

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

| | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ATTENDEES: | Bob Adrian, Dave Freedman, Ed Ginop, Gary Klacking, Dana Labar, Eric Lawson, Mary Marois, Michael Newman, Jay O’Farrell, Ruth Pilon, Karla Sherman, Don Smeltzer, Don Tanner |
| VIRTUAL ATTENDEES: | Karen Goodman |
| ABSENT: | Chuck Varner |
| NMRE/CMHSP STAFF: | Bea Arsenov, Brian Babbitt, Jodie Balhorn, Carol Balousek, Brady Barnhill, Eugene Branigan, Curt Cummins, Lisa Hartley, Chip Johnston, Eric Kurtz, Brian Martinus, Brie Molaison, Diane Pelts, Nena Sork, Denise Switzer, Tricia Wurn, Deanna Yockey |
| PUBLIC: | Nate Alger, Anonymous (2), Kari Barker, Carrie Borowiak, Hannah Driver, Tiffany Fewins, Nichole Flickema, Ann Friend, Kevin Hartley, Nicole Hutchinson, Sophorn Klingelsmith, Erica Longstreet, Stacy Maiville, Greg McMorro, Travis Merz, Susan Pulaski, Justin Reed, Abby Schonfeld, Melanie Schopieray, Lori Stendel, Sharon Vreeland, Jessica Williams |

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 Chuck Varner was 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 no additions to the meeting agenda were requested.

MOTION BY KARLA SHERMAN TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR JULY 23, 2025; SUPPORT BY DON SMELTZER. MOTION CARRIED.

APPROVAL OF PAST MINUTES

Let the record show that the June minutes of the NMRE Governing Board were included in the materials for the meeting on this date. Ms. Marois requested that clarification be made that her comment regarding the previous Interim CEO of Northern Lakes CMHA was her opinion alone and not that of the Northern Lakes Board.

MOTION BY ERIC LAWSON TO APPROVE THE MINUTES OF THE JUNE 25, 2025 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS AS AMENDED; SUPPORT BY DON TANNER. MOTION CARRIED WITH ONE ABSTENTION RECORDED FROM MR. FREEDMAN.

CORRESPONDENCE

- 1) An article by Peter Kobs from the Traverse City Record Eagle dated July 12, 2025 titled, "Milestone for Community: Mental Health Crisis Center Now Open 24/7."
- 2) An article by Mark Sanches from Crain's Grand Rapids Business dated July 9, 2025 titled, "Michigan Hospitals Brace for \$6B in Medicaid Funding Cuts."
- 3) Email correspondence from Community Mental Health Association of Michigan (CMHA) CEO, Robert Sheehan, dated July 14, 2025 regarding a recent FOIA response that confirms that there is no CMS prohibition on current MDHHS sole-source contract with public PIHPs.
- 4) Email correspondence from CMHA CEO, Robert Sheehan, dated July 17, 2025 regarding survey responses provided in response to CMHA's FOIA request.
- 5) Infographic provided by CMHA titled, "What Happens If the State Privatizes Mental Health?"
- 6) The draft minutes of the July 9, 2025, regional Finance Committee meeting.

Mr. Kurtz drew attention to the response to CMHA's FOIA inquiry. The communication from MDHHS states, "To the best of the Department's knowledge, information, and belief, this Department does not possess or maintain records under the description you provided or by other names reasonably known to the Department. CMS has not required that we change or halt our sole source process."

ANNOUNCEMENTS

Let the record show that new Board Member, Dave Freedman, representing Northern Lakes CMHA was introduced. Acknowledgement was given to Diane Pelts on her last NMRE Board meeting as she will be retiring on August 1st.

PUBLIC COMMENT

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

REPORTS

Executive Committee Report

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

CEO Report

The NMRE CEO Monthly Report for June 2025 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to a meeting that occurred on July 17th with Elizabeth Hertel, Meghan Groen, and Kristen Morningstar to discuss rural issues related to the PIHP bid out. A document titled, "NorthCare and Northern Michigan Regional Entity's Follow Up Regarding

MDHHS's PIHP Proposed Bid Out," which formally requests a rural exemption for PIHP Regions 1 and 2, was distributed during the meeting.

