<table>
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<tr>
<th>AGENDA ITEM</th>
<th>DISCUSSION POINTS</th>
<th>ACTION/OUTCOME</th>
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<tbody>
<tr>
<td>I. State and Local Updates</td>
<td>Trish Cortes</td>
<td>• The State of Michigan is in the midst of the budgeting process.</td>
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<td>• There have been several state House/Senate hearings lately. Spectrum Community Services, along with several WCCMH peers, testified at the House Appropriations Committee hearing. The testimonies were moving and super compelling. Also, at the DHHS budget hearing, there were testimonies from MALA and MARO with the common theme of the direct care crisis and the issues with the direct care wages. Maureen, from Full Life Independence, shared her experience at the meeting and was impressed by a group of advocates who spoke on the same staffing crisis with the elderly population. Many report the direct care worker crisis will worsen in five or ten years due to the age and population. Trish, Oakland County CMH, CEI, and other regions testified at the hearing. A lot of advocacy is still going on, which is important while incoming administration is still getting their people in place.</td>
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<td>• Region 6 – our four counties did a formal reconsideration with the state that started an ALJ (Administrative Law Judge) process. The PIHP is asking to be made whole by requesting funds for the last three fiscal years.</td>
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years. Due to the magnitude of the request, the judge in the ALJ process will make a recommendation to the new DHHS director, Robert Gordon, who can agree or disagree with the recommendation. If there is an unfavorable decision, it can go the circuit court; giving them the chance to make the final determination. WCCMH feels that they can’t continue to cut any more services, which is why they believe this process is the only option to pursue.

- Trish and Nicole Phelps gave a presentation to the Board of Commissioners addressing the changes of the rate methodology the state uses to decide on the Medicaid rates and the challenges we face. Please see the attached PowerPoint for more information, and if you have any questions or if you would like to see this presentation at the next providers meeting, please let us know.

- Sally Amos O’Neal spoke about the 1009 pilot proposal and that it was presented and approved by the Regional Operation Committee. One of the recommendations from the millage is to hire a person to be a community organizer to help advocate across all counties.

II. HCBS Updates

- Jason Newberry, CMHPSM

- The review of the HCBS survey, which was sent to providers from the state, is to ensure that licensed residential settings are complying with the standards of the state and the federal government. Letters were sent out to the providers if they were found non-compliant, to address the issue(s), and for them to create a CAP to be compliant. The results from the survey also led some providers to be in the heightened scrutiny category. The state also hired a group of people to help remediate the issue by sending out letters to connect with the providers who are in the heightened scrutiny category.
| III. CARES Team Updates | • Kelly Bellus & Melisa Tasker | • HAB Waiver consumers have been surveyed. Letters were sent out to the providers, and their CAPs were received, notifications were sent out on whether their CAP was approved or denied, and site reviews were conducted.
• B3 letters will be sent out soon. It is currently not known how often the state will do the B3 surveys.

|                  | • Washenaw County millage has passed. Funding went to the areas of criminal justice and behavior health. There are three main focus areas for the behavioral health portion of the millage, which is:
  2. Youth Efforts – Providing Care for the underserved youth population.
  3. Homelessness
• To support these efforts, WCCMH has partnered with community partners. For example, to support the youth efforts, WCCMH partnered with Ozone House on a mapping process to assess where youth may encounter law enforcement, need crisis stabilization, and behavioral health treatment.
• The 24-hour stabilization crisis team provides help to everyone (regardless if they have insurance or not) that is going through a mental health crisis. The crisis team can go to the individual, assess their risk, conduct wellness calls, and develop safety plans.
• From the millage funding, the crisis team expanded its service and created the CARES team. The CARES team consists of mental health professionals, psychiatrist, peers, and CSMs. Treatment provided is therapy, peer support, med management, and case...
management. The goal of the CARES team is to meet the needs of the clients and stay with the clients until they get connected to a community resource.
- WCCMH is creating a partnership with Chelsea, Manchester, Dexter, and other locations to have staff in place for services.
- For questions regarding referrals, please call WCCMH at (734) 544-3050.

