



One Time Residential Payment FAQ – July, 2022

What is the Risk Pool mentioned in the letter?

The High-Cost Risk Pool (HCRP) is a mechanism for MCO's to share the risk of care for members whose costs exceed \$225,000 a year. Each MCO had dollars withheld from the Capitation payments each month and placed in a collective "pool" held by DHS. The goal of the "pool" was to repay MCO's 80% of every dollar over the \$225,000 threshold.

In the five-year history of this mechanism MCO reimbursement has varied greatly. Several years the "pool" did not have enough funds to reimburse MCO's at the 80% level and other years there were funds available after each MCO received their 80%.

In 2021 after each MCO received their 80% there were considerable dollars left and each MCO received an unexpected significant refund. Lakeland's unexpected refund for 2021 was \$4.5 million dollars. This unusual funding is what propelled our operating Income to exceed expectations.

How were the payments calculated?

Lakeland projected each provider's loss due to the rate decrease and gave back an equal % of each provider's projected loss. These calculations were made based on one point in time, as situations and rates for certain members have changed since the new rate methodology was rolled out.

If a provider has multiple facilities/homes, will they receive one lump sum or separate payments for each location?

Each provider will receive one check, which will include all its locations.

What do you mean by "qualified providers"?

Only providers who took a rate cut when LCI moved to the Residential Acuity Rate Band model are eligible for this payment. We want to keep our promise and give back to those that took decreased funding during that transition.

Will LCI continue to do this in the future (share profit with providers)?

While this is a one-time only payment, LCI is looking closely at ways to reinvest any Operating Income into our provider network through options such as new rate models and outcome-based payments for certain services.