May 2025 Financial Report

- Net Position showed a net surplus for Medicaid and HMP of \$1,866,598. Carry forward was reported as \$736,656. The total Medicaid and HMP current year surplus was reported as \$2,603,254. FY24 HSW revenue was reported as \$1,137,411. The total Medicaid and HMP adjusted current year surplus was reported as \$1,465,843. The total Medicaid and HMP Internal Service Fund was reported as \$20,576,156. The total Medicaid and HMP net surplus was reported as \$23,179,410.
- Traditional Medicaid showed \$145,510,866 in revenue, and \$141,600,288 in expenses, resulting in a net surplus of \$3,910,578. Medicaid ISF was reported as \$13,514,675 based on the current FSR. Medicaid Savings was reported as \$0.
- Healthy Michigan Plan showed \$19,385,187 in revenue, and \$21,429,166 in expenses, resulting in a net deficit of \$2,043,979. HMP ISF was reported as \$7,068,394 based on the current FSR. HMP savings was reported as \$736,656.
- Health Home showed \$2,150,637 in revenue, and \$1,722,783 in expenses, resulting in a net surplus of \$377,854.
- SUD showed all funding source revenue of \$18,962,214 and \$14,823,574 in expenses, resulting in a net surplus of \$4,138,640. Total PA2 funds were reported as \$4,646,549.

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 | \$835,755 | \$954,437 | \$4,646,549 |

Pursuant to Amendment No. 3 to the PIHP Contract, MDHHS intends on recouping all payments for FY25 and repaying them at a higher rate (\$161.4M statewide). This may allow the NMRE to preserve some of its ISF this year. Ms. Yockey confirmed that the higher rate was used in calculating the July payment.

It was noted that last year, the NMRE's block grant funding was overspent by \$310K which had to be supplemented with liquor tax funds. This year looks much better and the NMRE is working to redirect PA2 funds to block grant funding, where it can.

MOTION BY DON TANNER TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR MAY 2025; SUPPORT BY JAY O'FARRELL. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, G. Klacking, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

Operations Committee Report

The draft minutes from July 15, 2025 were included in the materials for the meeting on this date. The meeting focused on items related to the proposed PIHP bid out. Attorney Chris Cooke (Secrest Wardle) was invited to join the meeting to review legal options. Ms. Sherman referred to the proposed PIHP bid out as a "desperate situation for individuals served, families, and northern Michigan communities."

NMRE SUD Oversight Committee Report

The draft minutes from July 7, 2025 were included in the materials for the meeting on this date. Liquor tax requests will be discussed under "New Business."

NEW BUSINESS

FY25 Liquor Tax Requests

The following liquor tax requests were recommended for approval by the NMRE Substance Use Disorder Oversight Committee on July 7, 2025.

| | Requesting Entity | Project | County | Amount |
|----|--------------------------|-------------------------------------------|----------------|---------------|
| 1. | Centra Wellness Network | Benzie Area Youth (BAY) Initiative | Benzie | \$10,068 |
| 2. | 217 Recovery | Recovery Engagement Advocate | Grand Traverse | \$29,760 |
| 3. | 217 Recovery | Recovery Stories: Message of Hope Part VI | Grand Traverse | \$4,700 |

MOTION BY JAY O'FARRELL TO APPROVE THE FISCAL YEAR 2025 LIQUOR TAX REQUESTS RECOMMENDED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE ON JULY 7, 2025 IN THE TOTAL AMOUNT OF FORTY-FOUR THOUSAND FIVE HUNDRED TWENTY-EIGHT DOLLARS (\$44,528.00); SUPPORT BY DAVE FREEDMAN.

Discussion: Clarification was made that the Recovery Stories: Message of Hope Part VI is intended to support healing by creating a safe, supportive space where individuals can connect, feel seen, and share their stories. These events foster trust, reduce isolation, and empower people in recovery by promoting healthy relationships, emotional safety, and a strong sense of community, which are all essential for long-term healing and recovery. Over 150 individuals participated in Recovery Stories: Message of Hope Part V, including families and children. Ms. Marois asked that reports be provided showing the effectiveness of projects for which continuation funding is requested. Ms. Arsenov responded that internal staff review progress reports and outcomes of liquor tax projects on a quarterly basis.

