

**NORTHERN MICHIGAN REGIONAL ENTITY
BOARD OF DIRECTORS MEETING
10:00AM – APRIL 23, 2025
GAYLORD BOARDROOM**

ATTENDEES:	Bob Adrian, Tom Bratton, Ed Ginop, Gary Klacking, Eric Lawson, Mary Marois, Michael Newman, Gary Nowak, Jay O’Farrell, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner, Chuck Varner
NMRE/CMHSP STAFF:	Bea Arsenov, Brian Babbitt, Jodie Balhorn, Carol Balousek, Ann Friend, Kevin Hartley, Lisa Hartley, Chip Johnston, Eric Kurtz, Brie Molaison, Diane Pelts, Brandon Rhue, Nena Sork, Deanna Yockey
PUBLIC:	Dean Baldwin, Erin Barbus, Samantha Borowiak, Dave Freedman, Gennie Groover, Sarah Hegg, Kayla Thomas, 2 Anonymous

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 all NMRE Board Members were in attendance 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 no additions to the meeting agenda were requested.

MOTION BY DON SMELTZER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR APRIL 23, 2025; SUPPORT BY JAY O’FARRELL. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the March 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 MARCH 26, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY MARY MAROIS. MOTION CARRIED.

CORRESPONDENCE

- 1) The Community Mental Health Association of Michigan (CMHAM) Summary of Discussion dated March 26 – 27, 2025.

- 2) A letter from Terri Smith at MDHHS to NMRE CFO Deanna Yockey, dated April 1, 2025 announcing the termination of the HHS COVID-19 grant.
- 3) Email correspondence from CMAHM CEO, Bob Sheehan, dated April 15, 2025 clarifying the credentials needed for clinicians to conduct preadmission screenings and crisis interventions.
- 4) Email correspondence from the Michigan Certified Community Behavioral Health Clinic (CCBHC) Team dated March 20, 2025 requesting participation in an MDHHS CCBHC Demonstration Survey.
- 5) PowerPoint slides from MDHHS outlining CCBHC Rural Certification Flexibilities effective October 1, 2025.
- 6) A list of Michigan Legislative Committees and Members.
- 7) The NMRE regional Performance Indicators Report for Quarter 1 FY25.
- 8) The NMRE's FY24 Final Performance Bonus Incentive Pool award notification.
- 9) The statewide PIHP Performance Indicator Report for Quarter 1 FY25.
- 10) A PowerPoint presentation from MDHHS Senior Deputy Director, Meghan Groen, dated March 20, 2025 outlining Michigan's Medicaid Program.
- 11) A document from CMHAM dated April 2022 (Revised May 2022) titled, "Reducing Administrative and Paperwork Burden on Michigan's Public Mental Health System."
- 12) An Action Alert from CMHAM urging the public to tell MDHHS to Maintain Public Management of Michigan's Mental Health Services.
- 13) An infographic from CMHAM expressing concern with the Department's plan to move to a competitive procurement process for the state's Pre-Paid Inpatient Health Plan (PIHP) contracts.
- 14) A document from CMHAM dated March 2025 titled, "CMHA Advocacy Strategy MDHHS Survey Related to System Improvement and Potential PIHP Procurement."
- 15) Email correspondence from CMAHM CEO, Bob Sheehan, dated April 11, 2025 stating the "Weaknesses and Harm of Privately Managed Medicaid Behavioral Health Systems".
- 16) A Sample Board Resolution opposing a competitive procurement process for Prepaid Inpatient Health Plans (PIHPs).
- 17) The draft minutes of the April 9, 2025 regional Finance Committee meeting.

FY24 Final Performance Bonus Incentive Pool Award

The final report of the FY24 Performance Bonus Incentive Pool payment showed the NMRE earning \$1.7M plus an additional \$1.6M in PBIP funds that was unearned by other regions.

More discussion on PBIP funds was discussed under the "Operations Committee Report."

