Genesee Health System
Risk Management Plan
FY 2020
INTRODUCTION

The financial projections for GHS’s Medicaid revenue for the 2020 fiscal year, which begins October 1, 2019, appears very good. However, GHS did receive another reduction to our General Fund funding. This reduction was approximately $400,000.00. Continued increasing cost in the areas of our Autism services and the Healthy Michigan benefits continue to result in higher expenses this coming year. GHS continues to experience a waitlist for our Autism client benefit. Additional service requests have continued and resulted in a need to expand our provider network and internal home base program. Additionally, the Healthy Michigan cost in all service areas continue to increase. The Region provided additional funding for the traditional Medicaid service and we are hopeful this will cover the increase in expenses experienced in those areas. Genesee Health Plan has provided a grant to assist with the reduction of our General Fund client waitlist. GHS also continues to seek grant funding to fill Service GAPs for the community, mainly relating to the Water Crisis that occurred in Flint as well as the ongoing SUD needs in the community. These areas of need continue from the prior year and are expected to result in additional service requests and treatment.
GOAL

1. A primary focus during the next year is to continue to look for alternative funding sources. Working with Genesee Health Plan, completing grant applications and potentially seeking a county millage are all being explored as some of the alternative revenue streams.

2. Working towards the possible change in the Medicaid funding/Manage Care system, from the PIHP to the Medicaid Health Plans (298). We will be continuing these discussions as well as developing potential funding models during the next fiscal year with an expected implementation date of 10-1-2020. Additionally we will be looking at SUD funding returning to GHS.

3. Continuing to monitor utilization of services and their funding sources to identify potential trends that may be increasing expenses.
   a. Hospitalization
   b. High end Residential services and cost with the reduction of State Facilities
   c. Case Management increase in clients served
   d. Day Programming cost
   e. Support Coordination
   f. Respite Services increase in number of clients served and units provided
   g. CLS increase in number of clients served and units provided

4. GHS will explore the development and design of a new 24 hour Urgent Behavioral Care Center. Steps that will be taken include the following:
   a. Consulting with project manager
   b. Engaging community stakeholders in the process
   c. Exploring various model designs
   d. Creating a working plan for implementation

5. GHS will start to develop a model for redesign of the Residential System. This model will lead to a Request for Proposal for bids on the newly designed system of Residential Care. Steps include:
   a. Developing an internal clinical team to start design discussion
   b. Seeking stakeholder input through community forums and town hall meetings
   c. Creating an outline model design for stakeholder review and final input
   d. Releasing a Request for Proposal seeking provider bids on new Residential Care System contracts.

6. GHS will establish a formal Risk Reduction Team for the purpose of identifying, reviewing, planning, coordinating, and otherwise responding to potential threats to people, property, income, goodwill, and ability to accomplish goals.
OBJECTIVE

**Budget**
- Comprehensive master budget approved annually by Board of Directors
- Quarterly expense report reviewed and approved quarterly by Board of Directors
- Comprehensive budgets for each program and grant
- Budget/Expense reports updated daily and available on intranet
- Complete Month ending processes
- Monitor and work with Health Center on continued service delivery

**Maximize Local Reserves**
- Maximize third party revenue by billing all available insurances (GHP and GCHC)
- Expand PA 423 Account (Mental Health Code Sec 226a)
- Explore the possibility of a County Millage
- Genesee Health Plan grant
- Health Center Cost Reporting

**Risk Insurance**
- Currently held by the Region in the Medicaid ISF
- Continued work toward rebuilding Local fund savings

**Liability Insurance**
- Independent risk review
- Insurance coverage as recommended by review

**Service Utilization Reports**
- Monthly review of service utilization reports and monitor trends of increasing financial exposure (Access/Data/Financial Meeting)
  - Access Reports
  - Hospitalization Reports
  - State Hospital Reports
  - Utilization by Service Report
  - Cost per services
  - Cost per Unit
  - Client services by month
  - Mid-Year Cost reports
  - Monthly Expense Reports

**Financial Reporting**
- Develop automated Financial Status Reports
- Work with IT to create State Reporting generated from financial reports at month end
  - Complete Independent Financial Audit from BDO
**Performance Improvement and Risk Reduction Activity**

- **Risk Reduction Team** meets as needed to identify, review, coordinate, and plan to control and reduce threats to quality service delivery
- **Risk Reduction Team composition** minimally includes CEO, Medical Director, Sr. Clinical Director, VP Clinical Operations, Business Operations Director, Corporate Compliance Officer, Clinical Risk Officer
- **Risk Reduction Team will convene** when initiated by any member of the management team in response to or in advance of an event that potentially threatens people, property, income, goodwill, and ability to accomplish goals

**PLAN**

**Medicaid Risk**

The Medicaid contract with DCH is a risk sharing arrangement that requires Region 10 to be responsible for the first 5% of expenses that exceed Medicaid revenue and an additional 50% of costs overrun between 5 - 10%. Total liability for expenses that exceed revenue shall not exceed 7.5% of Medicaid revenue. At this time, it is expected that Medicaid revenue for FY20 will be sufficient to cover all projected expenses in our Traditional Medicaid services. However, increases in the number of individuals covered by Healthy Michigan, greatly reduced General Fund as well as reimbursement rates insufficient to cover the costs of Autism services, have placed additional stress on our current budgeted funding allocations for those funding sources. GHS has sought Grant opportunities to ensure service development for new treatment program. GHS is also working with Genesee Health Plan to receive grant funding for the provision of services to non-insurance adults between 18 and 65. GHS believes that the Traditional Medicaid funding allocation will be enough to cover the additional cost of our Healthy Michigan and Autism population.

**Financial Forecast:**

Genesee Health System will continue to work through challenges for this upcoming fiscal year. One of those challenges is the continued increase in Access requests for Autism services in the Non-Insured population. Access remains at a very high level. We are estimating that the steady increase we have experienced will continue and we expect to hire additional staff to meet this need. GHS is estimating an additional $1.5 to $2 million is needed to meet this demand and potentially double this amount if we must open additional center based treatment centers.
Furthermore, we have experienced a reduction of funding from several revenue streams including State General Fund revenue and County Appropriation funding. GHS is also part of the State program to screen and assess all children accepted by the Flint Water Crisis. State grant funding will assist with the development and start-up of a new program called Neuro-Developmental Center of Excellent (NCE). However, ongoing utilization of this service along with required treatment plans will require additional funding and potential billing to 3rd party payors.

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<th>Change in Net Position</th>
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<td>Revenues</td>
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<td>Restatement for implementation of GASB 75</td>
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During the current fiscal year, the Authority's net position increased by $2,226,542. The most significant factors for the increase in the Authority's net position were due to better reimbursement rates received by the health center and insurance reimbursements received by mental health.