ROLL CALL VOTING TOOK PLACE ON MR. O'FARRELL'S MOTION.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, G. Klacking, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

FY25 County Overviews

The impact of the liquor tax requests approved on this date on county fund balances was reported as:

| | Projected FY25 Available Balance | Amount Approved July 7, 2025 | Projected Remaining Balance |
|----------------|---------------------------------------------|-----------------------------------------|----------------------------------------|
| Benzie | \$193,744.70 | \$10,068.00 | \$183,676.70 |
| Grand Traverse | \$383,275.88 | \$34,460.00 | \$348,815.88 |
| Total | | \$44,528.00 | |

The "Projected Remaining Balance" reflects funding available for projects while retaining a fund balance equivalent of one year's receivables.

FY26 Liquor Tax Requests

The following liquor tax requests were recommended for approval by the NMRE Substance Use Disorder Oversight Committee on July 7, 2025.

| | Requesting Entity | Project | County | Amount |
|-----|-----------------------------------------|--------------------------------------------------------------|---------------------------------|---------------|
| 1. | 57 th Circuit Court | Emmet County Recovery Program (ECRP) | Emmet | \$267,037 |
| 2. | Catholic Human Services | Alcona County Students Leading Students (SLS) | Alcona | \$9,900 |
| 3. | Catholic Human Services | Alpena Prevention Students Leading Students (SLS) | Alpena | \$51,687 |
| 4. | 33 rd Circuit Court | Charlevoix County Hybrid Drug Court | Charlevoix | \$17,480 |
| 5. | Catholic Human Services | Crawford Partnership to End Substance Misuse | Crawford | \$22,621 |
| 6. | Catholic Human Services | Generations Ahead Substance Use Prevention with Teen Parents | Grand Traverse | \$79,329 |
| 7. | Catholic Human Services | Grand Traverse Addiction and Recovery Council | Grand Traverse | \$76,665 |
| 8. | Catholic Human Services | Grand Traverse Jail-Based Substance Use Disorder Program | Grand Traverse | \$53,438 |
| 9. | Health Department of Northwest Michigan | SAFE in Northern Michigan | Antrim, Charlevoix, Emmet | \$132,000 |
| 10. | Catholic Human Services | Iosco Substance Free Coalition | Iosco | \$46,162 |
| 11. | Catholic Human Services | Leelanau County Coordinated Youth SUD Prevention | Leelanau | \$36,740 |
| 12. | Catholic Human Services | Ogemaw County Drug Free Coalition | Ogemaw | \$9,450 |
| 13. | Catholic Human Services | Pulling Together: Cheboygan County Drug Free Coalition | Cheboygan | \$73,360 |

| | | | | |
|-----|-----------------------------------------|----------------------------------------------------------------------------------------------------|----------------|-----------|
| 14. | Catholic Human Services | Substance Free Coalition of Northern Michigan Opioid Use Prevention and Medication Safety Campaign | Grand Traverse | \$155,000 |
| 15. | Health Department of Northwest Michigan | RISE Otsego Substance Free Coalition | Otsego | \$86,932 |
| 16. | Catholic Human Services | Roscommon Jail-Based Substance Use Disorder Program | Roscommon | \$53,438 |
| 17. | Catholic Human Services | Wexford Substance Use Disorder Program | Wexford | \$107,194 |

MOTION BY MARY MAROIS TO APPROVE THE FISCAL YEAR 2026 LIQUOR TAX REQUESTS RECOMMENDED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT COMMITTEE ON JULY 7, 2025 IN THE TOTAL AMOUNT OF ONE MILLION TWO HUNDRED SEVENTY-EIGHT THOUSAND FOUR HUNDRED THIRTY-THREE DOLLARS (\$1,278,433.00); SUPPORT BY DANA LABAR. MOTION CARRIED. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, G. Klacking, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

