

**NORTHERN MICHIGAN REGIONAL ENTITY  
BOARD OF DIRECTORS MEETING  
10:00AM – SEPTEMBER 22, 2021  
GAYLORD BOARDROOM**

<b>ATTENDEES:</b>	<b>Roger Frye, Ed Ginop, Randy Kamps, Terry Larson, Gary Nowak, Jay O'Farrell, Richard Schmidt, Karla Sherman, Don Smeltzer, Joe Stone, Don Tanner</b>
<b>VIRTUAL ATTENDEES:</b>	<b>Gary Klacking (West Branch), Mary Marois (Traverse City)</b>
<b>ABSENT:</b>	<b>Christian Marcus</b>
<b>NMRE/CMHSP STAFF:</b>	<b>Brian Babbitt, Joanie Blamer, Eugene Branigan, Eric Kurtz, Pamela Polom, Brandon Rhue, Sara Sircely, Teresa Tokarczyk, Deanna Yockey, Carol Balousek, Lisa Hartley</b>
<b>PUBLIC:</b>	<b>Anja Angel, Chip Cieslinski, Chris Frasz, Kassondra Glenister, Sue Winter, Jackie Wurst</b>

CALL TO ORDER

Let the record show that Chairman Tanner called the meeting to order at 10:00AM.

ROLL CALL

Let the record show that Christian Marcus was absent for the meeting on this date; all Board Members were in attendance either virtually or in person.

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 expressed.

APPROVAL OF AGENDA

Let the record show that Chairman Tanner called for any additions or corrections to the meeting Agenda; none were proposed.

**MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING AGENDA FOR SEPTEMBER 22, 2021; SUPPORT BY JOE STONE. MOTION CARRIED.**

APPROVAL OF PAST MINUTES

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

**MOTION BY ROGER FRYE TO APPROVE THE MINUTES OF THE AUGUST 25, 2021 MEETING OF THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS; SUPPORT BY RANDY KAMPS. MOTION CARRIED.**

## CORRESPONDENCE

- 1) The minutes from the September 2, 2021 PIHP CEO Meeting.
- 2) Michigan Psychiatric Care Improvement Project (MPCIP) Update dated August 2021.
- 3) “Stakeholder Update KB vs. MDHHS Lawsuit” presentation slides dated August 2021.
- 4) “Michigan Behavioral Health Delivery System Redesign: presentation slides from Rep. Mary Whiteford.
- 5) “SB 597 and SB 598” presentation slides from the Michigan Association of Health Plans (MAHP) dated August 31, 2021.
- 6) Document titled “Why We Oppose SBs 597 & 598” from the Community Mental Health Association of Michigan (CMHAM).
- 7) SFY 2022 Behavioral Health Capitation Rates draft presentation from Milliman dated August 31, 2021.
- 8) The minutes from the September 8, 2021 Regional Finance Committee Meeting in draft form.

Mr. Kurtz drew attention to the KB Lawsuit update that was presented to PIHP CEOs in August. The lawsuit alleges that the State of Michigan failed to provide adequate behavioral health services and supports to children eligible for Early and Periodic Screening, Diagnostic and Treatment (EPSDT). During an investigation into the allegations the “current PIHP and CMHPS structure” was identified as an underlying issue.

Attention was next drawn to Rep. Whiteford’s system redesign slides regarding House Bill 4925, in which she calls for a “managed fee-for-service delivery system through a contract with a single public or nonprofit administrative services organization” to replace the 10 PIHPs. Mr. Tanner spoke about Rep. Whiteford’s visit to Centra Wellness Network, calling it a good discussion and exchange of ideas. Michigan’s 101<sup>st</sup> District Representative Jack O’Malley was in attendance and confessed to knowing nothing about the issue. Mr. Stone responded that CMHAM needs to do a better job of informing legislators. Ms. Sherman remarked that she has met with Rep. Whiteford three times; she and 107<sup>th</sup> District Representative John Damoose appear to be “all ears.”

Mr. Kamps spoke about Rep. Whiteford’s visit to Northern Lakes; he expressed that she didn’t seem receptive to push back about rural vs. urban, local input, or further modifications to the bills. Mr. Kurtz responded that his perception is that Rep. Whiteford is listening but not really changing the approach. Mr. Kamps voiced that he is pleased that Region 2 partners are delivering a consistent message.

## ANNOUNCEMENTS

Let the record show that Mr. Stone reminded the Board about the CMHAM Fall Conference taking place October 25<sup>th</sup> – 26<sup>th</sup> in Traverse City; a reception is planned for the evening of October 24<sup>th</sup>.

