

**COMMUNITY MENTAL HEALTH  
OF OTTAWA COUNTY**

**FY 2014  
Annual  
Report**

# OBJECTIVES

- **CMH Finances 101**
- **2014 Budget Overview**
- **2015 Budget Update**

# CMH FINANCES

101

# FUNDING HISTORY

- Prior to 1999 Medicaid was distributed to individual CMHs based on historic spending
- 1999 - Managed Care – Department of Health and Human Services (MDHHS) first started using a funding methodology that includes co-morbidity factors such as age, gender, program codes, and the prevalence of persons with developmental disabilities and/or mental illness
- Capitated Medicaid funds went to newly formed Pre-Paid Inpatient Health Plans (PIHPs)
- 18 PIHPs were formed. Ottawa joined Muskegon in the Lakeshore Behavioral Health Alliance (LBHA)
- Per Member Per Month (PMPM) – method used by MDHHS to distribute Medicaid dollars to PIHPs – monthly payment per eligible Medicaid life
- LBHA used a historic spending methodology to distribute Medicaid. 42% Ottawa, 58% Muskegon

# FUNDING HISTORY

- State General Funds are distributed separately to individual CMHs
- Substance Use Disorder (SUD) funding was allocated through a parallel system known as Coordinating Agencies (CAs) until October, 2014. Now SUD funds flow through PIHP.
- 2014 – MDHHS required new regions to be formed, went from 18 regions to 10. The Lakeshore Regional Partners (LRP) were formed.
- LRP uses a historic spending method to distribute Medicaid
- New funding formula will be decided by October 2016
- If the region chooses PMPM methodology CMHOC's Medicaid funding will be reduced by \$6-8 million

# FUNDING STREAMS

**Michigan Department of Health and Human Services (MDHHS)  
formerly Department of Community Health (DCH)**

Medicaid



PIHP



CMHOC



State GF



CMHOC



SUD Funds



PIHP



CMHOC



**FISCAL YEAR 2014**

**Report**

- **January 2014 Community Mental Health of Ottawa County joined the Lakeshore Regional Partners (LRP)**
- **The LRP is the public behavioral health plan for people with mental illness, developmental disabilities, and substance use disorders in Allegan, Kent, Lake, Mason, Muskegon, Oceana, and Ottawa counties.**
- **April 2014 Healthy Michigan Plan rolled out and State General Fund dollars cut**
- **October 2014 SUD services were integrated into the LRP/CMH system**