FY26 County Overviews

The impact of the liquor tax requests approved on this date on county fund balances was reported as:

| | Projected FY26 Available Balance | Amount Approved July 7, 2025 | Projected Remaining Balance |
|----------------|-----------------------------------------|-------------------------------------|------------------------------------|
| Alcona | \$71,518.76 | \$9,900.00 | \$61,618.76 |
| Alpena | \$244,953.50 | \$51,687.00 | \$193,266.50 |
| Antrim | \$253,333.30 | \$37,211.27 | \$216,122.03 |
| Charlevoix | \$121,585.71 | \$59,239.63 | \$62,346.08 |
| Cheboygan | \$162,226.55 | \$73,360.00 | \$88,866.55 |
| Crawford | \$92,752.89 | \$22,621.00 | \$70,131.89 |
| Emmet | \$320,158.73 | \$320,066.10 | \$92.63 |
| Grand Traverse | \$800,645.87 | \$364,432.00 | \$436,213.87 |
| Iosco | \$200,106.61 | \$46,162.00 | \$153,944.61 |
| Leelanau | \$103,348.17 | \$36,740.00 | \$66,608.17 |
| Ogemaw | \$121,409.61 | \$9,450.00 | \$111,959.61 |
| Otsego | \$120,034.73 | \$86,932.00 | \$33,102.73 |
| Roscommon | \$608,965.37 | \$53,438.00 | \$555,527.37 |
| Wexford | \$197,283.85 | \$107,194.00 | \$90,089.85 |
| Total | \$3,418,323.65 | \$1,278,433.00 | \$2,139,890.65 |

The "Projected Remaining Balance" reflects funding available for projects while retaining a fund balance equivalent of one year's receivables.

Prevention Services Request for Proposals (RFP)

The NMRE conducted a Request for Proposals (RFP) from May 12, 2025 – June 6, 2025 to select providers of prevention services for 7 of the region's 21 counties. Based on the submissions received, prevention contracts were awarded as follows:

| NMRE County Recommendations for Contract Award | Provider | Amount Requested of NMRE Estimated Allocation (\$) |
|------------------------------------------------|-------------------------------|----------------------------------------------------|
| Benzie | <i>No proposals received</i> | |
| Grand Traverse | Catholic Human Services | \$96,641.00 |
| Kalkaska | Catholic Human Services | \$16,357.00 |
| Leelanau | Catholic Human Services | \$20,906.00 |
| Manistee | District Health Department 10 | \$23,742.00 |
| Missaukee | District Health Department 10 | \$13,379.00 |
| Wexford | District Health Department 10 | \$32,715.00 |
| Total | | \$203,740.00 |

MOTION BY JAY O'FARRELL TO AWARD PREVENTION SERVICES CONTRACTS TO CATHOLIC HUMAN SERVICES FOR GRAND TRAVERSE, KALKASKA, AND LEELANAU COUNTIES IN THE AMOUNT OF ONE HUNDRED THIRTY-THREE THOUSAND NINE HUNDRED FOUR DOLLARS (\$133,904.00) AND DISTRICT HEALTH DEPARTMENT TEN FOR MANISTEE, MISSAUKEE, AND WEXFORD COUNTIES IN THE AMOUNT OF SIXTY-NINE THOUSAND EIGHT HUNDRED THIRTY-SIX DOLLARS (\$69,836.00); SUPPORT BY DANA LABAR. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, G. Klacking, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

NMRE Financial Auditing Firm Selection

An RFP was conducted from May 15th – June 27th to collect bids to secure a financial auditing firm(s) for fiscal years 2025, 2026, and 2027 for the NMRE, Centra Wellness, North Country, Northern Lakes and Wellvance. Northeast Michigan already approved the auditing firm of Straley Lamp & Kraenzlein.

NMRE staff met on June 2nd to review and score the bids that were received from Roslund, Prestage, & Company (RPC) and Yeo and Yeo. Based on the submissions, NMRE staff recommended that RPC be awarded the audit contract for the NMRE based on cost and experience. This recommendation was supported by the regional Finance and Operations Committees.

