

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – JANUARY 22, 2025
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Ed Ginop, Gary Klacking, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner
VIRTUAL ATTENDEES:	Mary Marois
ABSENT:	Tom Bratton, Eric Lawson, Richard Schmidt,
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Carol Balousek, Eugene Branigan, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Heidi McClenaghan, Brie Molaison, Diane Pelts, Pamela Polom, Brandon Rhue, Nena Sork, Denise Switzer, Chris VanWagoner, Deanna Yockey
PUBLIC:	Erin Barbus, Samantha Borowiak, Dave Freedman, Kevin Hartley, Naveed Syed, Kara Steinke

CALL TO ORDER

Let the record show that Board Chairman, Gary Klacking, called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that Tom Bratton, Eric Lawson, and Richard Schmidt were excused from the meeting on this date. All other NMRE Board Members were in attendance either virtually or in Gaylord.

PLEDGE OF ALLEGIANCE

Let the record show that the Pledge of Allegiance was recited as a group.

ACKNOWLEDGEMENT OF CONFLICT OF INTEREST

Let the record show that no conflicts of interest to any of the meeting Agenda items were declared.

APPROVAL OF AGENDA

Let the record show that an NMRE staff cost of living adjustment (COLA) was added to the meeting agenda under “Old Business.”

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR JANUARY 22, 2025 AS AMENDED; SUPPORT BY GARY NOWAK. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the December minutes of the NMRE Governing Board were included in the materials for the meeting on this date.

MOTION BY DON TANNER TO APPROVE THE MINUTES OF THE DECEMBER 18, 2024 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY CHUCK VARNER. MOTION CARRIED.

CORRESPONDENCE

- 1) The minutes of the December 5, 2024 PIHP CEO meeting.
- 2) The MDHHS Service Delivery Transformation Section Update for November 2024.
- 3) A memorandum dated January 3rd to PIHP and CMHSP Leadership from Patricia Neitman with MDHHS providing an update on 1915(c) Waiver Programs for Children.
- 4) A memorandum dated January 16, 2025 to PIHP and CMHSP Executive Directors from Kristen Morningstar providing an update on the 1915(c) Habilitation Supports Waiver.
- 5) Community Mental Health Association of Michigan (CMHAM) 2024 Lane Durk Tracker.
- 6) Email correspondence dated January 7, 2025 from CMHAM CEO, Bob Sheehan, providing an update on the Waskul settlement.
- 7) The Quarter 4 Fiscal Year 2024 Statewide Performance Indicator report.
- 8) The regional Substance Use Disorder Admissions report through November 30, 2024.
- 9) The draft minutes of the January 8, 2025 regional Finance Committee meeting.

MDHHS received approval from CMS for the renewal of the Children with Serious Emotional Disturbances Waiver (SEDW) program and Habilitation Supports Waiver (HSW) programs. The waivers were approved for a five-year period with an effective date of October 1, 2024. The renewal applications for both waivers included several programmatic changes, including the Department's approach to meeting the CMS Conflict Free standards (Conflict Free Access and Planning).

Although a settlement has been reached in the Waskul case, there are several conditions that must be satisfied by MDHHS, including a possible amendment to the Medicaid Provider Manual, changes to Administrative Law Judge rules, and Medicaid Fair Hearing rules.

Ms. Pilon noted that the December 5th PIHP CEO minute stated that an amendment to the FY25 PIHP Contract is expected by the end of the week; she inquired about the status of the amendment. Mr. Kurtz responded that it has not yet been issued.

ANNOUNCEMENTS

Let the record show that there were no announcements during the meeting on this date.

PUBLIC COMMENT

Let the record show that the members of the public attending the meeting virtually were recognized.

REPORTS

Executive Committee Report

The minutes of the January 3rd Executive Committee meeting were included in the materials for the meeting on this date. The meeting was called to review the Rehmann Corporate Investigative Services (CIS) Forensic Accounting Report of Northern Lakes Community Mental Health Authority.