PowerPoint Presentation on Michigan's Medicaid Program

Mr. Kurtz drew attention to a portion of the PowerPoint presentation from Meghan Groen that lists the impact of potential federal cuts to Michigan's Medicaid Program.

- Reducing 90% federal match rate for Medicaid expansion (HMP):
 - Aligning the expansion match rate with Michigan's traditional federal match of 65% would cost the state \$1.1 billion annually. Absent this additional state investment, 30% of Michigan's Medicaid population would lose their health coverage.
- Limiting provider taxes:
 - Would result in cuts to hospital, nursing facility, and ambulance reimbursement. The loss of federal revenue would also likely necessitate broad-based cuts to benefits or already low reimbursement rates.
- Imposing work requirements:

- Would add administrative costs to the state and a burden on beneficiaries and would lead to unnecessary coverage losses including for individuals who are already working.
- Ending enhanced federal match for certain administrative expenditures:
 - Would result in the need for considerable additional state dollars to backfill loss of funds for administrative activities such as IT maintenance and operations, nursing home certification and survey activities, and program integrity efforts.
- Per capita caps or block grants
 - Would cap federal funding available to support the state's Medicaid program over time. National estimates modeled to date project that Michigan could see a reduction in federal funding of \$16 billion between FY2025 and FY2034.

Sample Board Resolution

The sample Board Resolution provided by CMHAM was offered for consideration in the event that the NMRE Board would like to formally oppose a competitive procurement process for Prepaid Inpatient Health Plans (PIHPs); and urge Governor Whitmer, the Michigan Department of Health and Human Services (MDHHS), and the Michigan Legislature to halt any plans for privatization and instead work collaboratively with counties, PIHPs, Community Mental Health Services Programs (CMHSPs), service users, and other stakeholders to strengthen and improve the public behavioral health system, by only allowing public organizations with experience in managing Michigan's public mental health system to be part of any bid process should one occur.

ANNOUNCEMENTS

Let the record show that new Board Member, Karen Goodman, appointed by Centra Wellness Network was introduced. It was noted that Northern Lakes CMHA's Chief Financial Officer, Kevin Hartley, was sitting in for Interim CEO, Brian Martinus.

PUBLIC COMMENT

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

REPORTS

Executive Committee Report

Let the record show that no meetings of the NMRE Executive Committee have occurred since the march Board Meeting.

CEO Report

The NMRE CEO Monthly Report for April 2025 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to a meeting held on April 14th with the audit division at MDHHS regarding the fiscal year close-outs of Northern Lakes and potential further reviews for cost allocation. Some progress was made. MDHHS would like to close out FY22 with Northern Lakes and finish out the FY 24 audits prior to reviewing additional years for the cost allocation piece. The cost allocation lookback will likely be delayed until July or August of 2025.

February 2025 Financial Report

- Net Position showed a net deficit for Medicaid and HMP of \$635,186. Carry forward was reported as \$736,656. The total Medicaid and HMP Current Year surplus was reported as \$101,470. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$20,677,626.

- Traditional Medicaid showed \$87,603,922 in revenue, and \$86,692,238 in expenses, resulting in a net surplus of \$911,684. Medicaid ISF was reported as \$13,514,675 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$11,036,552 in revenue, and \$12,583,422 in expenses, resulting in a net deficit of \$1,546,870. HMP ISF was reported as \$7,068,394 based on the current FSR. HMP savings was reported as \$736,656.
- Health Home showed \$1,417,931 in revenue, and \$1,110,977 in expenses, resulting in a net surplus of \$306,954.
- SUD showed all funding source revenue of \$11,854,303 and \$9,175,155 in expenses, resulting in a net surplus of \$2,679,148. Total PA2 funds were reported as \$4,360,589.