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<th>IV. Medication Updates</th>
<th>• Brandie Hagaman</th>
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<td>• Medication Administration trainings are posted on the website and updates for future trainings will be posted and emailed once available.</td>
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<th>V. Claims Verification Updates</th>
<th>• Heather Linky</th>
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<td>• The Office of Inspector General (OIG) is now requiring that the PHIP report CMH’s claims verifications to the federal government, quarterly. Which consists of completing a spreadsheet of all claims verifications, what was done, and the results of them. Claims verifications will be requested from providers, which will involve requesting documentation that will support the services provided. If progress notes do not support the services that you are billing for, it can result in a Medicaid/funds take-back.</td>
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<td>• To help support or guide providers on how to complete a progress note, WCCMH will create a PowerPoint tip sheet that will share the importance of progress notes.</td>
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<td>• Once WCCMH shares the PowerPoint tip sheet, please provide feedback, we will be happy to make changes.</td>
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<th>VI. ORR Updates</th>
<th>• Shaun Thompson</th>
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<td>• The ORR Initial Rights 30-day reporting will be coming soon. Please report on new hires between January - March 2019.</td>
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<td>• A question was asked, if a staff gets hired before the new Rights Training implementation in October, and they completed a face to face training, will their training still be accepted? And the answer is “the training will still be good for two years.”</td>
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Another question was asked, will ORR accept Rights trainings from any county and the answer is “Yes.”
- Recipient Rights are recruiting members for the Rights Advisory Committee. Please see attached Rights flyer for more information.

### VII. Claims and Appeals Updates
- **Karrie Onyskin**
- The Region has updated the claims and appeals process. There were modifications made to claims submission, adjudication, and the fiscal year end process. You can view the updates to the policy on the Regional CMHPSM website.

### VIII. Direct Care Wage Notification
- **Sara Hungerford**
- Direct care wages have increased by .25 cents. Changes in the system have been made to adjust to the new rates. Please send back amendments, if you have not already to help complete the process.
- A question was asked if there be an attestation form that will needed for the increase. At this time the State is not requesting this information, in the event this changes someone from WCCMH will reach out.

### IX. Insurance Certification Notice
- **Sara Hungerford**
- When submitting your Insurance certificate it must say “Washtenaw County & CMHSP” when listing us as an additional insurer (see attached form). If Washtenaw County & CMHSP is not listed on the certificate it will be sent back to the provider to make the necessary adjustments.

### X. Financial Audit
- **Sara Hungerford**
- Financial Audit is due 90 days after the end of the fiscal year. Please send your information to Sara and feel free to email your information as well. If you can’t meet the financial audit deadline and need an extension, please notify Sara at hungerfords@washtenaw.org.
<table>
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<tr>
<th>XI.</th>
<th>Next Meeting</th>
<th>July 17, 2018, LRC 4135 Washtenaw, Ann Arbor. 10:00am–12:00pm LRC Room Huron</th>
<th>Future agenda items:</th>
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Washtenaw County Community Mental Health (WCCMH)
CMH Funding and Budget Update

Washtenaw County Board of Commissioners Meeting
April 3, 2019
CMH Funding and Budget Update

- State of Michigan’s Public Mental Health System
- Pre-paid Inpatient Health Plan
- Washtenaw County Community Mental Health
- Medicaid Funds
  - How the funding is allocated
  - Regional Medicaid
  - Underfunding and Unpredictability of the system
- Other Funding
- Fiscal Year 2019 WCCMH Projections
- WCCMH Expenses
- Millage Funds
Michigan’s Public Mental Health System