The CIS report focused on three main areas:

- 1) Overtime/stipend payments

- 2) Procurement practices
- 3) Cost Misallocation

Mr. Kurtz explained that the role of the NMRE is to ensure Medicaid funds were used appropriately. Any personnel issues identified in the report should be taken up by the Northern Lakes CMHA Board of Directors.

The Executive Committee recommended that the Rehmann Investigative Review of Northern Lakes CMHA be extended to review cost allocation records for an additional 5-7 fiscal years (FY18 – FY16). There is the potential for Medicaid recoupment and/or movement from Medicaid to a different funding source (local funds) at NLCMHA depending on the results.

MOTION BY KARLA SHERMAN TO AUTHORIZE REHMANN CORPORATE INVESTIGATIVE SERVICES TO GO BACK AS MANY YEARS AS RECORDS ALLOW FOR THE COST ALLOCATION PORTION OF THE FORENSIC INVESTIGATION OF NORTHERN LAKES COMMUNITY MENTAL HEALTH AUTHORITY AT A COST NOT TO EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00) PER YEAR; SUPPORT BY DON TANNER. MOTON CARRIED.

Discussion: Clarification was made that NMRE has the funds available to pursue the investigation.

ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

CEO Report

The NMRE CEO Monthly Report for January 2025 was included in the materials for the meeting on this date. Mr. Kurtz spoke highly of a regional Provider Network Training that took place at the NMRE on January 10th and thanked Mr. Johnston for his participation.

November 2024 Financial Report

- Net Position showed net deficit Medicaid and HMP of \$721,431. Carry forward was reported as \$2,909,566. The total Medicaid and HMP Current Year Surplus was reported as \$2,188,135. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$22,764,291.
- Traditional Medicaid showed \$33,339,219 in revenue, and \$33,746,942 in expenses, resulting in a net deficit of \$407,723. Medicaid ISF was reported as \$13,510,136 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$4,372,373 in revenue, and \$4,686,081 in expenses, resulting in a net deficit of \$313,708. HMP ISF was reported as \$7,066,020 based on the current FSR. HMP savings was reported as \$2,909,566.
- Health Home showed \$563,897 in revenue, and \$455,038 in expenses, resulting in a net surplus of \$108,859.
- SUD showed all funding source revenue of \$4,638,753 and \$3,653,034 in expenses, resulting in a net surplus of \$985,719. Total PA2 funds were reported as \$4,612,270.

Ms. Yockey explained that both Medicaid and HMP are running at a deficit two months into FY25, which is not sustainable.

A fix for the unpaid HSW slots issue was expected last month; however, the payment received on January 16, 2025, did not show a fix. Approximately \$2.7M in missed payments is still expected. NMRE Chief Information Officer, Brandon Rhue, added that the fix in December allowed the state to make manual adjustment payment. This is considered the first step in a multi-step solution. The NMRE will continue to monitor and track what is owed as well as monitor all payment activity to ensure retroactive payments are accurate.

HMP eligibles continue to decline. Ms. Sherman asked whether individuals continue to be placed in lower paying eligibility categories. Mr. Kurtz and Mr. Rhue are meeting with PCE Systems on January 23rd to discuss the statewide migration of individuals from DAB to TANF, HMP, and Plan First. Some preliminary data has been obtained. Mr. Kurtz noted that he received communication from CMHAM CEO, Bob Sheehan, that information on the topic has been shared with former Chief Deputy Director for Health at MDHHS, Farah Hanley, who now works for Health Management Associates.

MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR NOVEMBER 2024; SUPPORT BY ED GINOP. MOTION CARRIED.

Operations Committee Report

The draft minutes from January 21, 2025 were distributed during the meeting on this date. It was noted that Michigan State University's Institute for Health Policy will be developing the State's Parity Plan.

NMRE SUD Oversight Committee Report

The draft minutes from January 6, 2024 were included in the materials for the meeting on this date.