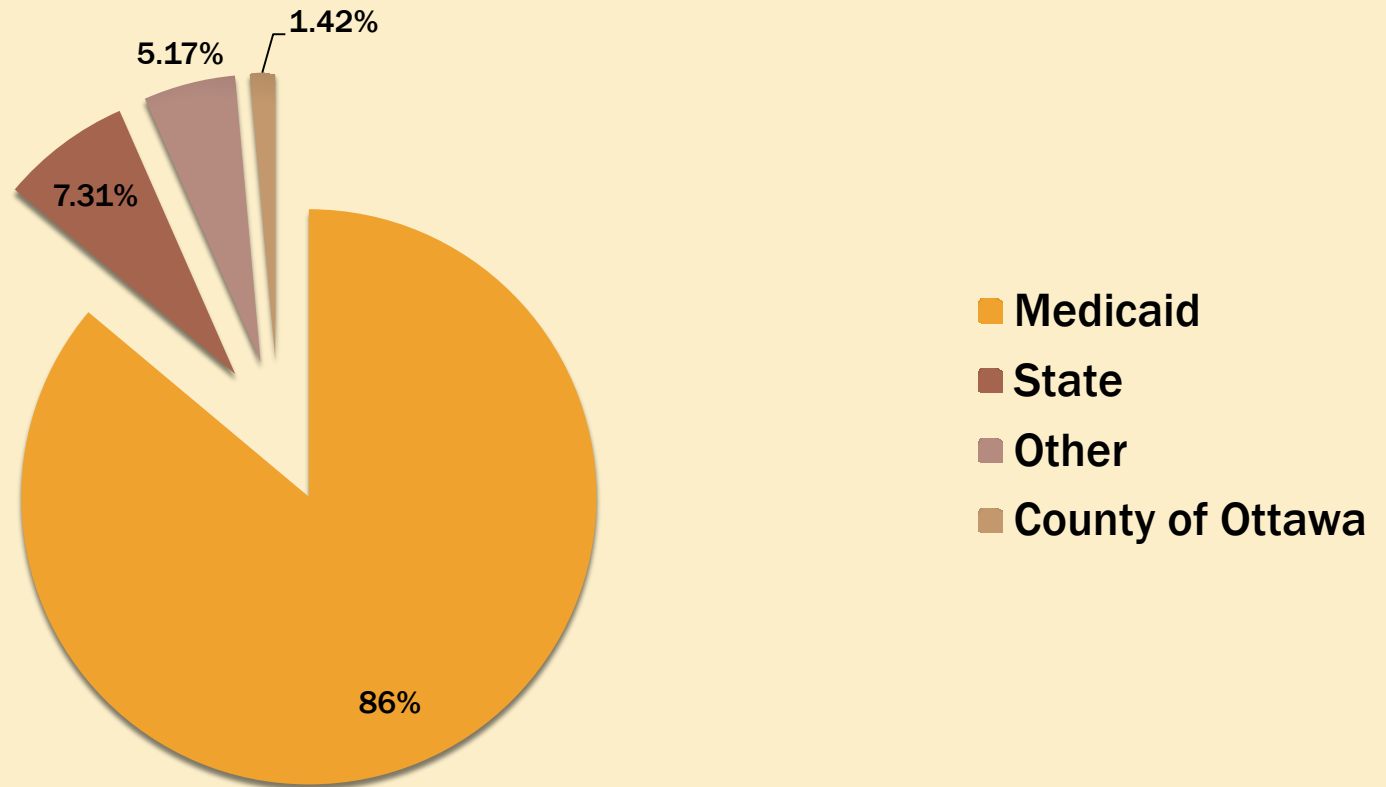
# PRIMARY SOURCES OF REVENUE

Think in terms of buckets



- Medicaid – 86%
  - State Plan, HSW, HMP, SUD
- State General Fund – 7.31%
- Other – 5.17%
  - Grants, 3<sup>rd</sup> Party Reimbursement
- County of Ottawa – 1.42%