PA2/Liquor Tax was summarized as follows:

Projected FY25 Activity			
Beginning Balance	Projected Revenue	Approved Projects	Projected Ending Balance
\$4,765,231	\$1,847,106	\$2,150,940	\$4,461,397

Actual FY25 Activity			
Beginning Balance	Current Receipts	Current Expenditures	Current Ending Balance
\$4,765,231	\$92,609	\$497,251	\$4,360,589

Ms. Yockey shared an analysis of FY25 revenue compared to FY23 and FY24.

5 MONTH REVENUE				
	SUD	MH	Total	% Change Incr (Decr)
FY23	8,055,877	87,804,507	95,860,384	
FY24	7,851,361	90,054,786	97,906,147	2.1%
FY25	7,999,590	90,640,884	98,640,474	.8%

The NMRE received \$1,888,658 in retroactive HSW payments on April 9th, about half of which were for missed payments in FY24.

Mr. Kurtz emphasized that currently revenue is not keeping up with costs; this led to the request for cost containment plans from the member CMHSPs. A mid-year rate adjustment has been discussed but is not guaranteed.

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR FEBRUARY 2025; SUPPORT BY ERIC LAWSON. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, K. Goodman, G. Klacking, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

Operations Committee Report

The draft minutes from April 15, 2025 were included in the materials for the meeting on this date. During the meeting, distribution of the NMRE's FY24 Performance Bonus Incentive Pool payment was discussed. Due to financial concerns, Mr. Kurtz proposed that the NMRE retain the entire \$3,390,676.47 payment. Mr. Kurtz explained that the PIHPs' shared risk arrangement with the state was created when PIHPs were CMHSPs. Because of this, regions had general funds available if they fell into the risk corridor. Currently, PIHPs have no funding available if they enter the risk corridor.

TOTAL WITHHOLD	TOTAL WITHHOLD UNEARNED	TOTAL DISTRIBUTION OF UNEARNED	TOTAL EARNED
\$1,736,971.94	\$21,712.15	\$1,675,416.68	\$3,390,676.47

After discussion, the Operations Committee voted to allow the NMRE to retain the \$1,675,416.68 that was unearned by other PIHP regions and paid to the NMRE and distribute the remainder of PBIP funding to the CMHSPs.

MOTION BY MARY MAROIS TO ALLOW THE NORTHERN MICHIGAN REGIONAL ENTITY TO RETAIN ONE MILLION SIX HUNDRED SEVENTY-FIVE THOUSAND FOUR HUNDRED SIXTEEN DOLLARS AND SIXTY-EIGHT CENTS OF PERFORMANCE BONUS INCENTIVE POOL FUNDS FOR FISCAL YEAR 2024 AND DISTRIBUTE THE REMAINING FUNDS TO THE MEMBER COMMUNITY MENTAL HEALTH SERVICES PROGRAMS; SUPPORT BY KARLA SHERMAN. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, K. Goodman, G. Klacking, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

NMRE SUD Oversight Committee Report

The next meeting of the SUD Oversight Committee is scheduled for May 5, 2025 at 10:00AM.

NEW BUSINESS

NMRE Board Nominating Committee/Election of Officers

The NMRE Board Nominating Committee met prior to the meeting on this date. Mr. Smeltzer reported that the Nominating Committee voted in favor of renominating the current NMRE Board Officers.

- Chair – Gary Klacking (AuSable Valley)
- Vice-Chair – Don Tanner (Centra Wellness Network)
- Secretary – Karla Sherman (North Country)
- Additional Executive Committee Members – Ruth Pilon (Northern Lakes), Eric Lawson (Northeast Michigan)

Mr. Klacking called three times for additional nominations. Let the record show that no additional nominations were brought forth.

MOTION BY DON SMELTZER TO REAPPOINT THE EXISTING NORTHERN MICHIGAN REGIONAL ENTITY BOARD OFFICERS AND EXECUTIVE COMMITTEE MEMBERS; SUPPORT BY TOM BRATTON. MOTION CARRIED.