- Medicaid behavioral health services in Michigan are delivered separately from the Medicaid physical health services, this is known as “carve-out”
- Michigan operates a managed care program to provide behavioral health services to Medicaid beneficiaries (both mental health and substance use disorder)
- The state contracts with managed care organizations called Pre-paid Inpatient Health Plans (PIHPs)
- Each PIHP is under contract with the Michigan Department of Health and Human Services (MDHHS) to fulfill the Medicaid entitlement
- PIHPs are organized into 10 regional entities across the state
The Community Mental Health Partnership of Southeast Michigan (CMHPSM) is the PIHP for the 4 county region

- Lenawee
- Livingston
- Monroe
- Washtenaw

PIHPs contract with the counties/CMH authorities to provide all medically necessary and mandated specialty mental health and substance use disorder services to qualified Medicaid beneficiaries

The CMHPSM Board is comprised of 3 board members from each of the four CMH Boards and 1 member representing the Oversight Policy Board (SUD)
Washtenaw County Community Mental Health

- State designated Community Mental Health Service Provider (CMHSP) for Washtenaw County
- Under contract with CMHPSM (PIHP) we are required to provide mandated, medically necessary, specialty mental health services to Medicaid eligible individuals within Washtenaw County
- We serve three primary populations
  - Adults with Serious Mental Illness (SMI)
  - Adults and Children with Intellectual and Developmental Disabilities (I/DD)
  - Children with Serious Emotional Disturbance (SED)
WCCMH Budget by Fund Source

- 87% Medicaid & HMP
- 5% PIHP Revenue
- 2% State General Funds
- 2% Grants & Other MDHHS
- 4% County Appropriation
- All Other
MEDICAID FUNDING

- Michigan Medicaid Fund Sources
  - State Plan Services (includes Autism)
  - Alternative B3 Services and Supports
  - C-Waiver Habilitation Support Waiver Services
  - Healthy Michigan Plan (Medicaid Expansion)
  - Each fund source has defined coverage and an allowable service array
MEDICAID FUNDING

- MDHHS distributes Medicaid to the PIHPs through a managed care capitated funding model
- PIHP issues a Medicaid Sub-Contracting Agreement to the CMHSPs
- Depending on the Medicaid program, budgeting is determined by historical trends or actual enrollment
- PIHP Medicaid revenues are disbursed to CMHSPs based on actual payments and enrollee data
MEDICAID FUNDING
Washtenaw Medicaid Enrollees

FY2018 Medicaid Enrollees and Number Served
- Total Enrollees: 34,283
- Numbers Served: 4,081

FY2018 HMP Enrollees and Numbers Served
- Total Enrollees: 16,907
- Numbers Served: 1,262
MEDICAID FUNDING

Capitated Rate Structure

- Medicaid Benefit Classifications:
  - Disabled, Aged, Blind (DAB)
  - Temporary Assistance for Needy Families (TANF)
  - Healthy Michigan Plan (HMP)
- Each classification has a Statewide Base Rate:
  - Average: DAB = $286   TANF = $12   HMP = $32

Monthly Capitation Payment Calculation:

State Base Rate \times \text{Statewide Age/Gender Factor} \times \text{PIHP Specific Geographic Factor} = \text{PIHP Capitated Rate per Enrollee}
MEDICAID FUNDING

- PIHP receives Medicaid/HMP payments based on the total enrollees within the region
  - Enrollees x PIHP Capitated Rate = Medicaid Revenue

- Prior to FY 2016 the capitated rate calculation was based more on trends in utilization and costs

- Beginning mid-fiscal year 2016 the implementation of “Geographic Factors” in the rate calculation began taking effect

- Geographic Factors
  - Morbidity: Diagnosis, Age Group, Gender, Program Eligibility
  - Treatment Prevalence: Members Served / Members Covered = TP %
  - Independent Unit Cost Factor: Mental Health Provider Shortage Area
  - Medical-Consumer Price Index (CPI) cap
MEDICAID FUNDING