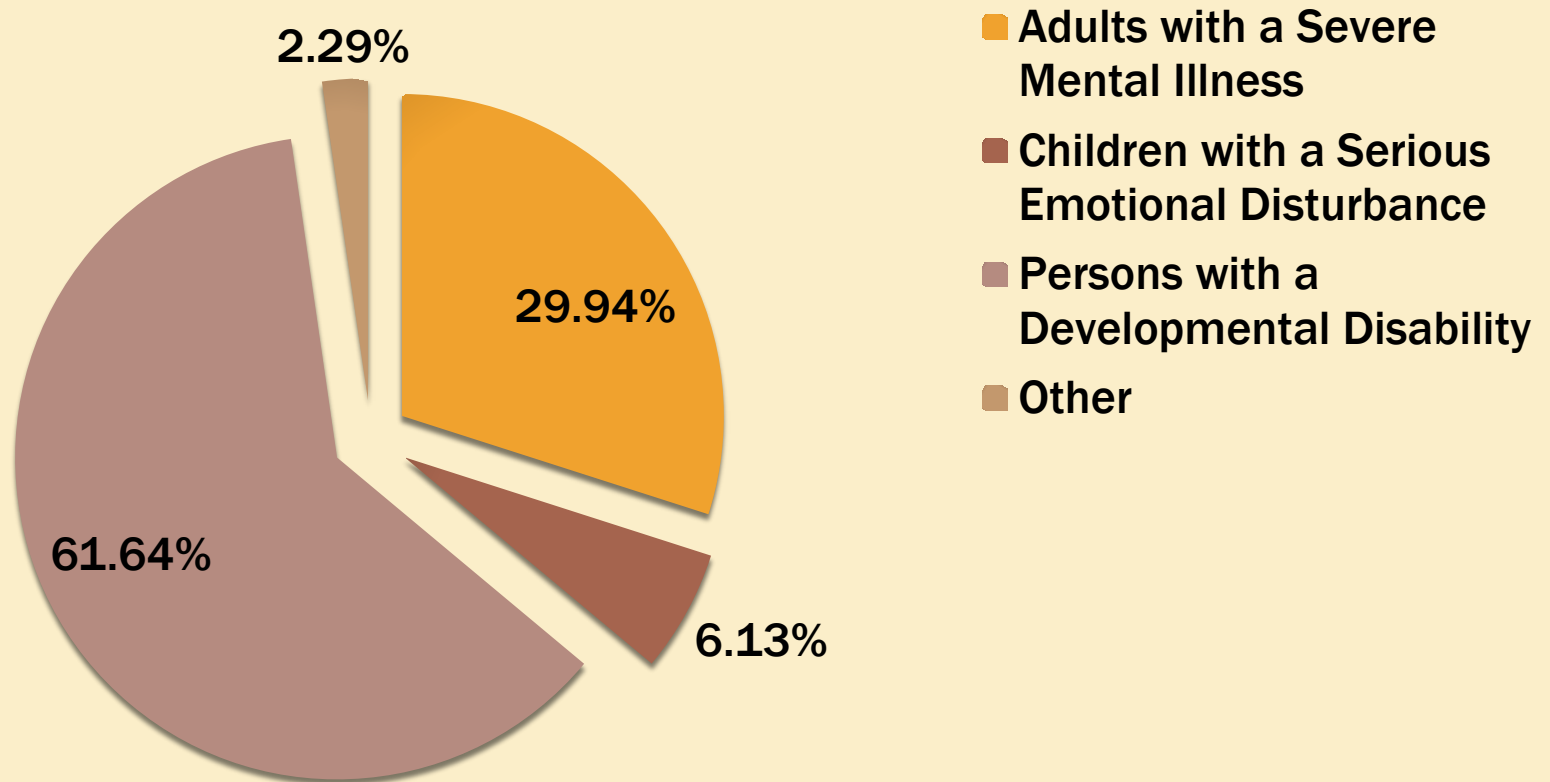
# REVENUES FY 2014



# SOURCES OF REVENUE

	<b><u>FY 2014</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2012</u></b>	<b><u>FY 2011</u></b>
<b>Medicaid</b>	\$34,026,798 86.1%	\$32,553,894 83.38%	\$31,184,097 83%	\$29,585,522 84.03%
<b>State Funds*</b> (includes \$50k in trans)	\$2,890,192 7.31%	\$3,944,785 10.10%	\$3,891,121 10.36%	\$3,706,189 10.53%
<b>Other*</b> (includes 140K from fund balance)	\$2,043,637 5.17%	\$1,926,787 4.93%	\$1,886,296 5.02%	\$1,318,026 3.74%
<b>County of Ottawa</b> <i>Allocation</i>	\$476,500	\$476,500	\$476,500	\$476,500
<i>Rent, Interest</i>	<u>\$ 84,249</u>	<u>\$141,833</u>	<u>\$133,115</u>	<u>\$120,632</u>
	\$560,749 1.42%	\$618,333 1.58%	\$609,615 1.62%	\$597,132 1.7%
<b>Total Revenue</b>	\$39,521,376 100%	\$39,043,799 100%	\$37,571,129 100%	\$35,206,869 100%

