



Stakeholder Update on Medicaid Funding

April 7, 2015

Lakeshore Regional Partners (LRP) is the Medicaid Health Plan for Network180, Allegan County Community Mental Health Services, Community Mental Health Services of Muskegon County, Community Mental Health of Ottawa County and West Michigan Community Mental Health System.

Over the past several months members of the Lakeshore Regional Partners (LRP) have suffered a decline in Medicaid revenue. The result of this decline is a significant budget deficit.

There are two main factors that have caused this decline.

1. Medicaid Rate Rebasing - The Michigan Department of Health and Human Services is required to complete an actuarial analysis of the rates it pays each region each year. This frequently results in some regions getting higher rates and some lower. This past year, as a result of a new rate paid to the LRP following regionalization and rebasing, the total funds received by the LRP was reduced by \$10 million, resulting in Network180's funds being reduced by approximately \$5 million.
2. Significant decline in Medicaid Enrollment - Beginning in July 2014, the total number of people enrolled in traditional Medicaid began to drop. It appears that individuals that have been enrolled in the Temporary Aid to Need Families (TANF) have changed coverage to the new Healthy Michigan program. In total, the region has lost approximately 30,000 individuals per month from TANF enrollment. This is a 22% drop. This represents a total loss of funds to the LRP of \$7.4 million. State-wide the drop is 19%.

On Friday, March 6th this information was shared with the CEOs of the agencies in our provider network that we contract with to provide services. We are working jointly with our provider network to reduce total Medicaid costs by approximately \$5 million before October 1, 2015.

Even though these reductions must be made, we continue to work with state officials and legislators to have adequate funds restored. In addition, we will begin immediate administrative reductions and evaluate options for reducing other expenses where possible. Our goal is to make every effort to minimize disruption to services to some of the most vulnerable individuals in our community.

We will issue updates as information and plans are finalized. Further information will be provided at the Network180 Public Hearing on April 13th at 6:00pm and at community meetings that are scheduled for 2:00pm on April 15th and 5:30pm on April 16th. All of the meetings will be held at:

Hope Network Education Center
775 36th St. SE
Wyoming, Michigan 49548

For more information please contact Scott Gilman, CEO at scott.gilman@network180.org (616) 855-5201 or Christopher Smith, Deputy Director of Program Services at chris.smith@network180.org (616) 855-5202.