NEW BUSINESS

Liquor Tax Requests

The following liquor tax requests were recommended for approval by the NMRE Substance Use Disorder Oversight Committee on January 6, 2025.

	Requesting Entity	Project	County	Amount
1.	33 rd Circuit Court	Hybrid Drug and DWI Court	Charlevoix	\$40,000

MOTION BY CHUCK VARNER TO APPROVE THE LIQUOR TAX REQUEST FROM THE THIRTY-THIRD (33RD) CIRCUIT COURT FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF FORTY THOUSAND DOLLARS (\$40,000.00) TO FUND THE HYBRID DRUG AND DRIVING WHILE INTOXICATED (DWI) COURT IN CHARLEVOIX COUNTY; SUPPORT BY JAY O'FARRELL. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

	Requesting Entity	Project	County	Amount
2.	District Health Department #10	Substance Use Education and Awareness (SEA)	Manistee	\$42,090

MOTION BY ED GINOP TO APPROVE THE LIQUOR TAX REQUEST FROM DISTRICT HEALTH DEPARTMENT NUMBER TEN (#10) FOR LIQUOR TAX DOLLARS IN THE AMOUNT OF FORTY-TWO THOUSAND NINETY DOLLARS (\$42,090.00) TO FUND THE SUBSTANCE USE EDUCATION AND AWARENESS PROGRAM IN MANISTEE COUNTY; SUPPORT BY GARY NOWAK. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

Let the record show that the total liquor tax funding approved during the meeting on this date was **\$82,090**.

Business Central Quote Approval

Because Microsoft will end support for Dynamics Great Plains (GP) on September 30, 2029, the NMRE is planning to move to Business Central in FY26. A proposal from the TM Group was included in the meeting materials.

Total Annual Software Investment	\$21,912
Total Services Investment	<u>\$76,340</u>
Total Investment	\$98,252

MOTION BY GARY NOWAK TO APPROVE THE PURCHASE OF MICROSOFT DYNAMICS SOFTWARE WITH SUPPORT PROVIDED BY THE TM GROUP, INC. FOR A TOTAL AMOUNT OF NINETY-EIGHT THOUSAND TWO HUNDRED FIFTY-TWO DOLLARS (\$98,252.00); SUPPORT BY BOB ADRIAN. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

New Substance Use Disorder Provider

NMRE Contract and Provider Network Manager, Chris VanWagoner, presented a request to add a new provider to the NMRE Substance Use Disorder Treatment Services Provider Panel.

The NMRE was contacted in October 2024, by Quality Behavioral Health, Inc (QBH), a SUD Treatment provider with a licensed outpatient location in Manistee County. The NMRE provider

panel was closed during this time; however, pursuant to the NMRE Procurement Policy and applicable law, the NMRE may directly purchase services without a competitive procurement process in certain circumstances, including if the services involved are professional and of limited quantity and duration, or if there is a public urgency to obtain the service.

The provider completed and submitted application materials to the NMRE, and primary source verifications were conducted to ensure provider qualifications. An NMRE staff team reviewed this location on November 6, 2024, and confirmed the need and ability to add this location to its network.

There is only one NMRE paneled provider in both Benzie and Wexford, and only one other outpatient SUD location in the county of Manistee (Catholic Human Services). A contract with QBH for outpatient-level SUD Treatment would provide additional service locations, as well as provide clients with the opportunity of a choice of provider.

MOTION BY RUTH PILON TO APPROVE THE ADDITION OF QUALITY BEHAVIORAL HEALTH TO THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER TREATMENT SERVICES PROVIDER PANEL; SUPPORT BY KARLA SHERMAN. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, K. Sherman, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

Northern Lakes CMHA Update

Ms. Marois shared that the Northern Lakes Board of Directors approved the issuance of a Request for Quotes (RFQ) to solicit a CEO search firm.

Ms. Pilon provided the Northern Lakes Board of Directors with a summary of the Rehmann Corporate Investigative Services (CIS) Forensic Accounting Report during the Board meeting on January 16th. The Northern Lakes Board requested a meeting with Rehmann representatives.

