OF SOUTHEAST MICHIGAN
Projected Summary by Funding Source
FY 2016/2017

		Current Budget	Projected Use of Funding Source	Over (Under) Final Budget to Actual	% Variance
M E D I C A I D	Lenawee	16,253,000	14,430,000	(1,823,000)	-11.22%
	Livingston	22,547,500	22,670,034	122,534	0.54%
	Monroe	24,332,600	25,832,600	1,500,000	6.16%
	Washtenaw	62,100,000	63,000,000	900,000	1.45%
	Medicaid Total	125,233,100	125,932,634	699,534	-3.06%
	H M P	Lenawee	1,500,000	1,750,000	250,000
Livingston		1,800,000	2,088,416	288,416	16.02%
Monroe		2,000,000	2,000,000	-	0.00%
Washtenaw		5,350,000	7,900,000	2,550,000	47.66%
HMP Total		10,650,000	13,738,416	3,088,416	80.35%



**Projected Summary by Fund Source variance narratives
For the Period Ending June 30, 2017**

Lenawee:

-) There are three factors that contribute to the significant amount of Medicaid projected to be underspent in FY 17. First, the PIHP needed an estimate of our Medicaid needs for FY 17 before we had completed our actual budget for the fiscal year. The amount of Medicaid actually needed and built into our FY 17 spending plan was about \$200,000 less than our request. The next area of lapse is the result of approved positions (salary and fringe) included in the budget that have not been filled yet, along with many retirements and unexpected loss of several key positions during the year. And the last area of lapse is due to the problem of Medicaid consumers being automatically (and incorrectly) switched over to Healthy Michigan coverage.
Our Healthy Michigan spending was on track until January, 2017 when we started seeing the shift to a higher percentage of Healthy Michigan costs and a corresponding lower percentage of Medicaid costs. This was due to the automatic and incorrect switch of consumers with Medicaid coverage to Healthy Michigan. Even though this problem is currently being addressed, the corrections will not be retroactive and so we expect Healthy Michigan to continue to be overspent at fiscal year end.

Livingston:

-) The projection includes the cost of children COFR consumers from 08/01/2017 to 9/30/2017.
Medicaid inpatient increase through June 2017 by \$274,429 compared to last fiscal year. If the trend continues there will be an additional \$137,000 to the end of this fiscal year compared to last fiscal year.
Livingston served 44 more consumers who were eligible for HMP this fiscal than last fiscal year and 16 more children with Autism as of May 2017; it is assumed that the increase will continue to the end of the fiscal year.

Monroe:

-) Due to the increase in Medicaid Consumers of 150. The primary service being utilized by these consumers is community living supports.

Washtenaw

-) In 2017, WCCMH has experienced an increase in utilization for the following medically necessary services: Inpatient Hospitalizations, Licensed Residential and Inpatient Hospitalizations.
All other costs remain on budget overall but have shifted from Medicaid to Healthy Michigan, this is due to increased numbers served within the HMP population and attributable to the State method of eligibility determination as well as an increase in crisis services.



Regional Board Action Request – Financial Stability & Risk Reserve Management Policy

Board Meeting Date: August 9, 2017

Action Requested: Approve the updated Financial Stability & Risk Reserve Management Policy.

Background: The policy has been updated to reflect Federal Uniform Guidance, parallels federal deviation rates in relation to budget to actual, and reflects current MDHHS guidance.

Connection to PIHP/MDCH Contract, Regional Strategic Plan or Shared Governance Model:

PIHP/MDCH Contract Section 8.0 Contract Financing

2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards

Recommend: Approval

Community Mental Health Partnership of Southeast Michigan		<i>Policy:</i> <i>Financial Stability & Risk Reserve Management</i>
PIHP Governance		
	Date of Board Approval 8/9/2017	Date of Implementation 8/9/2017

I. PURPOSE

It is the policy of the Community Mental Health Partnership of Southeast Michigan (CMHPSM) to manage funding from the State of Michigan consistent with State Contracts, 2 CFR 200 Uniform Guidance, and prudent financial practices.

II. SCOPE

The Financial Stability & Risk Reserve Management policy applies to all Community Mental Health Service Programs (CMHSPs) and Substance Use Disorder (SUD) Core Providers who presently or in the future are affiliated with the CMHPSM.

III. OBJECTIVES

The primary objectives of the Financial Stability & Risk Reserve Management policy are to protect the financial stability of the Region, ensure medically necessary services are provided to Consumers who are served by the CMHSPs affiliated with the CMHPSM and to ensure compliance with State contracts.

IV. STANDARDS

The CMHSPs shall have a sufficient capacity of staff and/or contracted providers to ensure that medically necessary services can be furnished to Consumers promptly and without compromise to quality of care at a reasonable cost. Utilizing a person-centered individual plan of service, the CMHSPs shall provide, or authorize the provision of, services in the amount, for the duration, and with a scope that is appropriate to reasonably achieve the purpose of the service for the Consumer.

As it pertains to this Policy, the CFO will be responsible to maintain effective communications with the Finance Officers of the CMHSPs in order to obtain up-to-date financial information as noted below. The CFO will communicate this information and advise the CEO on its impact on the Regional Entity. The CEO will ensure that the appropriate level of detail is made available to the Regional Board in a timely manner.