WCCMH Medicaid Expenses

PIHP Available Medicaid

2017

2018

Projected 2019

$60,000,000

$62,000,000

$64,000,000

$66,000,000

$68,000,000

$70,000,000

$72,000,000

$74,000,000

$76,000,000

$78,000,000

$80,000,000
MEDICAID FUNDING

EXAMPLE for demonstrative purposes of regionalized Medicaid funding:

In this example, the PIHP has $155,000,000 of revenues to disburse to the partner CMHs

- Washtenaw: $75,000,000
- Monroe: $35,000,000
- Livingston: $25,000,000
- Lenawee: $20,000,000

For this example, let’s assume that Washtenaw is experiencing budgetary challenges and all other partners are within or under budget.

At the close of the fiscal year, all CMHs cost settle with the PIHP, so either return unspent Medicaid funds or would receive additional Medicaid funds from the PIHP to cover the shortfall.
EXAMPLE continued:

At the close of the fiscal year the CMHs have the following surplus / (deficit)

- Washtenaw: ($4,000,000)
- Monroe: $0
- Livingston: $250,000
- Lenawee: $5,000,000

Those CMHs with a surplus would return those funds to the PIHP and subsequently the PIHP would give Washtenaw an additional $4M to cover its shortfall.

In this scenario, the PIHP has an additional $1.25M that it can choose to put in the Internal Service Fund (ISF - risk reserve) or it can carry-forward those dollars to the next fiscal year.
Actual Close of Fiscal Year 2018 at the regional level:

CMHPSM Total Revenues: $150,641,506 and CMHPSM Total Expenditures: $169,511,329
Overall Shortfall ($18,869,823) planned use of Risk Reserve $5M

FY2018 Regional Deficit ($13,500,000)
- Washtenaw ($7,500,000)
- Monroe ($3,725,000)
- Livingston ($2,400,000)
- Lenawee $175,000

Lenawee returned unspent funds and the remaining deficits are covered in the shared-risk arrangement between the PIHP and MDHHS
MEDICAID FUNDING

Actual Close of Fiscal Year 2018 at the regional level continued:

Shared-Risk Arrangement as outlined in MDHHS to PIHP Medicaid Agreement:

FY2018 Deficit ($18,869,823)

100-105% PIHP Risk Reserves(if available)/Shared Risk Corridor

= $7,568,274 ($5M of this was a planned used)

105-110% Shared Risk Corridor

= MDHHS $3,784,137
= Local Share $3,784,137

110% and beyond MDHHS

= $3,733,275
MEDICAID FUNDING

Projected Fiscal Year 2019 at the regional level:

Available Medicaid Revenues: $150,000,000 and CMHSPs Expenditures: $165,000,000

Overall Shortfall ($15,000,000)

FY2019 Regional Deficit ($15,000,000)

- Washtenaw ($10,300,000) = 13% of overall Medicaid budget
- Monroe ($3,400,000) = 11% of overall Medicaid budget
- Livingston ($1,300,000) = 4% of overall Medicaid budget
- Lenawee $0

* The Medicaid reserves were fully exhausted in FY18
Underfunding of the system

- Medicaid beneficiaries migrating from DAB to HMP (at lower rate) who are entitled and requiring the same level of services
- Implementation of the Geographic Factors into the rate development methodology used by State/MDHHS
- Autism Services have grown at accelerated rate and have been underfunded and prematurely rolled into our capitated funding system
- Failure to adequately fund risk reserves and prohibiting savings retention
MEDICAID FUNDING

Unpredictability of the system

- We are a health insurance who must serve any Medicaid beneficiary qualifying for our level of care
- Medicaid capitated rates are typically updated annually but are subject to change multiple times over the course of a fiscal year
- New or changes to service provision and administrative requirements can be mandated at any time without additional funding
- Rule changes effect the predictability of projections
- Prior to this current fiscal year, WCCMH received its funding as a 1/12th payment in accordance with the budget, due to the lack of reserves at the PIHP we are receiving a direct pass through of Medicaid payments
WCCMH Budget by Fund Source