## PUBLIC COMMENTS

Let the record show that the members of the public attending the meeting virtually were recognized. Chris Frasz, Outreach Director for Bear River Health, expressed that he had some comments regarding liquor tax requests. Mr. Tanner responded that he may bring those up as the requests are presented under “New Business.”

## REPORTS

### **Executive Committee Report**

Let the record show that the NMRE Board Executive Committee met earlier on this date; a report will be given under "New Business."

### **CEOs Report**

The NMRE CEO Monthly Report for September 2021 was included in the materials for the meeting on this date. Mr. Kurtz drew attention to a meeting he attended on September 2<sup>nd</sup> regarding Behavioral Health home services and Targeted Case Management. Oakland County's Medical Director raised questions with the Department that targeted case management and care management are duplicative services and cannot be billed within the same month. MDHHS then contacted MSA which agreed. Mr. Kurtz has drafted an opinion outlining the differences in services. Current guidance is to continue to provide both services until a final determination is received in writing.

Mr. Kurtz also referenced issues concerning the Standard Cost Allocation (SCA). In September, CFI, CMH Contract Negotiation Team, the PIHP Contract Negotiation Team, and several CMH and PIHP staff with expertise in cost allocation, financial management, state policy, statutes, and Medicaid waivers, met with representatives of Milliman and MDHHS to negotiate the contract language, in both the CMH and PIHP contracts, related to the MDHHS/Milliman proposed Standard Cost Allocation (SCA) initiative. More meetings are scheduled. CMHSP administrative cost reporting remains a primary issue (Network Provider vs. Subcontractor). Mr. Kurtz explained how the SCA is tied to the PIHP's Medical Loss Ratio. Mr. Kamps questioned whether the SCA is intended to improve the provision of services or just add additional administrative burden.

### **July 2021 Financial Report**

- Traditional Medicaid showed \$169,683,683 in revenue, and \$146,422,957 in expenses, resulting in a net surplus of \$23,260,726. Medicaid ISF was reported as \$7,738,320 based on the unaudited final FSR. Medicaid Savings was reported as \$4,515,675.
- Healthy Michigan Plan showed \$26,312,497 in revenue, and \$20,406,986 in expenses, resulting in a net surplus of \$5,905,511. HMP ISF was reported as \$7,058,552 based on the unaudited Final FSR. HMP savings was reported as \$0.
- Net Position\* showed net surplus Medicaid and HMP of \$29,166,237. Medicaid carry forward was reported as \$4,515,675. The total Medicaid and HMP Current Year Surplus was reported as \$27,911,912. Medicaid and HMP combined ISF was reported as \$14,796,872; the total Medicaid and HMP net surplus, including carry forward and ISF was reported as \$42,708,784.
- Health Home showed \$422,310 in revenue, and \$351,433 in expenses, resulting in a net surplus of \$70,877.
- SUD showed all funding source revenue of \$17,347,217, and \$14,286,596 in expenses, resulting in a net surplus of \$3,060,621. Total PA2 funds were reported as \$6,491,685.

Ms. Yockey reported that a FY21 lapse is currently projected at approximately \$18M. Mr. Stone asked what can be done to reduce the risk of future lapse. Mr. Kurtz responded that not much can be done for FY21; however, Operations committee is discussing benefit stabilization initiatives to undertake in FY22; crisis and residential services for both mental health and SUD were identified as key target areas, though staffing issues continue to be problematic. It was noted that much of the surplus is due to Medicaid enrollees not being dropped during the

pandemic; there remains a level of uncertainty regarding revenue amounts when Medicaid redeterminations and spenddowns resume.

Ms. Yockey stated that an additional PA2 payment is expected by the end of the year.

Mr. Tanner remarked that in the past CMHSPs were able to retain Medicaid savings to use as local. Ms. Sherman spoke about the benefit of serving the mild/moderate population under the public system.

**MOTION BY RANDY KAMPS TO RECEIVE AND FILE THE NORTHERN MICHIGAN REGIONAL ENTITY MONTHLY FINANCIAL REPORT FOR JULY 2021; SUPPORT BY JOE STONE. ROLL CALL VOTE.**

**“Yea” Votes: R. Frye, R. Schmidt, R. Kamps, K. Sherman, J. Stone, E. Ginop, T. Larson, G. Klacking, J. O’Farrell, D. Smeltzer, G. Nowak, D. Tanner**

**“Nay” Votes: Nil**

**MOTION CARRIED.**

**Operations Committee**

The minutes from August 21, 2021 were distributed during the meeting on this date in draft form. Mr. Kamps asked about the NMRE’s decision to pass on applying for the Veteran Navigator Peer Support grant. Mr. Kurtz responded that the NMRE’s Veteran Navigator, Brian Martinus, is not ready at this time to bring on a peer nor is the region seeing the need; this will be explored more in the future. Mr. Martinus will report his activities during a upcoming Board meeting.