MOTION BY DON TANNER TO APPROVE THE SELECTION OF ROSLUND, PRESTAGE, AND COMPANY, PC AS THE NORTHERN MICHIGAN REGIONAL ENTITY'S FINANCIAL AUDITING FIRM FOR THE FISCAL YEARS ENDING SEPTEMBER 30, 2025, SEPTEMBER 30, 2026, AND SEPTEMBER 30, 2027 AT A COST NOT TO EXCEED FOUR HUNDRED

TWENTY-TWO THOUSAND SEVEN HUNDRED DOLLARS (\$422,700.00); SUPPORT BY MARY MAROIS. ROLL CALL VOTE.

"Yea" Votes: R. Adrian, D. Freedman, E. Ginop, G. Klacking, D. Labar, E. Lawson, M. Marois, M. Newman, J. O'Farrell, R. Pilon, K. Sherman, D. Smeltzer, D. Tanner

"Nay" Votes: Nil

MOTION CARRIED.

OLD BUSINESS

Northern Lakes CMHA Update

Mr. Kurtz announced that Northern Lakes CMHA's Medical Director, Dr. Curt Cummins, was appointed Interim CEO. The search for a permanent CEO is ongoing.

Mr. Freedman shared that the Northern Lakes Board also selected RPC for Northern Lakes' auditing firm for fiscal years 2025, 2026, and 2027. Financial audits for fiscal years 2023 and 2024 have closed.

Mr. Lawson asked whether Northern Lakes has made any progress to get spending in line with Per Member/Per Month revenue. Dr. Cummins reported that additional information was presented to the Northern Lakes Board on June 27th, which enabled them to approve a reduction of 27 positions. Additional funding cuts that do not affect mandated services will be pursued.

FY25 PIHP Contract Injunction and Complaint Update

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) is currently in a waiting period pending the appointed judge's decision.

PRESENTATION

FY25 Member Satisfaction Survey Results

Brie Molaison, the NMRE's Compliance and Customer Services Officer, was in attendance to report the results of the 2025 Member Satisfaction Survey for Mental Health Services.

Total responses to the survey were 960, which represents a 10% participation rate.

The survey results found that:

- 87.5% of beneficiaries are comfortable asking questions about their services or requesting new services.
- 99.25% of beneficiaries said staff treat them with dignity and respect.
- 94% of beneficiaries said they are involved in the development of their treatment plan.
- 92% of beneficiaries are aware they can file an appeal if they disagree with a change in services.
- 98.5% of beneficiaries are overall satisfied with the services they receive.
- 34.5% of beneficiaries stated that they did not receive an Adverse Benefit Determination from their CMHSP when their services were denied, reduced, suspended, or terminated.

Ms. Molaison clarified that all questions included a response of "This does not apply to me" so that Individuals did not respond "No" to a question that was not applicable to their circumstances or the services they receive.

COMMENTS

Board

Ms. Sherman asked how the NMRE is planning for "bad news" (related to the PIHP bid out). Mr. Kurtz responded that the NMRE (along with NorthCare Network) is being proactive where it can be. The three-pronged approach includes working with MDHHS, creating an arrangement that allows NMRE and Northcare Network to bid (rural exemption), and, if necessary, pursuing other legal options.

Mr. Adrian stressed the need for a unified message to the media in the event the PIHP bid out moves forward. Mr. Kurtz agreed. It was noted that the SUD Oversight Committee must remain in existence per Public Act 500 of 2012 (which hasn't been addressed in state's bid out plan.) Mr. Adrian drew attention to the low administrative cost percentage of the NMRE (<3%) versus. for profit insurance providers.

Staff/CMHSP CEOs

Ms. Pelts shared that it has been her honor and privilege to be part of the region and lead Welvance. She has valued the friendships of her colleagues and Board Members.

Public

Justin Reed reported that Roslund, Prestage, and Company concluded Northern Lakes CMHA's financial audits for fiscal years 2023 and 2024. He is hopeful that cost-settlement funds will be paid to Northern Lakes by the NMRE.

NEXT MEETING DATE

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on August 27, 2025.

ADJOURN

Let the record show that Mr. Klacking adjourned the meeting at 11:27AM.