In order to achieve the objectives of this Policy, the following standards and practices will be followed:

A. BUDGET PROCESS

-) CMHSP budgets will be developed using revenue projections proposed by the CMHPSM and approved by the Regional Finance Committee and Regional Operating Committee.
-) Regional Board approval of the CMHPSM budget is required prior to funding being made available to the CMHSPs.
-) Budgets at the CMHSPs will not exceed the agreed upon initial revenue projections.
-) Amendments will be presented to the Regional Board as recommended by the Regional Finance Committee and the Regional Operations Committee.
-) If significant changes such as new service provision modalities, administrative operations, labor agreements, etc. are anticipated in the upcoming budget year, explanations will be provided to the CMHPSM.
-) The CMHPSM must develop an Administrative budget sufficient to remain compliant with the Medicaid Specialty Services Contract with the State.
-) The total CMHPSM budget, including the Administration budget, must be balanced with the revenues being projected to be received from the Michigan Department of Health and Human Services (MDHHS).

B. REPORTING

-) The CMHPSM and CMHSPs on a monthly basis must produce accurate reports of their fiscal year-to-date (FYTD) actual expenditures versus their annual budget in a traditional Revenue and Expense format, as well as a FYTD Fund Source Report. The CMHSPs will provide this and other requested financial data to the CMHPSM according to an established and agreed upon schedule.
-) This information will be reviewed with the CMHPSM Board at its monthly Board meeting in order to keep the Board apprised of the financial condition of the Region, and to inform them as early as possible if financial issues arise that could present a risk to the overall Regional Budget.

C. SIGNIFICANT VARIANCES TO BUDGET

-) If the monthly FYTD financial report indicates that significant underspending or overspending is occurring at a CMHSP, then that CMHSP will be required to present to the Board an explanation and/if plan to correct the situation. A significant amount of underspending or overspending shall be defined as 5% over or under the approved FYTD budget, whichever is lower.
-) If a corrective action plan is required and the goals are not met, then the PIHP may conduct an operational review of the CMHSP.
 - o An operational review may include examinations of the contracts, costs, level of Consumer service provision and other items as deemed necessary to understand the overspending or underspending situation.
 - o An initial consultative review lead by the CMHPSM will be conducted by individuals from the CMHPSM, as well as all CMHSPs, who are recognized as subject matter experts in the areas that will be reviewed.

- If the initial consultative review assessment indicates that the issues are structural and not able to be resolved within the current year, then outside experts may be brought in to provide assistance with the development of a corrective action plan that will resolve the budget issue.
 - Recommendations to address a shortfall at one of the CMHSPs may include the use of excess funding at one of the other CMHSPs, as long as the use of such funds does not adversely impact the delivery of services at the contributing CMHSP.
 - Recommendations may include the use of the Internal Service Fund (ISF) in the present year, if there are significant revenue changes by the State, new high-cost Consumers enrolled by a CMHSP, increased utilization or changes to the State's requirement on how services are to be provided to Consumers.
 - If the consult review assessment is due to financial management factors then CMHPSM would require a plan for the following fiscal year that would not require the use of ISF.
-) Corrective Action Plans may include the consideration of alternative sourcing options for service provision.

D. USE OF INTERNAL SERVICE FUND BALANCE

-) The ISF should be the option of last resort to address present fiscal year budget overruns.
-) Generally, use of the ISF should only be requested if there are significant revenue changes by the State, new high-cost Consumers enrolled by a CMHSP, increased utilization or changes to the State's requirement on how services are to be provided to Consumers.

V. DEFINITIONS

Community Mental Health Partnership of Southeast Michigan (CMHPSM): The Regional Entity that presently serves as the PIHP for Lenawee, Livingston, Monroe and Washtenaw counties for mental health, intellectual/developmental disabilities, and substance use disorder services.

Community Mental Health Service Program (CMHSP): Separate legal entities that the CMHPSM contracts with for the provision of Medicaid services to residents of the Counties served by the CMHPSM.

Generally Accepted Accounting Principles: Accounting principles that are the standards, conventions, and rules accountants follow in recording and summarizing transactions, and in the preparation of financial statements.

Internal Service Fund (ISF): The Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the MDHHS/PIHP Medicaid Managed Specialty Supports and Services Contract. The ISF should be kept at a minimum to assure that the overall level of PIHP funds are directed toward consumer services.

2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards

Regional Operating Committee (ROC): Committee comprised of the Executive Directors of the CMHSPs and the Managing Director of the CMHPSM.

VI. REFERENCES

1. Agreement Between Michigan Department of Community Health And PIHP: CMH PARTNERSHIP OF SOUTHEAST MI For The Medicaid Managed Specialty Supports and Services Concurrent 1915(b)/(c) Waiver Program(s), the Healthy Michigan Program and Substance Use Disorder Community Grant Programs
2. 2 CFR 200 - Uniform Administrative Requirements, Cost Principles and Audit Requirements For Federal Awards
3. Agreement Between CMHPSM And the Lenawee, Livingston, Monroe and Washtenaw County CMHSPs For The Provision Of Medicaid Services To Residents Of Their Respective Counties.