

October 1, 2014

To all Employer of Record and Respite families:

The Oakland County Community Mental Health Authority (OCCMHA) received significant reductions in their Medicaid rates beginning October 1, 2013. These reductions are the direct result of a reformulation of Medicaid funding by the Michigan Department of Community Health to the Pre-paid Inpatient Health Plans (PIHPs). This process was initiated several years ago and is expected to result in permanent changes to the public mental health delivery systems in both counties. While we appreciate MDCH's desire to smooth funding across the state, we must nonetheless now cope with fewer resources in our two counties.

MORC, in partnership with OCCMHA has worked diligently to blunt the effect of Medicaid reductions to date. Unfortunately, MORC recently received written confirmation from OCCMHA of permanent reductions in Medicaid payments beginning October 1, 2014. As a result, we regret to inform you of the reduction in service rates effective October 1, 2014 as noted below:

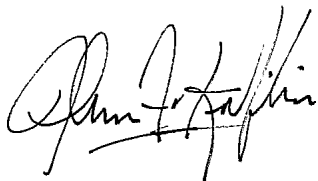
- All Specialized Residential, Community Living Supports (CLS) and Vocational rates will be reduced by 6%.
- All rates for Respite services rendered by Provider Agencies under contract with MORC will be reduced by 10%.

Also, effective November 1, 2014:

- All rates for Respite services rendered through the Family & Friends or the Employer of Record (EOR) Programs will be reduced by 20%.

We will be providing to all EOR families a revised pay rate schedule once we get the final updated rates from MORC. For contractor hourly and overnight respite we will post the new rates on our website. Should you have any questions or concerns regarding these rate reductions, please contact your Supports Coordinator at MORC.

Sincerely,



Thomas F. Kendziorski
Executive Director



Lynn M. Gideon
Comptroller