- **87% Medicaid & HMP**
- **4% PIHP Revenue**
- **5% State General Funds**
- **2% Grants & Other MDHHS**
- **2% County Appropriation**
- **2% All Other**
State General Funds

- Authorization paid through direct contract with Michigan Department of Health & Human Services (MDHHS) and Washtenaw County CMH (does not go through PIHP)

- State GF must first be used to pay for urgent and emergent services for individuals meeting criteria and can then be used for services to the un-insured or under-insured if available

- County holds the risk and local funds are used to cover shortfalls
STATE GENERAL FUNDS

Contractual Mandate:
- Services for individuals meeting urgent and emergent criteria

Is then used for:
- Medicaid Deductibles “spend-downs”
- Uninsured/underinsured individuals
  - ATO individuals not insured
- 612’s - Court Ordered Guardianship Assessments
- Supplement Fee-for-Service Waivers (Children’s & SED)
- Medications not covered by insurance
- Client Care (health and safety matters not allowed by other funding sources)
STATE GENERAL FUNDS

State General Fund Revenue

4% of Budget
STATE GENERAL FUNDS

- Fiscal Year 2013 Authorization = $8,419,917
  - Operations $6,806,466
  - State Facilities $1,613,451

- Fiscal Year 2014 Authorization = $7,080,401
  - Operations $4,867,867 (Healthy Michigan Plan - April, 2014)
  - State Facilities $2,212,534

- Fiscal Year 2015 Authorization = $4,678,527
  - Operations $2,729,358
  - State Facilities $1,949,169 (Last Year - State assumes responsibility in FY 2016)

- Fiscal Year 2016 Authorization = $2,729,358
- Fiscal Year 2017 Authorization = $2,784,574
- Fiscal Year 2018 Authorization = $2,784,574
- Fiscal Year 2019 Authorization = $3,147,193
Licensed Residential

Financial Responsibility Change for State Hospitalizations

* The effects of this change have created Medicaid budget pressures
What CMH had to discontinue after funding cuts:

- Providing integrated care at 5 primary care sites
  - Corner Health, Hope Clinic, Taubman, Ypsilanti Family Practice, Neighborhood Family Health Center
- Psychiatry Clinic at Delonis Shelter
- Specialty Courts (Sobriety Court, Homeless Outreach Court)
- J-Port & H-Port
- Consumer Advocacy
- Hospitalizations for non-Medicaid individuals
- Services no longer provided for 350+ uninsured/underinsured individuals and no new non-Medicaid individuals
Psychiatric Inpatient Hospitalizations

* The effects of this change have created Medicaid budget pressures
COUNTY APPROPRIATION

- County General Fund Appropriation
  - $1,528,080 Annual Appropriation
  - $165,192 Jail Services
  - Historical TOTAL $1,693,272
  - Additional appropriation was made in 2019 & 2020 to cover increased PDQs expense
  - Current TOTAL $2,185,277

- County’s appropriation to CMH is local in nature and is primarily used to cover match requirements
  - Medicaid match paid to PIHP $689,948 (fixed annual amount)
  - State GF match and 10% local share of State Facilities (varies base on services)
GRANTS & MDHHS CONTRACTS

- MDHHS Contract
  - PASSAR/OBRA Nursing Home Screenings
  - Fee-for-Service Waivers
    - Children’s Waiver
    - Serious Emotional Disturbance (SED) Waiver

- Grant Agreements
  - SAMHSA Grant - CCBHC Expansion
  - PATH (Homeless Outreach)
  - Washtenaw County Coordinated Funding
  - Block Grants

5% of Budget
ALL OTHER FUNDING

- Revenue Contracts for Staffing Reimbursement
  - Office of Recipient Rights - Regional partners and U of M purchase this function from WCCMH
  - Sheriff’s Office - Mental Health Services in the Jail
- 1st and 3rd Party Billing Revenue
- County of Financial Responsibility (COFR) Revenue