FY25 PIHP Contract Injunction and Complaint Update

The First Amendment to the complaint filed by Taft, Stettinius & Hollister, LLP, on behalf of Northcare Network Mental Health Care Entity, Northern Michigan Regional Entity, Community Mental Health Partnership of Southeast Michigan, and Region 10 PIHP (Plaintiffs) against the State of Michigan, State of Michigan Department of Health and Human Services, a Michigan State Agency, and its Director, Elizabeth Hertel, in her official capacity (Defendants) was included in the meeting materials. The Attorney General's office has until February 7, 2025 to respond.

The complaint was filed in response to the state's failure to accept the modified FY25 PIHP contract language related to the Waskul legal settlement, ISF retention cap of 7.5%, and CCBHC language.

The amended complaint states that on December 16, 2024, MDHHS notified that Plaintiffs that their FY24 Financial Status Reports (FSRs) would not be accepted "if any ISF balance shown therein is greater than 7.5% of the annual operating budget." MDHHS stated that rejected submissions would be returned for "corrections" and if not thereafter accepted, would be "considered late for purposes of determining PIHP eligibility for Contractor performance withhold Payments."

NMRE Staff COLA

During the NMRE Board meeting on December 18, 2024, the NMRE Board approved a 3% cost of living adjustment (COLA) for Mr. Kurtz for FY25. This represents the same amount that has been budgeted but not yet issued to NMRE staff. During the December meeting, it was determined that a 3% staff COLA (approximately \$78K), which may be made in the form of a salary adjustment or one-time retention payment, will be placed on the Agenda for the January meeting.

MOTION BY DON TANNER TO APPROVE A THREE PERCENT (3%) COST OF LIVING ADJUSTMENT FOR NORTHERN MICHIGAN REGIONAL ENTITY EMPLOYEES FOR FISCAL YEAR 2025; SUPPORT BY CHUCK VARNER. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, E. Ginop, G. Klacking, M. Newman, G. Nowak, J. O'Farrell, R. Pilon, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

PRESENTATION

NMRE Quality Assessment and Performance Improvement Program FY24 Evaluation and FY25 Workplan

The NMRE's Quality Assessment and Performance Improvement Program (QAPIP) FY24 Evaluation and FY25 Workplan were included in the materials for the meeting; they are due to the State by February 28, 2025. NMRE Quality Manager, Heidi McClenaghan, guided the Board through the documents.

MOTION BY JAY O'FARRELL TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY'S QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT FISCAL YEAR 2024 EVALUATION; SUPPORT BY GARY NOWAK. MOTION CARRIED.

MOTION BY BOB ADRIAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY'S QUALITY ASSESSMENT AND PERFORMANCE IMPROVEMENT FISCAL YEAR 2025 WORKPLAN; SUPPORT BY GARY NOWAK. MOTION CARRIED.

It was noted that although MDHHS initially said that PIHPs with unaccepted FY25 Contracts would not be provided with Medicaid dollars to fund the expansion of the Substance Use Disorder (SUD) Health Home program, that decision has been reversed.

COMMENTS

Staff/CMHSP CEOs

Mr. Johnston clarified that the pronouncement from MDHHS regarding the 7.5% ISF violates the FY24 PIHP Contract because the FY24 Contract does not contain any limitation on the total

amount that the PIHP can maintain in an ISF account. Based on Milliman's FY24 actuarial analysis of the NMRE's ISF, the NMRE's ISF should be funded at approximately 15% of annual revenue.

Public

Catholic Human Services Chief Operating Officer, Kara Steinke, clarified that substance use disorder treatment services are available in person in Cadillac from 8:00AM – 6:30PM four days per week from four clinicians; in Manistee five days per week from one clinician, and in Frankfort one day per week with one clinician with additional access available if there is a need and client community. Virtual access to other clinicians is available five days per week for all locations.

MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on February 26, 2025.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:18AM.