

# CHIEF EXECUTIVE OFFICER'S REPORT

APRIL 2017

**Community Corrections** – The transition of the CC Program to Advantage Treatment Center will take place May 1, 2017. The closing of the property will take place on May 5, 2017. We have agreed to a capital operations bridge loan to expedite the transition of the program. The loan is for \$130,000 and is for a period of 12 months. We are in the process of transitioning staff to the new company and working out other operational details as well. The 12<sup>th</sup> Judicial District Community Corrections Board will sign a contract with Mr. Doug Carrigan before the end of April to be the new vendor effective May 1, 2017.

**CHP** – Arnold is reporting that a 7.6% rate cut will take effect July 1, 2017. The rough estimate is that our center will experience a revenue short fall of \$665,000. This is related to the belief that we are paid beyond what our demonstrated needs. Medical Loss Ratio (MLR) is part of the problem and insurance companies like ours has a cap on how many premium dollars can be spent on administrative costs. The ration is about 20% related to profit and administration costs and the 80% should be spent on services or improving services. The MLR more recently has become the driver of the rate discussion. There will be an incentive package that gives each center the ability to earn incentive dollars and for our center, it will be in the neighborhood of \$300,000.

The overall effect on CHP is \$203 million and will be close to \$16 million as it relates to the rate reduction.

**SyCare** – The IPN (Internal provider network) has dominated the stage of high priority issues that we are facing. We recently had a presentation from Beacon Options on the historical trend of the IPN and who are the bid users of the IPN. The three high users are Crossroads, Pueblo Community Health Center, and Gate Way to Success. The data demonstrated that Crossroads is the highest SUD provider in our region and the revenue they are generating is \$110,000 a month. It was noted that if they were part of our delivery that we could get 6 times the RVU value to the tune of 14 million which in turn would lower our MLR. The discussion quickly turned to potential acquisition or any other arrangement that we could still get full value. Sandy has been given the assignment to make contact with Crossroads management and investigate any and all possibilities.

We have yet again had to increase the PMPM to \$7.25, which is another \$45,000 out of our bottom line. The increase in the IPN and the rate reduction will cause our center to anticipate a one million dollar loss in revenue. The loss of revenue will generate a comprehensive review of our business practice to include benefit packages and staff layoffs.

**CBHC** - We are supporting a JBC bill that introduces legislation related to the ACC and defining its authority in three areas: defining the ACC, authorizing performance-based payments and addressing client fraud. There were amendments added the last two of the three areas that we believe will strengthen the bill in terms of prominence of behavioral health and would add additional detail to reporting, and accountability to the performance based payment program. This is a way the JBC can have more oversight of HCPF as we transition into the new future of health care.

**Success Planning** - It is time for me to discuss the particulars of what a transition plan may look like for the CEO position of the SLVBHG. I would hope that an advance notice would be strategic enough for the board to start thinking of what this will mean for this agency.