

Background

Mid-State Health Network and all Michigan Pre-Paid Inpatient Health Plans (PIHPs) are contractually required to maintain a comprehensive provider network. The COVID-19 pandemic has required countless adaptations by the region and its providers. In many cases, service utilization decreased causing severely reduced revenues that threatened the provider's ability to continue operations. In other cases, utilization increased. In almost all cases, unforeseen additional expenses were incurred. The MSHN region committed in mid-April to covering these kinds of expenses. On May 27, MDHHS required a regional provider network stabilization plan, which was ultimately approved and is being implemented region-wide effective June 17.

Perhaps more than any other specific service, residentially based services have been the most challenging to stabilize. In early April, MSHN developed regional guidance on Direct Care Worker (DCW) Premium Pay to be financed through existing CMHSP revenue/budgets. Shortly thereafter (5/12/20), MDHHS issued policy directives that required premium pay increases of \$2/hour (plus 12% tax and fringes) to certain DCWs providing a specific set of services retroactive to April 1 and continuing through June 30. The legislature subsequently passed, and the Governor signed, legislation requiring the continuation of the premium pay through September 30. MSHN has received funding adjustments from MDHHS to cover the costs of the DCW Premium Pay requirements.

Even with the premium pay in place, turnover and staffing in residential settings in much of the region has been extremely problematic. The DCWs are uniquely challenged as follows:

- Providing physical care for beneficiaries that are in the high-risk categories for contracting the virus, while being unable to maintaining physical/social distancing.
- Providing services for individuals who have tested positive and risk contracting the virus themselves and taking the virus to their families, especially children.
- Insufficient supplies of PPE.
- And so many more challenges.

Further, some DCWs have left employment due to the health hazards listed above. Others have left employment due to higher unemployment compensation than their take-home pay or due to overwhelming demands on them at work. An additional challenge for employers is recruiting, training and deploying new employees in the current pandemic circumstances.

It is imperative that we be able to retain and, when necessary replace, direct care workers and keep the provider network financially stable. MSHN and our regional CMHSP Participants propose to continue the DCW Premium Pay initiative for another three months (through 01/09/21).

- The maximum cost of continuing the current DCW Premium Pay initiative through 01/09/21 is estimated to be approximately \$9M (which is approximately the level that MSHN was funded to provide DCW premium pay for the three month period July 1 to September 30). This was not included in FY21 (next year's) budget because the initiative was not considered until after the budget was finalized.
- MSHN projects that this expenditure will fall within projected FY 21 revenue (\$38M revenue positive position described in the budget presentation earlier, item 7b in the packet) and thus within CMHSP revenues. MSHN also has sufficient FY20 year-end savings (estimated at \$25M, item 7a in the packet) to supplement expenditures in the event they are not within existing FY 21 revenue projections.
- MDHHS is contemplating funding the DCW premium pay expansion through 01/09/21. Any funding from MDHHS will reduce the amount of savings MSHN will use.
- MSHN will require CMHSPs to submit updated budget amounts to determine specific funding requirements and source of funds.

This proposal has been recommended by the Regional Operations Council.

Recommended Motion:

Motion to authorize Mid-State Health Network's continuation of the DCW Premium Pay initiative through January 9, 2021.