2% of Budget
WCCMH FY 2019 PROJECTION

Revenues: $79,455,940
Anticipated Medicaid Revenue: $10,361,681
TOTAL REVENUES: $89,817,621

TOTAL EXPENSES: $89,817,621
WCCMH Expenses

Internal Services (Fixed Costs) $31,560,000
Administration $6,500,000
Total Contracted Services $51,750,000

CLS $26,400,000
Licensed Residential $11,500,000
All Other Contracted $13,850,000

Total Contracted Services $51,750,000
MEDICAID EXPENSES

WCCMH Medicaid Expenses  PIHP Available Medicaid

2017  2018  Projected 2019

$60,000,000  $62,000,000  $64,000,000

$70,000,000  $72,000,000  $74,000,000

$80,000,000
Licensed Residential

Financial Responsibility Change for State Hospitalizations

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
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<tbody>
<tr>
<td>2014</td>
<td>$6,000,000</td>
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<tr>
<td>2015</td>
<td>$7,000,000</td>
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<tr>
<td>2016</td>
<td>$8,000,000</td>
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<td>2017</td>
<td>$9,000,000</td>
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<tr>
<td>2018</td>
<td>$10,000,000</td>
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<tr>
<td>2019</td>
<td>$11,000,000</td>
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Psychiatric Inpatient Hospitalizations

- Reduced supports provided with State GF
Medicaid Revenue

Cost of Service
But you have millage dollars?

** WCCMH Millage Funds cannot supplant WCCMH Medicaid Funds and are accounted for separately

** WCCMH Millage Funds are used for initiatives identified by the Community and CMHAC while helping to address the crisis and stabilization issues for individuals not qualifying for Medicaid services
In conclusion...

- WCCMH is an insurer and provider of Medicaid specialty mental health services, we MUST serve those that qualify for our services under their entitlement benefit and state eligibility criteria.
- As part of a regional managed care organization the individual CMH’s do not operate in silos but rather are responsible to each other.
- The community mental health system in Michigan is under extreme pressures due to underfunding with an increasing acuity and demand.
- Medicaid is an entitlement and the State of Michigan has a responsibility to adequately fund behavioral health services.
- Advocacy is key and we need your help.
Washtenaw County Office of Recipient Rights Advisory and Appeals Committee Recruitment

The WCCMH Office of Recipient Rights is recruiting recipients, family members, and community members to participate in the Recipient Rights Advisory and Appeals Committee (RRAC). Participating with RRAC is a great way to learn more about Recipient Rights and play an integral role in the Rights system.

Members of this committee serve in an advisory capacity to the WCCMH Executive Director as well as the Director of the Office of Recipient Rights. This includes reviewing and commenting on quarterly Recipient Rights data reports, establishing outcomes for the Office of Recipient Rights, and making recommendations to the governing CMH Board. In its advisory capacity, RRAC also protects the impartiality of the Rights Office.

The appeals component of the committee involves hearing and reviewing appeals of complaints that were investigated by Recipient Rights staff. This entails reviewing staff’s investigative findings and conclusions, as well as any additional information from the appellant, and voting on whether to uphold the Rights Office’s decision.

If you or your team members know of anyone who would be a good fit to serve with RRAC, please share this information with them. Also, to ensure the independence of the RRAC from the Rights Office and WCCMH, current staff from WCCMH and any contract providers are not eligible to serve on the committee.

Please contact the Rights Office at 734-219-8519 with any questions, concerns, or interest.

Thank you!
Approved Insurance Certificate for Additional Insured

1. Listing us as additional insured in the Description box:

Washtenaw County and CMHSP are included as additional insureds per endorsements and - see following for policy wording.

2. Check marking the applicable policies and listing the certificate holder as the additional insured

Certificate holder is included as additional insured when required by written contract, written agreement or permit.

Washtenaw County and CMHSP
555 Towner
Ypsilanti MI 48198