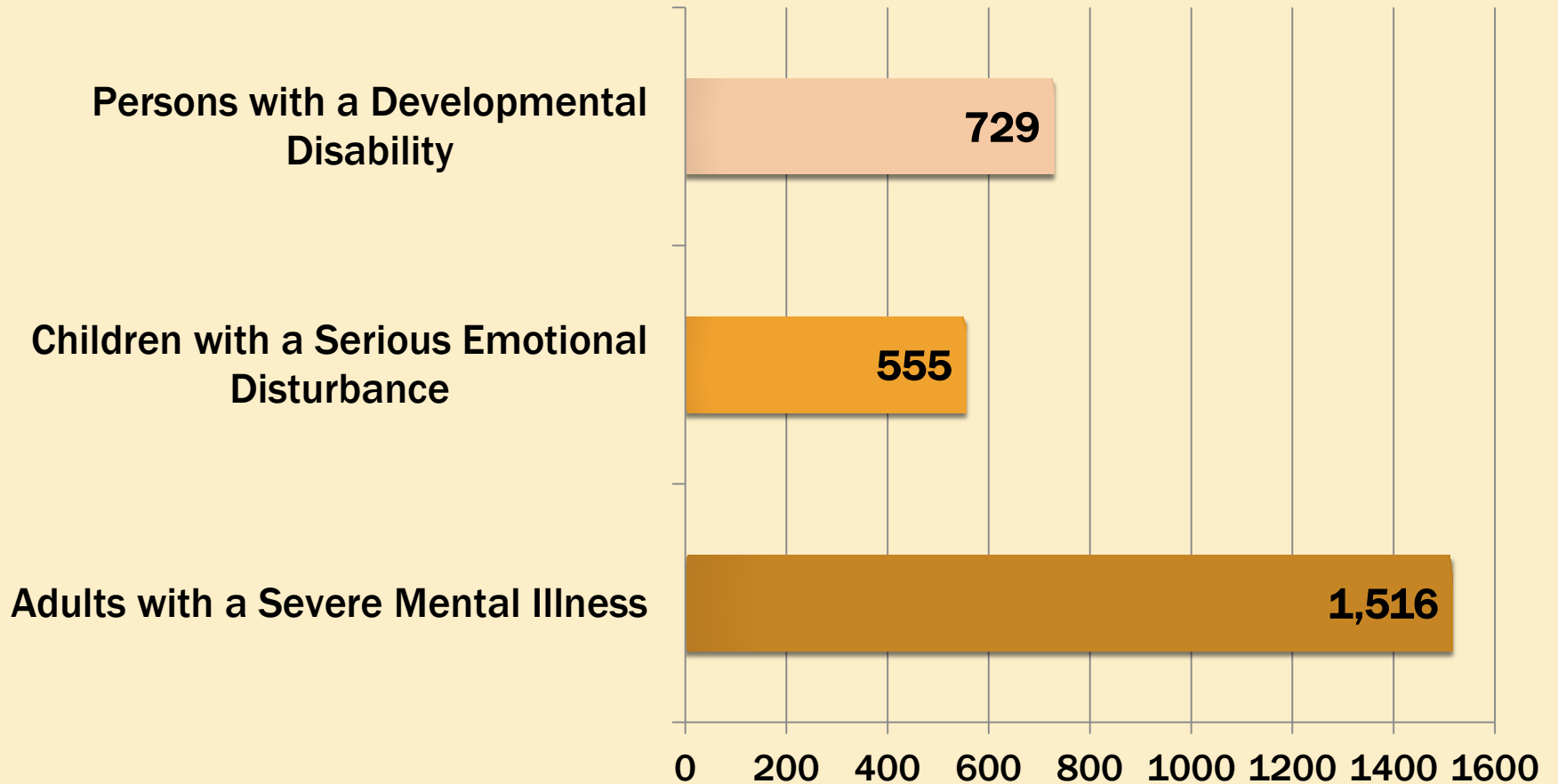
# EXPENSES FY 2014



# EXPENDITURES

	<u>FY 2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
<b>Adults with a Severe Mental Illness</b>	\$11,834,119 <i>29.94%</i>	\$12,093,788 <i>30.97%</i>	\$11,809,127 <i>31.43%</i>	\$10,734,860 <i>30.49%</i>
<b>Children with a Serious Emotional Disturbance</b>	\$2,422,014 <i>6.13%</i>	\$2,001,182 <i>5.13%</i>	\$1,732,036 <i>4.61%</i>	\$1,536,537 <i>4.36%</i>
<b>Persons with a Developmental Disability</b>	\$24,361,185 <i>61.64%</i>	\$23,848,875 <i>61.08%</i>	\$23,374,296 <i>62.21%</i>	\$21,927,469 <i>62.28%</i>
<b>Other</b>	\$904,058 <i>2.29%</i>	\$1,099,954 <i>2.82%</i>	\$655,670 <i>1.75%</i>	\$1,008,003 <i>2.87%</i>
<b>Totals</b>	\$ 39,521,376 <i>100%</i>	\$ 39,043,799 <i>100%</i>	\$37,571,129 <i>100%</i>	\$35,206,869 <i>100%</i>

# PERSONS SERVED FY 2014



# PERSONS SERVED

	<u>FY2014</u>	<u>FY 2013</u>	<u>FY 2012</u>	<u>FY 2011</u>
Adults with a Severe Mental Illness	1516	1539	1713	2050
Children with a Serious Emotional Disturbance	555	564	479	505
Persons with a Developmental Disability	729	681	673	721
<b>Total Served</b>	<b>2,798</b>	<b>2,784</b>	<b>2,865</b>	<b>3,276</b>

# FISCAL YEAR 2015

Update



# THE BUDGET

<b>Fiscal Year 2015</b>	<b>Traditional Medicaid</b>	<b>State General Fund</b>	<b>Healthy Michigan Plan Medicaid</b>
<b>Projected Expenditures</b>	<b>\$31,487,228</b>	<b>\$2,084,052</b>	<b>\$1,264,483</b>
<b>Projected Revenues</b>	<b>\$30,093,735</b>	<b>\$1,535,809</b>	<b>\$2,699,696</b>
<b>Projected Deficit</b>	<b>(\$1,393,493)</b>	<b>(\$548,243)</b>	<b>-</b>
<b>Projected Surplus</b>	<b>-</b>	<b>-</b>	<b>\$1,435,213*</b>

\* Surplus HMP cannot be used to supplement traditional Medicaid

- **\$2 million shortfall**
- **Medicaid rate re-basing and decline in Medicaid enrollments - The Lakeshore Regional Partners (LRP) lost funding in FY15**
- **General Fund reduction**
- **1% increase to providers**
- **Cost of living increases (2%)**
- **Inability to use HMP surplus**
- **LRP administrative cost increases**
- **Loss of Lakeshore Behavioral Health Alliance (LBHA) Medicaid sharing**



- **Staff reductions/layoffs**
- **Closed Tri-Cities CBS program**
- **Reduced services for people**
- **Increased contracting/less directly operated services**
- **In some cases, disenroll people from services**



# THE FUTURE

- Potential \$6-8 Million loss of Medicaid funding
- We need to change the way we deliver service
- We will work with our community partners and stakeholders to find or create quality, cost effective, and sustainable alternatives
- We need to continue to advocate for equitable and adequate funding for mental health services for our most vulnerable citizens
- We will strive to remain positive and solution focused and look for additional revenues