MCG Indicia PCE Interface Proposal

A proposal from MCG to purchase the Indicia PCE Interface was distributed on this date. MCG software solutions provide access to evidence-based best practices to enable clinical decision support and documentation. The NMRE purchased a static version of the MCG software as part of the region's parity plan. The proposal is to purchase Indicia, the interactive PCE interface.

Brought forward for consideration is a 3-year agreement with 5% increase annually, which is consistent with the agreement used with the other nine PIHPs. The fee is based on the number of individuals served in the region. Training on the platform is included in the cost. It is hoped that this tool will reduce appeals and staff time and increase uniformity within the region.

Summary of Costs:

Year 1	\$90,001.70
Year 2	\$94,501.79
Year 3	\$99,226.87
Total	\$283,730.36

MOTION BY BOB ADRIAN TO APPROVE THE PURCHASE OF INDICIA PCE INTERFACE AT A COST NOT TO EXCEED TWO HUNDRED EIGHTY-THREE THOUSAND SEVEN HUNDRED THIRTY-ONE DOLLARS (\$283,731.00) FOR A THREE-YEAR TERM; SUPPORT BY DON SMELTZER. ROLL CALL VOTE.

"Yea" Votes: B. Adrian, T. Bratton, E. Ginop, K. Goodman, G. Klacking, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner, C. Varner

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

Northern Lakes CMHA Update

As stated previously, MDHHS would like to close out FY22 with Northern Lakes and finish out the FY 24 audits prior to reviewing additional years for the cost allocation piece. Mr. Bratton shared that the Myers Group has been hired as a CEO search firm. A CEO job description will be released on April 25th. The hope is to have a permanent CEO in place by July of this year.

FY25 PIHP Contract Injunction and Complaint Update

The Defendants' request to dismiss the Second Amended Complaint filed by Plaintiffs (NorthCare Network Mental Health Care Entity, Northern Michigan Regional Entity, Community Mental Health Partnership of Southeast Michigan, and Region 10 PIHP), dated April 3, 2025 was included in the materials for the meeting on this date. A third response by the Plaintiffs has been drafted and will be sent to the judge by the May 1st due date.

PRESENTATION

DAB Analysis Summary

NMRE Chief Information Officer and Operations Manager, Brandon Rhue, provided an update on the impact of the migration of Medicaid enrollees from the DAB category to other, lower paying categories (HMP, TANF).

Medicaid Eligibility Category	Amount Paid Per Enrollee	Difference
Disabled, Aged (65 or older), and Blind (DAB)	\$345.51	
Healthy Michigan Plan (HMP)	\$53.56	\$291.95
Temporary Assistance for Needy Families (TANF)	\$39.20	\$306.31

With the help of PCE Systems, data was collected from Michigan's 10 PIHPs from October 2019 to December 2024 and analyzed to identify enrollment trends and determine the financial impact of the DAB migration. Among other findings, the data shows that from July 2023 onward 1.45 million individuals statewide have migrated from DAB to a new population with an estimated loss in revenue for PIHPs totaling over \$572M.

Mr. Rhue referenced an MDHHS policy effective February 1, 2025, which established asset limits for Supplemental Security Income (SSI) Related Medicaid Programs. The policy change increased the asset limits from \$2,000/individual and \$3,000/couple to the higher Medicare Savings Program's asset limits which are currently \$9,430/individual and \$14,130/couple. It is likely that individuals who did not previously qualify for Medicaid or were put on spenddowns, would qualify if they reapply; however, it is likely they are unaware of the increased asset limits. It was noted that it can take 12-18 months for an enrollee's Medicaid benefit to be changed back to the appropriate category.

Ms. Sherman voiced that the payment system appears to be purposefully dysfunctional.

Ms. Marois requested that a list of individuals who have moved from the DAB category to Medicaid spenddowns be shared with the CMHSPs for tracking purposes.

Mr. Rhue noted that the DAB analysis will be shared during the statewide CIO Forum on April 25th.

COMMENTS

Let the record show that there were no comments voiced at the close of the meeting on this date.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on May 28, 2025.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:45AM.