Ms. Sherman asked about the intent of the Behavioral Health fee screen developed by the Department/Milliman. Mr. Kurtz responded that the cover letter indicated that it is not to be used to set rates but likely to satisfy a legislative requirement. Mr. Kamps noted Rep. Whiteford’s support of issuing an RFP to procure the Department’s actuarial firm.

**NMRE SUD Oversight Board Report**

The minutes of the September 13, 2021 meeting of the NMRE Substance Use Disorder Oversight Board were included in the meeting materials in draft form. Liquor tax requests will be presented under “New Business.”

**NEW BUSINESS**

**PA2 Requests**

- 1) Michigan Rehabilitation Services – \$35,000 (split between all 21-counties)
- 2) Child & Family Services of Northwestern Michigan – \$23,889 (Grand Traverse, Leelanau)
- 3) Catholic Human Services – \$94,382 (Missaukee, Wexford)
- 4) Catholic Human Services – \$58,850 (Leelanau)
- 5) Catholic Human Services \$149,691 (Grand Traverse, Kalkaska, Leelanau)
- 6) District Health Department #2 – \$58,880 (Alcona, Alpena, Cheboygan, Iosco, Oscoda, Presque Isle)
- 7) Health Department of Northwest Michigan - \$132,500 (split between participating schools in the NMRE 21-county region)
- 8) Catholic Human Services – \$196,529 (Cheboygan, Crawford, Iosco, Oscoda, Roscommon)
- 9) Community Recovery Alliance – \$125,830 (Antrim, Charlevoix, Cheboygan, Emmet)

- 10) Catholic Human Services – \$15,873 (Alpena, Antrim, Benzie, Grand Traverse, Iosco, Kalkaska, Manistee, Missaukee, Montmorency, Ogemaw, Roscommon, Wexford)
- 11) Catholic Human Services – \$139,041 (Alpena, Antrim, Benzie, Grand Traverse, Iosco, Kalkaska, Manistee, Missaukee, Montmorency, Ogemaw, Roscommon, Wexford)
- 12) Catholic Human Services – \$66,000 (Grand Traverse)
- 13) Catholic Human Services - \$174,486 (Alcona, Alpena, Antrim, Benzie, Crawford, Grand Traverse, Iosco, Kalkaska, Manistee, Missaukee, Montmorency, Otsego, Presque Isle, Wexford)
- 14) Bear River Health - \$92,738 (Emmet)
- 15) Bear River Health – \$49,509 (Emmet)

The NMRE noted instances where the PA2 request would put a county’s fund balance below the recommended level equivalent of one year’s receipts. The budgets associated with the PA2 requests were posted to the nmre.org website per prior request.

The total amount approved by the NMRE SUD Oversight Board on September 13, 2021 was reported as \$1,413,198.

**MOTION BY GARY NOWAK TO APPROVE THE LIQUOR TAX REQUESTS RECOMMENDED BY THE NORTHERN MICHIGAN REGIONAL ENTITY SUBSTANCE USE DISORDER OVERSIGHT BOARD ON SEPTEMBER 13, 2021 FOR A TOTAL AMOUNT OF ONE MILLION FOUR HUNDRED THIRTEEN THOUSAND, ONE HUNDRED NINETY-EIGHT DOLLARS (\$1,413,198.00) FOR FISCAL YEAR 2022; SECOND BY ED GINOP.**

Discussion:

Mr. Schmidt voiced that the NMRE SUD Oversight Board approved the spending of \$37K Manistee County PA2 funds without him (the NMRE SUD Board representative for Manistee County) being in attendance. Ms. Yockey emphasized that block grant funds are used whenever possible to reduce the impact on PA2.

Chris Frasz, Outreach Director for Bear River Health, reported that the provision of MAT services to individuals in county jails has been very successful. The program began with SOR and PA2 funds and continued in FY21 using SOR funds only; SOR funds were not allocated to support the program in FY22, which led to the application for PA2. Without funding, the program will end September 30<sup>th</sup>. Mr. Schmidt suggested reducing the ask to allow the program to be funded for a few months and reapplying mid-year. The decision was made to fund one-third of the requested amount of \$68,556, or \$22,623.

**MOTION BY GARY NOWAK TO AMEND HIS PRIOR MOTION TO INCLUDE AN APPROVAL OF THE REQUEST BY BEAR RIVER HEALTH FOR \$22,623 OTSEGO COUNTY LIQUOR TAX DOLLARS FOR JAIL MAT SERVICES; SUPPORT BY JOE STONE. ROLL CALL VOTE.**

**“Yea” Votes: E. Ginop, D. Smeltzer, G. Klacking, G. Nowak, R. Schmidt, J. O’Farrell, R. Kamps, K. Sherman, T. Larson, R. Frye, J. Stone, D. Tanner**

**“Nay” Votes: Nil**

**MOTION CARRIED.**

**ROLL CALL VOTING TOOK PLACE ON THE MAIN MOTION.**

**“Yea” Votes:** D. Smeltzer, T. Larson, J. Stone, R. Frye, J. O’Farrell, E. Ginop, K. Sherman, G. Klacking, G. Nowak, R. Kamps, D. Tanner

**“Nay” Votes:** R. Schmidt

**MOTION CARRIED.**

Let the record show that the total amount of PA2 funds approved on this date was \$1,435,821.

**NMRE CEO Contract and Compensation**

Let the record show that the NMRE Board Executive Committee met at 9:15 on this date to discuss the CEO’s contract and compensation for FY22. A salary increases of 10.37% was proposed in addition to extending the contract term through FY26.

**MOTION BY GARY NOWAK TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY EXECUTIVE COMMITTEE’S SALARY RECOMMENDATION FOR THE CHIEF EXECUTIVE OFFICER FOR FISCAL YEAR 2022 AND EXTEND THE CONTRACT TERM THROUGH FISCAL YEAR 2026; SUPPORT BY ROGER FRYE.**

Discussion:

Mr. Stone expressed that the NMRE is fortunate to have Mr. Kurtz as its CEO.

**ROLL CALL VOTING TOOK PLACE ON MR. NOWAK’S MOTION.**

**“Yea” Votes:** J. Stone, G. Klacking, K. Sherman, R. Kamps, G. Nowak, E. Ginop, D. Smeltzer, J. O’Farrell, R. Frye, R. Schmidt, T. Larson, D. Tanner

**“Nay” Votes:** Nil

**MOTION CARRIED.**

**Proposed FY22 NMRE Board Meeting Schedule**

The proposed NMRE Board Meeting schedule for FY22 was included in the materials for the meeting on this date.

**MOTION BY RANDY KAMPS TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BOARD OF DIRECTORS MEETING SCHEDULE FOR FISCAL YEAR 2022; SUPPORT BY JOE STONE. MOTION CARRIED.**

OLD BUSINESS

**Senate Bills 597 & 598/House Bills 4925-4929 – The Latest**

This topic was addressed under the “Correspondence” portion of the meeting Agenda.

PRESENTATION

**NMRE Proposed FY22 Budget**

The NMRE’s proposed budget for FY22 was included in the materials for the meeting on this date. Milliman projected a 7.5% increase in the state for \$2.00 DCW increase. The Statewide effective increase was reported as 1.2%.

NMRE rates showed an increase of (<1%). The NMRE used FY21 actual revenue as a basis for revenue less the anticipated DCW lapse and a neutral revenue projection for the FY22 budget.

The NMRE Operating Revenue included a 3% cola for staff, fully accrued PTO, and current vacant positions at full year.

Lambert PR will be added to the list of Administrative Contracts.

**MOTION BY JOE STONE TO APPROVE THE NORTHERN MICHIGAN REGIONAL ENTITY BUDGET FOR FISCAL YEAR 2022 AS PRESENTED AND REVIEWED ON THIS DATE; SUPPORT BY GARY NOWAK. ROLL CALL VOTE.**

**“Yea” Votes: G. Klacking, D. Smeltzer, K. Sherman, R. Schmidt, E. Ginop, T. Larson, R. Kamps, R. Frye, J. O’Farrell, G. Nowak, J. Stone, D. Tanner**

**“Nay” Votes: Nil**

**MOTION CARRIED.**

COMMENTS

Mr. Nowak announced that the Northeast Michigan Board of Directors voted to contract with Straley, Kamp, and Kraenzlein, PC as its financial auditing firm.

MEETING DATES

The next meeting of the NMRE Board of Directors was scheduled for 10:00AM on October 27, 2021.

ADJOURN

Let the record show that Mr. Tanner adjourned the meeting at 11:50AM.